An Effectiveness Analysis of Land and Building Tax Revenue of the Regional Revenue Office of Medan

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Abstract

The purpose of this study was to determine the level of effectiveness of land and building tax receipts in tax revenue from land and building in the city of Medan in 2011 until 2015, and to see what factors are causing yet reached the target. This research uses descriptive method. The results showed that the effectiveness of land and building tax receipts in the Regional Revenue Office of Medan in 2011 is quite effective, in 2012, 2014, 2015 and 2013 is less effective not mean a whole is still not effective. Factors that lead to not achieving the property tax receipts among others taxpayer has not fully reported and depositing the amount that should be paid in accordance with tax arrears.

Keywords: effectiveness, revenue tax, land and building tax.

Introduction

Income from tax sources covering various sectors of taxation, among others derived from land and building tax (PBB). Land and Building Tax is one of the factors of income for the country of considerable potential and contribute to local revenue. Strategic Land and Building Tax is not because the object covering the whole earth and buildings within the territory of the Republic of Indonesia. The existence of land and building tax as one type of taxes is understandable given the land and buildings has benefits and socio-economic position is better for persons or entities who have a right over it or benefit from the building and land.

According to T. Hani Handoko (2012, p. 7) "Effectiveness is the ability to choose the right destination or the right equipment to achieve the goals that have been set". Therefore, the effectiveness of the receipt must be achieved in accordance with the realization of the target, because when the intended effectiveness is achieved, then the purpose of the agency can also be achieved well.

Taxes are the main source of state revenue that is used to finance routine and development expenditures in order to achieve prosperity and welfare of the community. In accordance with Act No. 32 of 2004 on "Local Government", then each region is required to be able to build the area up equally in all aspects of life, which is the era of decentralization only focused on urban development. The local government is given the freedom to build their regions so that the government is given broad authority, real, and responsibility. The delegation of various authorities
must be accompanied by the delivery and financing delegation. The main source of finance is the main source which is known as "Pendapatan asli daerah (PAD)/locally real generated revenue".

Land and Building Tax (PBB) is a tax levied on the ownership rights to the land and building on it. The earth is the earth's surface and the body of the earth below will be followed, while the building is a construction technique that is planted or permanently attached to the land and / or water. Land and Building Tax is one source of revenue at the Regional Revenue Office of Medan, therefore requiring an estimated receipt from land and property taxes, so the realization of tax revenue can be realized in the good way.

The following is the target data and the realization of land and building tax in the Regional Revenue Office Medan.

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Realization</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>192 902 847 000</td>
<td>182 494 747 833</td>
</tr>
<tr>
<td>2012</td>
<td>353 346 171 770</td>
<td>274 853 657 632</td>
</tr>
<tr>
<td>2013</td>
<td>433 346 171 770</td>
<td>234 325 129 214</td>
</tr>
<tr>
<td>2014</td>
<td>365 000 000 000</td>
<td>289 000 081 972</td>
</tr>
<tr>
<td>2015</td>
<td>376 000 000 000</td>
<td>302 176 917 525</td>
</tr>
</tbody>
</table>

Source: Data DISPENDA Medan.

The phenomenon that occurs is never achieving the target of tax revenue from land and building from 2011 until 2015, in 2011 to 2012 the target has increased along with the increase in realization and in 2013 the target back up but the increase is not accompanied by increase in realization (realization decreased), in 2014 the target has decreased but the realization has increased and in 2015 the target and the realization of the return ride. The city government has a revenue target every year Land and Building Tax (PBB) as a source of local revenue, but the target is not always realized.

The city government at any time has a target in the Earth and Building tax (PBB) as a source of local revenue, but not always the target is fully realized. Sometimes the realization of Land and Building Tax (PBB) revenue is far below the target set by the City Government. Government efforts to achieve these objectives are to collect taxes, where the tax is a source of revenue that can provide the role and benefits of the provision of funds and for the expenditure of government goods to achieve the purpose of tax revenue.

**Formulation of the Problem**

The problems of this research are:

1. How is the affectivity of land and building tax revenues on the Regional Revenue Office Medan?
2. What are the factors that cause revenue target property tax Medan City from 2011 to 2015 are not met?
3. How is an attempt by the Department of Revenue to increase the effectiveness of realization of revenue from land and building tax?

**Literature Review**

**Local Tax**

According Mardiasmo (2006, p. 12) "Tax is a mandatory fee that is undertaken by the private or bodies to areas without balanced direct payment, which can be forced
based on legislation, which is used to finance the organization of local government and regional development". In Act No. 34 of 2000 states that:

"Local tax is obligatory contribution made by the regions to the individual or entity without direct payment balance, which can be imposed in accordance applicable laws and regulations, which are used to finance the implementation of local government and regional development."

**Property Tax**

According Siahaan (2010, p. 553) Land and Building Tax (PBB) is as follows: "Land and Building Tax is a tax on land and or buildings owned, controlled, or used by private persons or entities, except for the area used for plantation business activity plantation, forestry, and mining ".

Under Law the new rule No. 28/2009 on Local Taxes and Levies, that the UN is a central tax, but almost the entire acceptance delegated to the regions. To increase accountability of financial management, the UN special rural and urban sectors are transferred to the local tax. While the United Nations plantation sector, forestry, and mining is still the central tax. With the taxation of the earth and rural and urban buildings, this type of tax revenue is expressed as local revenue (PAD).

**Effectiveness Tax Revenue**

The effectiveness of tax revenue is to measure the relationship between tax money with the potential or the tax revenue target. One effort to optimize the reception region is to assess the effectiveness of local tax revenue with a view to improving the management of local taxes. Mardiasmo (2009, p 132) states that "The effectiveness of a relationship between the output of the goals or objectives to be achieved, or in other words, the effectiveness is the ratio between the input and output". The larger the project output to the achievement of specified goals and objectives, the more effective work processes an organizational unit.

Based on explanation above it can be concluded that effectiveness aims to measure the ratio of success. The ratio of below minimal standards of success can be said to be ineffective.

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above 100%</td>
<td>Very effective</td>
</tr>
<tr>
<td>100%</td>
<td>Effective</td>
</tr>
<tr>
<td>90% -99%</td>
<td>Effective enough</td>
</tr>
<tr>
<td>79% -89%</td>
<td>Less effective</td>
</tr>
<tr>
<td>&lt;75%</td>
<td>Ineffective</td>
</tr>
</tbody>
</table>

*Source: Ministry of Home Affairs, Kepmendagri No.690.900.327*

**Research Methods**

This research uses descriptive research approach, according Sugiono (2012, p. 29) "Descriptive research is research conducted to determine the value of an independent variable, either one or more variables (independent) without making comparisons, or connect with other variables.

**Operational Variables**

a. The effectiveness of tax revenue is a measure of success or failure related parties in tax purposes in accordance with the set target.
b. Land and Building Tax is a tax levied against the individual or entity that actually has the right and obtain benefit from the land and / or building own, control and benefit of the building.

**Data Collection Technique**

Data collection techniques used in this study are:

a. Documentation
   Secondary data is data obtained in the form of documentation data that is the number of results from the target and realization of Land and Building Tax (PBB) as well as data on the target and realization of Local Revenue Medan City.

b. Interview
   Namely in the form of question and answer directly by asking questions directly to the authorities in the Regional Revenue Office Medan.

**Data Analysis Technique**

Data analysis techniques used in this research using descriptive analysis is an analytical method which is done by collecting and classifying data, then analyze and interpret the data so as to provide a clear picture of the problems examined, whether the data about the target and the realization of Tax (PBB) and targets and realization of PAD Medan.

The steps of the analysis in this research are:

1. Analyzing the target data and the realization of Land and Building Tax (PBB) as well as target data and the realization of the original income Medan.
2. Perform calculations to determine the targets and the realization of the difference between the target and the realization of land and building tax.
3. Comparing the effectiveness obtained by the criteria of effectiveness Affairs, Kepmendagri No. 690 900 372 1996. The formula used to calculate the effectiveness, namely:

\[
\text{Effectiveness} = \frac{\text{realized tax}}{\text{Targeted tax}} \times 100 \%
\]

4. Make a discussion on the calculation results targets and realization of revenue from property tax in Medan.

**Results and Discussion**

**Research Result**

Based on data obtained from the Regional Revenue Office of Medan on property tax, in the form of documentation and interview researchers found several problems that can be studied were not achieving the target of property tax receipts. The percentage of tax revenue from land and building were achieved under 81% -94%. It can be seen from Table 3. The percentage of tax revenue from land and building as follows:

**Table 3.** Target and actual receipts tax and revenue office building in Medan year 2011-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Realization</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>2011</td>
<td>192 902 847 000</td>
<td>182 494 747 833</td>
<td>94.60%</td>
</tr>
<tr>
<td>2012</td>
<td>353 346 171 770</td>
<td>274 853 657 632</td>
<td>77.79%</td>
</tr>
<tr>
<td>2013</td>
<td>433 346 171 770</td>
<td>234 325 129 214</td>
<td>54.07%</td>
</tr>
<tr>
<td>2014</td>
<td>365 000 000 000</td>
<td>289 000 081 972</td>
<td>79.18%</td>
</tr>
<tr>
<td>2015</td>
<td>376 000 000 000</td>
<td>302 176 917 525</td>
<td>80.37%</td>
</tr>
</tbody>
</table>

*Source: Data DISPENDA Medan.*
From Table 3 it can be seen that the target of property tax receipts in 2011 amounted to USD 192,902,847,000 while the realization of land and building tax revenue was Rp 182,494,747,833 and percentage of 94.60%. In 2012, the tax revenue target of land and building was Rp 353,346,171,770 while the realization of revenue from property tax amounting to Rp. 274,853,657,632 with a percentage of 77.79%. In 2013, the tax revenue target of Rp land and building. 433 346 171 770 while the realization of revenue from property tax amounting to Rp. 365 billion while tax revenues for land and building was Rp, 289 000 081 972 with a percentage of 79.18%. 2015 revenue target property tax amounting Rp.376,000,000,000 and realization of land and building tax revenue of Rp. 302 176 917 525 with a percentage of 80.37%.

### Discussion

**Analysis of land and building tax revenue of the regional revenue office of Medan**

The effectiveness of land and building tax receipts conducted to measure the land and building tax revenue that has been targeted to be accepted in accordance with the target set. The amount of targets and realization of revenue from property tax for 5 years from 2011 until 2015 are:

<table>
<thead>
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<tbody>
<tr>
<td>2011</td>
<td>192,902,847,000</td>
<td>182,494,747,833</td>
<td>94.60%</td>
<td>Effective enough</td>
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<tr>
<td>2012</td>
<td>353,346,171,770</td>
<td>274,853,657,632</td>
<td>77.79%</td>
<td>Less effective</td>
</tr>
<tr>
<td>2013</td>
<td>433,346,171,770</td>
<td>234,325,129,214</td>
<td>54.07%</td>
<td>Ineffective</td>
</tr>
<tr>
<td>2014</td>
<td>365,000,000,000</td>
<td>289,000,081,972</td>
<td>79.18%</td>
<td>Less effective</td>
</tr>
<tr>
<td>2015</td>
<td>376,000,000,000</td>
<td>302,176,917,525</td>
<td>80.37%</td>
<td>Less effective</td>
</tr>
</tbody>
</table>

*Source: Data DISPENDA Medan.*

From Table 4 it can be seen that in 2011 there was difference in the realization of revenue target of Rp. 10,408,099,167 with a percentage of 94.60% effectiveness, fall into the category quite effective. In 2012 the difference between actual revenues with targeted Rp. 78,492,514,138 with a percentage of 77.79% effectiveness, fall into the category of less effective. In 2013 the difference between actual revenues with targeted Rp. 199 021 042 556 with effectiveness of 54.07%, in the category ineffective. In 2014 the difference between actual revenues with targeted Rp. 75,999,918,028 with effectiveness of 79.18%, included in the category of less effective. In 2015, the difference between actual revenues with targeted Rp. 73,823,082,475 with effectiveness of 80.37%, in the category of less effective.

Performance of Local Government in carrying out its duties effectively categorized achieved if the ratio of at least 1 or 100% higher level of effectiveness in an area, the better the reception of regions in terms of regional income. Of the gauges on the criteria of effectiveness can be concluded that the tax revenue from land and building still cannot be considered effective because it is still below 100% while the Revenue Medan did not lower revenue target property tax in 2014, which is supposed to be the revenue target could be achieved in the absence an increase in the target.

Based on Regulation No. 52 of 2015 that the target setting of local taxes and levies should be based on the potential of local taxes and levies in the respective provincial governments and government district/city. While based on the above table Medan city government to raise the target in 2013, which for five years has not been able
to achieve acceptance Revenue property tax. Whereas the one hand land and building tax revenue is increasing acceptance in accordance with the state of the increase in new construction in the city of Medan as a place of business, entertainment and others who became the object of property tax.

**Factors that cause not achieving targets and building tax**

Regional Revenue Office is an institution where local tax revenues contained in any city or county in the territory of Indonesia, where those revenues to build infrastructure in a building located in the region. To build an area in need a good level of effectiveness because, according to T. Hani Handoko (2012, p. 7) "Effectiveness is the ability to choose the right destination or appropriate facilities to achieve the objectives that have been set".

From research conducted Harimulyono (2008) factors that affect the success of the tax revenue is tax law (Tax Law), tax policy (Tax Policy), the tax administration (Tax Administration) and the tax payer (factors that are seen from the side of the taxpayer). The previous study by Olivia Dewi and Retnaningtyas thistle in the journal Tax and Accounting Review (2013) that the understanding of the tax laws affect the local tax revenue.

Based on the results of interviews with the District Revenue Office Medan, the results are: 1. There is still a taxpayer who make payment not in accordance with the value listed in the Local Tax Assessment Letter (SKPD), 2. The existence of Tax Return Notification (SPPT) that is not found its taxpayer, 3. The existence of business that has gone bankrupt, 4. Lack of taxpayer awareness. It can be concluded that the main factors causing the failure to achieve the target of property tax that is coming from the taxpayer. Lack of awareness of the taxpayer against all regulations and tax policies, as well as an understanding of the rules. Therefore, the opposite of the Revenue should conduct counseling on existing policies and regulations.

**Initiatives by parties’ revenue increase revenue of Medan in land and building tax**

In evaluating acceptance property tax, the problem as there are many people in Medan own requirements as taxpayers, but did not carry out his duty as a taxpayer to pay and report the amount of tax payable, thus causing revenue realization of land and building tax in Medan do not increase every year.

According to Law No. 52 of 2015 in order to optimize the regional income derived from local taxes and levies, local governments should conduct data collection objects and subjects of local taxes and levies payable to the billing activity of local taxes and levies to taxpayers local taxes and levies as well as supervision of remittance. Efforts are being made to improve the city of Medan Revenue Property Tax as follows:

1. Establish good relationships with taxpayers and provide excellent service. This approach is expected taxpayer protection, comfort and convenience of part of Revenue resulting cooperation is good for both parties.
2. Submit a letter of reprimand to WP is not / is late in submitting SPTPD.
3. Pursuing a strategy of socialization, that is the locally generated Revenue service regularly hold rallies using traditional clothing and traditional tools customary to surround the city of Medan and urge the public to comply with their local taxes and increase public awareness of the importance of paying taxes on what has been obtained on the building he had founded.
4. Charging directly, it can be done by visiting specifically for the direct taxpayer, taxpayers who have tax arrears on the building and also directly impose penalties or administrative sanctions on those arrears.
5. UN events Fair held by abolishing the tax penalties that are already covered by the taxpayer.

6. Appealed to the public by installing banners warning to pay taxes as taxes that have been done by the service

**Conclusions**

Based on the analysis that has been done in this research, it can be concluded as follows that:

1. Land and Building Tax Revenue on Medan Revenue Service has not been effective as seen from the realization of land and building tax receipts have increased and decreased the decline during the period of 2011 till 2015 never reached the set target.

2. There are several factors that lead the failed for achieving targets such as land and building tax; still the WP did not do the payments in accordance with the values listed in Tax Assessments (SKPD).

3. The regional Revenue office of Medan made some efforts in order to increase tax revenue from land and building them, submitted a letter of reprimand to the WP (taxpayer) were not / are late in submitting SPTPD, implementing direct billing to the taxpayer, carry out the verification / inspection of WP, and for implementing data collection and registration for WP. to meet the admission tax on land and buildings that have been established Revenue service in Medan has a strategy to meet revenue targets and Building tax in a way, to establish good relations with the taxpayer as well as providing excellent service, conduct field operations, pursuing a strategy of socialization, cooperation with third parties, and directly suspend to the taxpayer.

**References**


Regional Regulation No. 3 Year 2011 on Land and Building Tax.


