

Strategy Analysis of Regional Tax Increase and Regional Retribution of Banda Aceh City in the New Normal Era Covid Pandemic 19

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Abstract

This study aims to analyze the strategy carried out and analyze the problems in determining the strategy as an effort to increase local revenue during the New Normal Pandemic Covid 19. The object of this research is the strategy for increasing local tax revenues and levies prepared by the Banda Aceh City Government. Meanwhile, the subjects in this study are the Head of the BPKK Office, the Secretary of the BPKK, the Head of Billing, the Head of Data Collection, and the Head of Accounting who are divided into duties and obligations to participate in developing strategies for increasing regional revenues. This research is a descriptive study, while the approach is a qualitative approach. Data collection was carried out in two ways, namely library data collection and field data collection. The results showed that; (1) Problems that exist in Pemko Banda Aceh are fiscal dependence on the Central Government, not optimal exploration of regional potential, inefficient performance of regional financial management and weak systems and socialization. (2) The strategy adopted by Pemko Banda Aceh is to implement intensification and extensification efforts. (3) Problems faced in realizing the strategy for increasing regional revenue include unattainable organizational goals, lack of coordination with other parties, weak supervision including instruments, lack of use of information technology, and limited quality of human resources.

Keywords

strategy, local taxes, local retribution



I. Introduction

Regional autonomy in the regional government system in Indonesia continues to receive serious attention. One of the main concerns is placing the emphasis on autonomy on districts and cities as regulated in Law Number 32 of 2004 concerning Regional Government and Law Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments. According to Law no. 32/2004 Article 1 Number 5 "Regional autonomy is the authority of an autonomous region to regulate and manage the interests of the local community according to their own initiatives based on the aspirations of the community in accordance with statutory regulations." Regional authority includes governmental authority, starting from the planning, financing and implementation systems.

Local governments are given the discretion to manage and utilize the sources of regional revenue they have according to the aspirations of the local community. To implement and implement regional autonomy in a broad, real, and responsible manner, it is necessary to have regional authority and capacity to explore its own financial resources in addition to financial balance support from the central government.

Banda Aceh, as the capital of Aceh Province, requires substantial funds to carry out regional development activities in various sectors. The development of PAD in Banda Aceh City needs to be continuously improved in line with the enactment of the law on regional autonomy by optimizing existing funding sources, in addition to trying to create new sources of funding, both from the tax and regional levies sectors.

Banda Aceh's PAD has an impact due to the *Corona Virus Disease* 2019 (Covid-19) pandemic outbreak. Regional income decreased due to various factors and attacked in several sectors, especially the economic sector due to a number of restrictions that occurred. Like taxpayers who were engaged in entertainment venues, which had to be closed. Based on Mayor Regulation No. 21 of 2020 concerning the monitoring system, Reporting and Receiving Local Tax payments online. It is a form of full support for the *New Normal* effort which is now being initiated by the Banda Aceh City Government in the context of optimizing revenue so as to be able to revive the economic sector. According to Kariono, Badaruddin & Humaizi (2020) In this era of development, local wisdom cannot be separated from the socio-economic demands that must be met. According to Law no. 22 of 1999 on Regional Government in Badaruddin, et al (2020) is a response to a centralised development policy towards decentralised governance, where local governments are expected to be able to build their regions more independently. On the village level, Law no. 6 of 2014 on the Village is the government's response to make the village more independent in developing its economy.

To realize an increase in PAD as an indicator of regional financial capacity in meeting their spending needs, strategies are needed that must always be planned and implemented by the Banda Aceh Government. Strategy is also one way to help organizations cope with an ever-changing environment and to help organizations to help and solve the most important problems they face. With a strategy, organizations can build strength and take advantage of opportunities, while overcoming and minimizing weaknesses and threats from outside (Bryson, 1995: 24).

II. Review of Literatures

2.1 Local tax

Local taxes based on Law of the Republic of Indonesia Number 28 of 2009 concerning Regional Taxes and Regional Retributions Article 1 Number 10 are mandatory contributions to regions that are owed by private persons or entities that are compelling under law, without receiving direct compensation and used for regional needs for the greatest prosperity of the people. Mardiasmo (2000: 51) defines local taxes as "taxes collected by regions based on tax regulations established by regions for the benefit of regional household financing".

2.2 Regional Retribution

According to Suparmoko (2002: 85), the definition of regional levies is "regional levies as payment for services or the granting of certain permits specifically provided or given by local governments for the benefit of individuals or entities". Furthermore, according to Law of the Republic of Indonesia Number 28 of 2009, regional levies consist of three types, namely: (1) Public Service Levies; (2) Business Service Retribution; (3) certain licensing levies.

2.3 Strategy

According to Hunger and Wheelen (2003), strategy is "the formulation of a comprehensive plan on how a company will strive to achieve its mission and goals by maximizing competitive advantage and minimizing competitive limitations". Meanwhile, Kaplan and Norton (2000) explain that strategy is "how an organization achieves its vision to create value for their important stakeholders".

III. Research Methods

This research is a research with a qualitative approach. Sources of data used in this study are primary data sources and secondary data sources. Primary data sources are information obtained from information givers or key persons. While secondary data sources are documents obtained in the form of financial reports and various documentation relevant to the focus of the research. Data collection techniques in qualitative research can be done by observation (observation), interview (interview), and documentation.

Operationalization of Variables

a. Local Tax Increase Strategy

A comprehensive planning carried out by the Regional Government in its mission and purpose to increase local tax revenue which is the mandatory contribution of the community to the State or Local Government. The collection of regional taxes is based on tax regulations established by the regions for the benefit of regional household financing. The aim of the strategy is to increase local taxes in order to obtain maximum revenue in the form of regional income (Mardiasmo, 2000: 51).

b. Regional Retribution Improvement Strategy

A comprehensive planning carried out by the Regional Government in its mission and purpose to increase the receipt of local fees for certain facilities in the form of public service fees, business service fees, and certain licensing fees which are local levies to the community. These facilities are specifically provided or given by the Regional Government for the benefit of individuals or bodies (Suparmoko, 2002: 85).

c. Method of Analysis

The data analysis method used in this research is descriptive analysis method. The next step in mapping strategic issues or factors is using SWOT analysis tools (Strength, Weakness, Opportunity, Threat Analysis), so that the structure and strategic level of these factors can be identified.

IV. Results and Discussion

4.1 Research Result

a. Banda Aceh City Overview

Banda Aceh City which was formed based on Law Number 8 (Drt) of 1956 (which is called the Emergency Law) is a city that has the status of an Autonomous Region within the Province of the Special Region of Aceh. At first it was divided into two sub-districts, Kuta Alam District and Baiturrahman District. Then the administrative area was expanded by Government Regulation No. 5 of 1983 with an area of 61.36 km² divided into four sub-districts including Kuta Alam District, Baiturrahman District, Meuraxa District and Syiah Kuala District.

Based on the Letter of the Minister of Home Affairs Number 138/2352 / PUOD dated 16 August 1999 concerning the Establishment of 20 Assisting Districts in the Province of the Special Region of Aceh, and the Decree of the Governor of the Special Region of Aceh Number 45 of 1999 concerning the Establishment of Assistant Districts of Aceh Besar District, South Aceh and Regions Banda Aceh City, then the District area within the Banda Aceh City Government has increased again by 5 Sub-District Districts which include Ulee Kareng, Kuta Raja, Lueng Bata, Jaya Baru and Banda Raya.

b. Results of Descriptive Statistical Analysis of Research Data

Descriptive statistical analysis in this study was conducted on research problems related to local taxes and levies. The following shows the data of regional tax revenue and regional levies compared to the revenue of Regional Original Revenue (PAD) during the 2016-2019 city of Banda Aceh.

Table 1. Data on Regional Tax Revenue, Regional Retribution, and PAD Banda Aceh City 2016-2019

Sumber PAD	Pajak Daerah	Total PAD	Persentase
Tahun	Realisasi		
2016	68.332.671,86	238.991.814,64	28,59
2017	70.931.534,36	255.208.773,72	27,79
2018	75.068.844,42	246.272.150,48	30,48
2019	85.561.984,39	235.113.513,53	36,39
Rata-rata	74.973.758,76	243.896.563,09	30,81
Sumber PAD	Retribusi Daerah	Total PAD	Persentase
Tahun	Realisasi		
2016	21.567.480,77	238.991.814,64	9,02
2017	22.577.269,59	255.208.773,72	8,85
2018	23.352.573,97	246.272.150,48	9,48
2019	25.669.816,16	235.113.513,53	10,92
Rata-rata	23.291.785,12	243.896.563,09	9,57

Based on Table 1, the regional tax revenue and regional levies of Banda Aceh City during the last 4 years (2016-2019) have increased every year in terms of their realization even though the increase experienced is not significant.

Subsequently displayed data on the types of regional tax revenues and levies during 2015-2019 Banda Aceh City.

Table 2. Data on Types of Regional Tax Revenue and Regional Retribution Banda Aceh City 2015-2019

Sumber Pajak Daerah	Tahun (Realisasi)				
	2015	2016	2017	2018	2019
Pajak hotel	5.937.591.003,00	5.979.169.812,00	6.360.946.928,00	7.138.984.897,00	25.416.692.640,00
Pajak restoran	4.865.258.632,00	5.051.600.909,00	5.293.320.916,00	5.631.640.446,00	20.841.820.903,00
Pajak hiburan	40.228.125,00	396.140.257,00	610.558.538,00	532.503.169,00	1.579.430.089,00
Pajak reklame	4.277.318.892,00	4.473.491.816,25	4.997.524.491,00	4.856.156.656,00	18.604.491.855,25
Pajak penerangan jalan	11.964.569.695,00	11.851.618.985,00	15.886.937.737,00	15.642.977.075,00	55.346.103.492,00
Pajak parkir	135.994.200,00	242.887.600,00	358.864.200,00	450.986.275,00	1.188.732.275,00
Pajak Bea Perolehan Hak Atas Tanah dan Bangunan	0	0	0	4.409.683.790,00	4.409.683.790,00
Total	27.468.807.297,00	27.994.909.379,25	33.508.152.810,00	38.662.932.308,00	127.386.955.044,25
Sumber Retribusi Daerah	Tahun (Realisasi)				
	2015	2016	2017	2018	2019
Pelayanan Kesehatan	811.600.044,00	38.630.000,00	57.330.000,00	0	907.560.044,00
Pelayanan Persampahan/Kebersihan	1.468.946.500,00	1.984.917.500,00	2.608.931.500,00	2.846.681.600,00	8.909.477.100,00
Penggantian Biaya KTP dan Akte	20.530.000,00	22.370.000,00	40.595.000,00	32.415.000,00	115.910.000,00
Pelayanan Pemakaman dan Pengabuan Mayat	50.000,00	0	0	0	50.000,00
Parkir di Tepi Jalan Umum	1.564.498.500,00	1.703.377.000,00	2.217.421.000,00	2.511.488.000,00	7.996.784.500,00
Pelayanan Pasar	852.272.000,00	0	0	1.370.293.140,00	2.222.565.140,00
Pengujian Kendaraan Bermotor	431.756.500,00	419.739.984,00	439.435.500,00	457.839.500,00	1.748.771.484,00
Pemeriksaan Alat Pemadam Kebakaran	27.024.000,00	56.750.000,00	55.176.000,00	59.064.000,00	198.014.000,00
Ketenagakerjaan	14.383.000,00	45.863.000,00	87.114.500,00	0	147.360.500,00
Pemakaian Kekayaan Daerah	1.548.625.000,00	2.907.482.300,00	4.258.614.861,00	2.927.081.856,00	11.641.804.017,00
Terminal	491.119.300,00	547.528.500,00	609.300.500,00	925.930.500,00	2.573.878.800,00
Penyediaan dan/atau Penyedotan Kakus	174.100.000,00	170.025.000,00	121.110.000,00	105.940.000,00	571.175.000,00
Rumah Potong Hewan	149.038.225,00	140.354.850,00	160.096.550,00	143.744.400,00	593.234.025,00
Pelayanan Kepelabuhan	621.936.109,00	642.112.565,00	685.598.845,00	829.781.940,00	2.779.429.459,00
Izin Mendirikan Bangunan	1.063.969.000,00	1.994.914.458,00	2.019.721.920,00	1.901.308.000,00	6.979.913.378,00
Izin Gangguan/Keramaian	441.234.240,00	404.979.220,00	372.680.025,00	490.963.800,00	1.709.857.285,00
Izin Trayek	23.927.500,00	24.780.000,00	37.490.500,00	49.802.500,00	136.000.500,00
Izin Usaha Perikanan	7.828.000,00	0	0	0	7.828.000,00
Izin Perdagangan	274.450.000,00	250.955.000,00	243.650.000,00	0	769.055.000,00
Izin Jasa Konstruksi	928.500.000,00	169.000.000,00	289.500.000,00	0	1.387.000.000,00
Izin Tempat Usaha	485.125.000,00	518.300.000,00	494.050.000,00	0	1.497.475.000,00
Total	11.400.912.918,00	12.042.079.377,00	14.797.816.701,00	14.652.334.236,00	52.893.143.232,00

Based on Table 2, it can be seen that the types of regional tax revenue received by Banda Aceh City during 2015-2019 were only 7 (seven) types of local taxes which include Hotel Tax; Restaurant tax; Entertainment Tax; Advertisement tax; Street Lighting Tax; Parking Tax; and Fees for Acquisition of Rights on Land and Buildings. This means that the types of regional tax revenue in Banda Aceh City are received less than the types of taxes stipulated under Law no. 28 of 2009 concerning local taxes and levies on districts / cities.

c. Research Questionnaire Interview Results

After analyzing the data and summarizing the results of the research interviews, the next step is to map the issues or strategic factors that exist using SWOT analysis tools (Strength, Weakness, Opportunity, Threat Analysis). The following is a SWOT matrix that will be used to map out strategic issues in an effort to increase regional tax and retribution revenues for Banda Aceh City which can be seen in Table 3.

Table 3. SWOT Matrix for Identifying Strategic Issues

<div style="text-align: center;"> <p><i>Internal Factor</i></p> <p><i>External Factor</i></p> </div>	<p>POWER <i>Strengths (S)</i> Identification of Strengths</p> <ol style="list-style-type: none"> 1. Availability of PAD resource management personnel. 2. Education of PAD management personnel is sufficient. 3. Good work environment. 4. Clear procedure system. 5. Minimum service standards. 6. Sufficient facilities and infrastructure. 7. Financial capacity to manage PAD administration. 8. A clear organizational structure for PAD management. 9. Clear TUPOKSI. 	<p>WEAKNESS <i>Weakness (W)</i> Weakness Identification</p> <ol style="list-style-type: none"> 1. Lack of appropriate field personnel. 2. The skills of some personnel are limited. 3. Barriers in the system and implementation of procedures. 4. Inadequate facilities and infrastructure. 5. Limited funds in carrying out operational activities to withdraw PAD.
	<p>OPPORTUNITIES <i>Opportunities (O)</i> Opportunity Identification</p> <ol style="list-style-type: none"> 1. Community loyalty to the existence of PAD objects that need to be developed. 2. Community support around the PAD object. 3. Support of community leaders for taxes and levies. 	<p>STRATEGY (SO) Using force to seize opportunities</p> <ol style="list-style-type: none"> 1. Increase community and manager loyalty. 2. Improve the quality of PAD managers. 3. Increase cross-sector and cross-program cooperation. 4. Improve synchronization of <p>STRATEGY (WO) Overcome weaknesses to seize suitable opportunities</p> <ol style="list-style-type: none"> 6. Re-identify the mission and mandate of the organization. 7. Procurement of facilities and infrastructure that can support efforts to increase PAD. 8. To develop mental attitude, discipline,

4. Cross-sector cooperation. 5. Minimum service standards. 6. Cross-program cooperation. 7. Government policy in increasing PAD.	programs and activities according to the main tasks and functions. 5. Implement a minimum service standard policy.	work motivation, and employee understanding of the main tasks and functions. 9. Improving the management of PAD management
THREAT <i>Threats (T)</i> Threat Identification <ol style="list-style-type: none"> 1. Demands for the quality of service taxes and levies. 2. Lack of awareness of taxpayers and taxpayers. 3. Quality of human resources who collect taxes / levies. 4. Economic conditions. 5. The influence of government political policies. 6. Limited operational costs. 7. Incomplete and incomplete regulations regarding sanctions. 	STRATEGY (ST) Using force to avoid threats / facing challenges <ol style="list-style-type: none"> 1. Make PAD management arrangements. 2. Intensifying the implementation of extension both formally and informally. 3. Make improvements / changes to regional regulations that are no longer appropriate. 4. Organizing an appropriate security system in the management of PAD. 	STRATEGY (WT) Overcoming weakness for beat the threat <ol style="list-style-type: none"> 5. Balancing the PAD management budget. 6. Confirmation of sanctions for violators of tax and retribution payments.

4.2 Discussion Result

a. Problems in Determining Strategies for Increasing Local Tax Revenues and Regional Levies in the Framework of Improving Financial Capacity

In anticipation of decentralization and the regional autonomy process, it seems that regional taxes and levies are still not reliable by the regions as a source of financing for decentralization. Based on the Final Report - Banda Aceh City Original Revenue Assessment, Intensification and Extensification Activities of Regional Revenue Sources for the 2013 Fiscal Year (Regional Financial and Asset Management Office of Banda Aceh City) mentions several main issues related to increasing potential regional revenue, including:

1. The Banda Aceh City Government is still experiencing fiscal dependence from the Central Government, despite the trend of increasing PAD in recent years.
2. The city of Banda Aceh has not fully been able to explore the potential of the region as a source of regional revenue, and is also considered to have not achieved regional independence.

3. The mapping has not been maximal and the exploration of potential economic resources and the potential of PAD objects as a leading sector has not been optimal and has become a regional strength and competitiveness (core competence).
4. The performance of regional financial management in Banda Aceh is still considered in the inefficient category.
5. The weak system and socialization resulted in many non-technical problems that occurred in the field so that targets were often difficult to achieve.

b. Strategies for Increasing Local Tax Revenues and Retribution in the Framework of Increasing Regional Financial Capability

In general, the efforts that need to be made in order to increase regional revenue through optimizing the intensification of local taxes and levies can be carried out in the following ways (Final Report, PAD Assessment of Banda Aceh City):

1. Expanding the base of acceptance

Actions taken to expand the revenue base that can be collected by regions, which in economic calculations are considered potential, include identifying new/potential taxpayers and the number of taxpayers, improving the object database, improving assessments, calculating the revenue capacity of each type of levy.

2. Strengthen the voting process

Efforts made to strengthen the collection process include accelerating the formulation of regional regulations, changing tariffs, particularly levy rates and increasing human resources.

3. Improve oversight

This can be increased, among others, by conducting spot checks and periodically, improving the supervision process, implementing sanctions against tax arrears and sanctions against tax authorities, and increasing tax payments and services provided by regions.

4. Improve administrative efficiency and reduce collection costs

Actions taken by the regions include improving tax administration procedures through simplifying tax administration, increasing the efficiency of collection of each type of collection.

5. Increase acceptance capacity through better planning

This can be done by increasing coordination with relevant agencies in the regions.

c. Problems Faced in Realizing the Strategy for Increasing Regional Tax Revenue and Regional Levies in the Framework of Improving Regional Financial Capability

Increasing the capacity of regional finances, in this case the management of the potential for regional financial revenues, has many inhibiting factors, so that the potential revenue that is found or obtained is difficult to realize. In general, the problems in realizing the regional financial revenue strategy are described below (Adegustara, Syofiarti, and Fatimah, 2011).

1. Overall organizational goals that have not been achieved.

This is because the standards for supervision and implementation of activities have not been established, so that the improvement of service quality, improvement in the quality of the administration system and revenue from regional revenues have not been maximally generated.

2. Lack of coordination with related departments / agencies / agencies as well as understanding with key stakeholders.

This is an internal weakness of the BPKK, both officials who make decisions on determining taxes and levies, as well as field implementers in identifying the types of activities or businesses that are subject to regional taxes or levies and the lack of availability of data bases on potential tax objects and regional levies.

3. Weak internal control, including the instruments.

This results in not optimal achievement of realization in accordance with the targets that have been set. Such as officers who are inconsistent and are more likely to use a persuasive and tolerant approach to people who neglect their obligations to pay local taxes and levies.

4. The lack of use of information technology to support the financial management system.

This has an impact on the low performance of the apparatus in preparing the APBD and other financial management provisions. Therefore, the current software needs adjustment.

5. Limitations of the quality of human resources at the Banda Aceh City BPKK in their respective fields of work.

The quality of human resources is important because it is the subject of financial management activities such as investigators and bailiffs. Therefore, in order for the local tax and retribution management mechanism to run according to the objectives expected by the BPKK, the subject or actor in the organization must be of high quality.

V. Conclusion

1. The problems that exist in determining the strategy for increasing local tax revenues and local levies in the City of Banda Aceh are that the Banda Aceh City Government is still experiencing fiscal dependence from the Central Government, the city of Banda Aceh has not fully been able to explore the potential of the region as a source of regional revenue, mapping has not been maximized and has not been optimal exploring the potential of economic resources and potential PAD objects, the performance of regional financial management in Banda Aceh City is still considered in the inefficient category, the weak system and socialization have resulted in many non-technical problems occurring in the field.
2. The strategy of increasing local tax revenues and levies in the city of Banda Aceh is carried out by intensifying and extending efforts. The intensification efforts taken include broadening the revenue base, strengthening the collection process, increasing supervision, increasing administrative efficiency and reducing collection costs, as well as increasing revenue capacity through better planning. Furthermore, the extensification efforts taken include stipulating Government policies to provide greater tax authority to regions in the future. Extensification efforts were also carried out by mapping potential PAD objects in the city of Banda Aceh.
3. Problems faced in realizing the strategy for increasing local tax revenues and local levies in the City of Banda Aceh are organizational goals that have not been achieved as a whole, lack of coordination with related agencies / agencies / agencies and understanding with key stakeholders, still weak internal control including instruments , the lack of use of information technology to support the financial management system, as well as the limited quality of human resources at the BPKK in their respective fields of work.

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