

Research Article

The Role of Regional Tax Management in Supporting the Increase of Local Own-Source Revenue at Bapenda UPTB 3 Surabaya

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Abstract. This study aims to evaluate the contribution of Land and Building Tax (PBB) management to increasing Local Own-Source Revenue (PAD) at Bapenda UPTB 3 Surabaya, with a focus on the role of digital transformation in tax collection. The study examines regional tax management supported by taxpayer compliance, system digitalization, and efficient collection mechanisms. A descriptive qualitative method with a case study approach was employed. Data were collected through direct observation, interviews, and documentation conducted during a five-month internship period at Bapenda UPTB 3 Surabaya. The findings reveal that effective PBB management contributes significantly to improving collection efficiency and strengthening local revenue generation. The implementation of digital systems has facilitated tax administration, enhanced monitoring processes, and encouraged higher taxpayer compliance. However, several operational challenges remain, particularly in optimizing system utilization and human resource competencies. Therefore, policy efforts should prioritize accelerating digital transformation and enhancing staff capacity to support sustainable improvements in regional tax administration and PAD growth.

Keywords: Digital Transformation; Land and Building Tax; Own-Source Revenue; Regional Tax; Tax Management.

1. Introduction

Local Own-Source Revenue (PAD) is an important indicator in measuring the capability of regional governments to independently finance governmental administration and regional development. One of the main sources of PAD comes from regional taxes, particularly Urban and Rural Land and Building Tax (PBB), whose management authority has been transferred to regional governments since 2014 in accordance with Law Number 28 of 2009 concerning Regional Taxes and Regional Retributions. This condition makes PBB management a strategic aspect in supporting the optimization of regional revenue, especially in large cities with high economic activity and population density such as Surabaya.

As the second-largest metropolitan city in Indonesia, Surabaya has considerable potential for regional tax revenue, particularly from the PBB sector. In its implementation, the Regional Revenue Agency (Bapenda), through its Technical Implementation Units (UPTB), plays an important role in the process of managing and collecting regional taxes in each working area. One of these units is Bapenda UPTB 3 Surabaya, which directly faces various conditions and levels of taxpayer compliance. However, in practice, regional tax management still faces several obstacles, such as delayed tax payments, lack of taxpayer awareness, and administrative processes that are still partially manual. These conditions potentially affect the effectiveness of tax collection and the achievement of regional PAD targets.

Previous studies on regional tax management generally focus on tax revenue levels or taxpayer compliance in general, whereas this study emphasizes how the regional tax management process at the UPTB level contributes to increasing PAD. By taking Bapenda UPTB 3 Surabaya as the research object, this study provides a more specific overview of the

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implementation of PBB management at the regional operational unit level, including the strategies implemented and the challenges encountered in the tax collection process. This research is expected to contribute to the enrichment of knowledge regarding regional tax management, particularly the implementation of PBB management within regional government institutions, and to serve as evaluation material for related agencies in optimizing PAD.

Based on the explanation above, this study aims to analyze the role of regional tax management in supporting the increase of Local Own-Source Revenue at Bapenda UPTB 3 Surabaya, including identifying the management strategies implemented and the various challenges encountered in the process of Land and Building Tax collection.

2. Preliminaries or Related Work or Literature Review

Regional Tax

Regional tax is a mandatory contribution imposed on individuals or entities based on law without direct compensation and used for regional needs for the greatest prosperity of the people in accordance with Law Number 28 of 2009 concerning Regional Taxes and Regional Retributions. Regional taxes consist of provincial taxes and regency/city taxes. One type of regency/city tax that significantly contributes to Local Own-Source Revenue (PAD) is Urban and Rural Land and Building Tax (PBB), whose management was transferred to regional governments in 2014.

According to Siahaan (2016), the effectiveness of regional tax management is influenced by the quality of tax administration, human resource capacity, tax information systems, and taxpayer compliance levels. Regional tax management does not only include tax collection processes but also encompasses data collection, assessment, billing, services, and continuous tax supervision. Proper tax management enables regional governments to increase tax revenue and optimally support PAD growth.

Local Own-Source Revenue (PAD)

Local Own-Source Revenue (PAD) is revenue obtained by regional governments based on regional regulations in accordance with applicable laws and regulations. Based on Law Number 33 of 2004, PAD consists of regional taxes, regional retributions, proceeds from separated regional assets management, and other legitimate regional revenues. PAD is an important indicator in measuring the level of regional financial independence in financing development and governmental administration.

Mahmudi (2016) explains that the ability of regional governments to explore regional tax potential greatly affects the level of PAD. The more optimal the regional tax management carried out, the greater its contribution to increasing PAD. Therefore, strengthening tax administration systems, improving public service quality, and utilizing information technology are important factors in supporting increased regional tax revenue.

Taxpayer Compliance

Taxpayer compliance is a condition in which taxpayers fulfill all tax obligations in accordance with applicable regulations. Nurmantu (2014) states that taxpayer compliance is the main factor determining the success of regional tax collection. Low taxpayer compliance can lead to decreased tax revenue realization and hinder the achievement of PAD targets.

In the context of Land and Building Tax (PBB), taxpayer compliance is influenced by the quality of tax services, ease of payment access, effectiveness of socialization programs, and public awareness regarding the importance of taxes for regional development. According to Rahayu (2020), service innovations such as digital payment systems and outreach services can improve the ease of tax payment, thereby positively impacting taxpayer compliance and regional tax revenue.

3. Materials and Method

This study employed a descriptive qualitative method with a case study approach focusing on Bapenda UPTB 3 Surabaya. Data were obtained through three data collection techniques, namely direct observation, semi-structured interviews, and documentation during a five-month internship period at the institution.

Direct observation was conducted by observing the regional tax management process at Bapenda UPTB 3, including taxpayer data collection, PBB assessment, billing, and taxpayer

services. Semi-structured interviews were conducted with staff from the Service Division and Billing Division directly involved in the PBB collection process. Documentation was obtained from PBB revenue realization data, performance reports, and standard operational procedures applicable at Bapenda UPTB 3 Surabaya.

All collected data from observations, interviews, and documentation were analyzed using triangulation techniques to ensure information consistency and obtain an accurate and comprehensive understanding of regional tax management at Bapenda UPTB 3 Surabaya.

4. Results and Discussion

Land and Building Tax (PBB) Management Procedures

Based on observations during the internship program, Bapenda UPTB 3 Surabaya has implemented PBB management procedures administratively and operationally. The management process begins with taxpayer and tax object data collection and updating activities. These activities include verification of taxpayer identities, land and building areas, and tax object conditions used as the basis for determining the Tax Object Sales Value (NJOP).

After the assessment process is completed, the Tax Due Notification Letter (SPPT) is distributed to taxpayers through local village offices. Taxpayers are then required to make payments according to the specified due date. If payment arrears occur, the billing officers of Bapenda UPTB 3 Surabaya conduct active collection directly to taxpayers.

Factors Affecting PAD Realization from the PBB Sector

Based on interviews and observations, several factors influence PAD realization from the PBB sector, namely internal and external factors: a.) Internal Factors: The tax collection system has not been fully digitalized, causing administrative processes to still depend on manual procedures. Limited human resources in handling a large number of taxpayers. Payment reminder systems have not yet operated automatically; b.) External Factors: Low taxpayer compliance in paying PBB. Economic conditions affecting taxpayers' payment capabilities. Lack of public socialization regarding the importance of paying regional taxes.

Regional Tax Management Strategies in Supporting PAD

In an effort to increase PAD, Bapenda UPTB 3 Surabaya has implemented several regional tax management strategies, including: a.) Outreach Service Program: Bapenda UPTB 3 Surabaya conducts outreach service programs by directly visiting taxpayers in certain areas to facilitate PBB payments. This strategy aims to improve tax service accessibility for the community; b.) Active Billing: Billing officers routinely conduct direct visits to taxpayers with PBB arrears. The personal approach implemented is expected to increase taxpayer awareness in fulfilling tax obligations.

Taxpayer Data Updating

Bapenda UPTB 3 Surabaya periodically updates tax object and taxpayer data to ensure accuracy in the PBB assessment process. Data updating is conducted to minimize potential tax revenue loss caused by inaccurate data.

Although various strategies have been implemented, the results indicate that the digitalization system of regional tax management still requires further development. Manual billing processes have caused delayed responses to late tax payments.

The results indicate that regional tax management plays an important role in supporting the increase of Local Own-Source Revenue at Bapenda UPTB 3 Surabaya. Tax management processes including taxpayer data collection, PBB assessment, tax services, and active billing have proven to support the optimization of regional tax revenue. These findings are consistent with Siahaan's (2016) opinion stating that tax management effectiveness is influenced by tax administration quality and the management system implemented.

This study also shows that taxpayer compliance remains the main challenge in increasing PAD. Low public awareness regarding tax obligations causes PBB revenue realization to remain suboptimal. This finding is in line with Nurmantu's (2014) theory explaining that taxpayer compliance is the primary factor in successful regional tax collection.

Furthermore, limited digitalization in the taxation system has become an obstacle to effective regional tax management. Administrative and billing processes that are still manual reduce service efficiency. Therefore, digital transformation in regional tax management needs

to be improved so that tax service and supervision processes can operate more effectively and efficiently.

5. Conclusion

Based on the research results, it can be concluded that Bapenda UPTB 3 Surabaya has implemented various regional tax management strategies in supporting the increase of Local Own-Source Revenue, such as outreach services, active billing, and taxpayer data updating. However, several obstacles still affect the optimization of regional tax revenue, namely low taxpayer compliance, limited digitalization systems, and administrative processes that are still conducted manually.

This study recommends accelerating digital transformation in regional tax management systems through the implementation of integrated online payment systems and automatic reminders for taxpayers. In addition, improving public awareness programs regarding the importance of regional tax payments and enhancing human resource capacity are necessary to support sustainable PAD optimization.

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