

REGIONAL TAX COLLECTING INNOVATION BY LOCAL GOVERNMENT

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ABSTRACT

One manifestation of the implementation of fiscal decentralization is determination sources of revenue for regions that can be extracted and used itself according to their potential. Authority of the local government realized by collecting taxes and levies regulated in the Law Number 28 of 2009 concerning Regional Taxes and Regional Levies. Authority to collect tax on the Tax Object Regions are divided into two, namely Provincial and Regency / City Taxes. Based on Article 2 paragraph (1) and (2) Law Number 28 of 2009 concerning Regional Taxes and Regional Retribution. The Indonesian tax administrators on behalf of the local government therefore need to establish innovative services which support the taxpayer in submitting the information needed by the tax officers. This paper tries to elaborate and analyses the implementation of Tax Innovation Services in Indonesia's region. The aims of this paper are to gain an in-depth understanding of tax innovation implementation in Indonesia and to examine the process of implementing collecting innovation in the tax system in Indonesia as an innovation in regional public sector service. This paper uses type of descriptive research method with a qualitative approach. The results of this research show how the regional governments implement the tax innovation services by enhancing the human resources capacity and the IT system.

Key words: tax innovation, tax, regional original revenue

1. Introduction

Article 1 paragraph (1) of the Constitution of the Republic of Indonesia 1945 (1945 Constitution) states that the State of Indonesia is the Unitary State in the form of a Republic. The logical consequence as a unitary state is the establishment of the Government of Indonesia as the national government for the first time and then the national government was later forming some regions in accordance with the provisions of the legislation. Article 18 paragraph (2) and paragraph (5) of the 1945 Constitution states that the Regional Government has the authority to regulate and manage government affairs according to the principle of autonomy and duty Co-administration and wide-ranging autonomy.

Regional autonomy or decentralization is democratization and empowerment, Regional autonomy is rights, authority, and obligations autonomous regions to organize and manage themselves Government Affairs and community interests the local system of the Republic of Indonesia.¹ Regional autonomy is a manifestation of democratization. It is intended that regional autonomy has an equal relationship between central and regional, where regions have the authority to regulate and take care of the interests, needs and aspirations of the people. While regional autonomy as a manifestation of regional empowerment is a matter learning process and strengthening

¹ Article 1 Number 6 Law Number 23 Year 2004 Concerning Local Government (Local Government Law)

for regions to be able to regulate and manage the interests and aspirations of the people themselves. Thus, the regions will gradually strive to be independent and break away from dependence on the center.

Division of authority in government which is of a nature decentralization, recognized as very necessary and appropriate way to be applied in the country like Indonesia which has a wide distribution of islands with diversity and pluralistic culture. In addition to facilitating coordination in government, decentralization systems are more democratic because of implementation power is aligned with the cultural character and customs of each region.²

Regional autonomy is the right, authority and obligations which given to autonomous regions to regulate and self-management of government affairs and the interests of the local community to improve the usability and results of implementation government in the context of service to the community and implementation development in accordance with laws and regulations. In the framework of service towards the community and the implementation of the development of the regional government of course requires not a little funds. Independence of an area as well reducing dependence on the central government is one demands in implementing regional autonomy, hence optimization towards Regional Original Revenue (PAD) is a must which carried out by the regional government as a source of regional finance.³

² Bagir Manan, *Beberapa Masalah Hukum Tata Negara Indonesia*, (Bandung: Alumni, 1997), page: 268

³ Nabitatus Sa'adah, *Kelemahan Penerapan Closet List System Serta Implikasinya dalam Pemungutan Bea Perolehan Hak Atas Tanah dan Bangunan*,

One of the main components of implementing decentralization in autonomy the regions is fiscal decentralization (financing regional autonomy).⁴ If Regional governments carry out their functions effectively, and given freedom in making service delivery decisions in the sector public, then they must be supported by financial resources adequate both from Regional Revenue (PAD), including surcharge of taxes, loans, and balancing funds from the Central Government.⁵

One manifestation of the implementation of fiscal decentralization is determination sources of revenue for areas that can be extracted and used itself according to their potential. Authority of the area realized by collecting taxes and levies regulated in the Law Number 28 of 2009 concerning Regional Taxes and Regional Levies.

Authority to collect tax on the Tax Object Regions is divided into two, namely Provincial and Regency / City Taxes. Based on Article 2 paragraph (1) and (2) Law Number 28 of 2009 concerning Regional Taxes and Regional Retribution, which states that: Types Provincial taxes consist of: Motor Vehicle Tax, Transfer of Customs Fee Motorized Vehicles, Motor Vehicle Fuel Tax, Water Tax Surface and Cigarette Tax, while the Regency / City Tax Type consists: Hotel Taxes, Restaurant Taxes, Entertainment Taxes, Advertising Taxes, Taxes Road Lighting, Taxes on Nonmetal Minerals and Rocks, Parking

Jurnal Masalah-Masalah Hukum Vol 43, No 1 (2014), page: 134

⁴ Tjip Ismail, *Pengaturan Pajak Daerah Indonesia*, (Jakarta: Yellow Printing, 2007), page: 12

⁵ Machfud Sidik, *Makalah Seminar Nasional, "Desentralisasi Fiskal, Kebijakan, Implementasi dan Pandangan ke Depan Perimbangan Keuangan Pusat dan Daerah"*, Yogyakarta, 20 April 2002, page: 5

Taxes, Groundwater Tax, Swallow's Nest Tax, Land and Building Tax Rural and Urban Areas and Fees for Acquiring Land and Building Rights.

Along with the development of technology, all aspects of life are always associated with it. Technology is something which will continue to develop based on human needs. As well as a government of a state, technology is needed to support activities that are more effective and efficient. One of the supports that the government can make in utilizing technology is through tax innovation. The tax administrator on behalf of the government has the authority to push the tax payer in paying their tax obligation. Hence they will take some proper measures in order to obtain the maximum amount of tax. However those conditions sometimes lead to some problems. One of the most common problems is that the taxpayers demand the excellent services from the government or the tax authority.⁶

Tax administration services include registering as a taxpayer, paying tax bills, reporting tax returns, filing objections against the tax billed, and claiming refunds for tax overpayments. Thus, the main function of the tax administration system is to reduce or eliminate asymmetric information between the taxpayers and tax officials.⁷

At the end of 2017 Sri Mulyani formed a reform team through the decision of the Minister of Finance (KMK) Number 885 / KMK.03 / 2016 concerning the Establishment of the Tax Reform Team. The team aims to build an authoritative taxation that is capable in performing tax and increasing the tax, also needed to complete the tasks and obligations. The business process of change between the taxpayer and Directorate General of Taxation (DGT) must provide information to taxpayers in fulfilling their tax rights and obligations. DGT must be able to package service quality to be easier, simpler, effective, current and affordable for taxpayers.⁸

Tax administration systems are complex, especially in developing countries such as Indonesia.⁹ The main problem is in the data system of the tax and the trust of the taxpayer. The phrase 'tax administration is tax policy', emphasizes why administrative matters receive a lot of attention from tax authorities in developing countries. Limitations in tax administration constrain tax policy choices.¹⁰

The Indonesian tax administrators therefore need to establish innovative services which support the taxpayer in submitting the information needed by the tax officers. This needs to do more than just reduce the asymmetric information between

⁶ Aberbach, J.D. and Christensen, T. (2007) 'Coercive public organizations the challenges of modernizing tax administration: putting customers first', *Public Policy and Administration*, Vol. 22, No. 2, pp.155–182.

⁷ Darono, A. and Irawati, D. (2015) 'Service innovation in the complex environment of tax administration: the Indonesian public sector perspective', *Int. J. Innovation and Regional Development*, Vol. 6, No. 1, pp.102–123.

⁸ Direktorat Jendral Pajak Kementrian Keuangan, <http://www.pajak.go.id/content/article/8-inovasi-penting-djp-yang-perlu-anda-ketahui-di-kuartal-pertama-2017>, accessed on 23 November 2018.

⁹ Bird, R.M. (1992) *Tax Policy and Economic Development*, The John Hopkins University Press, Baltimore.

¹⁰ Bird, R.M. and Zolt, E.M. (2008) *Technology and Taxation in Developing Countries: From Hand to Mouse*, UCLA School of Law, Los Angeles.

taxpayers and tax officers.¹¹ There needs to be a strong information management infrastructure in order to deal with huge, clerical, routine, and transactional tax information.

Since 2001, the Indonesian tax administrators have taken strategic measures to initiate innovation in ICT-based services.¹² This included electronic services (e-services) online payment at a point-of-payment agency (e.g., appointed bank or post-office) that was connected to the state treasury authority and DGT. This was an *online-real-time* connection which deployed *host-to-host* technology and used the ISO-8583 standard as a data exchange protocol.¹³

This paper has the following aims:

1. to gain an in-depth understanding of tax innovation implementation in Indonesia;
2. to examine the process of implementing collecting innovation in the tax system in Indonesia as an innovation in regional public sector service;
3. to find out how the tax innovation give influence in increasing of regional original revenue.

¹¹ Kristiaji, B.B. (2013) *Asymmetric Information and Its Impact on Tax Compliance Cost in Indonesia: A Conceptual Approach*, Danny Darussalam Tax Center, Jakarta.

¹² Poernomo, H. (2009) 'Tax administration reform in 2003', in Abimanyu, A. and Megantara, A. (Eds.): *New Era of Fiscal Policy: Thought, Concept, and Implementation*, Kompas, Jakarta (in Bahasa Indonesia).

¹³ Darono, A. and Irawati, D. (2015) 'Service innovation in the complex environment of tax administration: the Indonesian public sector perspective', *Int. J. Innovation and Regional Development*, Vol. 6, No. 1, pp.102–123.

Accordingly, the research questions for this paper are:

1. How is the collecting tax innovation exercised by Regional Government?
2. What is the impact on the innovation tax system for regional original revenue?

This paper is structured as follows: it begins with a literature review on tax innovation in regional government. The next section explains tax innovation in Indonesian's legal system, followed by a discussion of the research findings using an institutional framework. The final section contains the conclusion followed by contributions and suggestions for further research.

2. Literature Review Innovation

An innovation is a new idea that works. It differs from creativity, which is how to develop new ideas. Therefore, an innovation is a successful implementation of a new idea. An invention is a new idea or product which may or may not have economic value. Innovation is the process whereby inventions move into usable form.¹⁴ The word innovation can be interpreted as "process" or "result" of development and or utilization or mobilization of knowledge, skills (including skills technology) and experience to create or improve products, processes which can provide more meaningful value.

¹⁴ King, J.L., Vijay, G., Kenneth, K.L., McFarlan, W., Raman, K.S. and Yap, C.S. (1994) 'Institutional factors in information technology innovation', *Information Systems Research*, June, Vol. 5, No. 2, pp.139–169 [online] <http://www.jstor.org/stable/23010971>, accessed 23 November 2018.

According to Rosenfeld in Sutarno (2012: 132), innovation is the transformation of knowledge to new products, processes and services, the act of using something new. Whereas according to Mitra in the book and on the same page, that innovation is a successful exploitation of a new idea or in other words is the mobilization of knowledge, technological skills and experience to create products, new processes and services.

However according to Vontana (2009: 20), innovation is economic and social success for the introduction of new ways or new combinations of old ways of transforming inputs into outputs that create major changes in the relationship between use value and prices offered to consumers and / or users, communities, communities and the environment. Which is almost the same as organizational innovation according to Sutarno (2012: 134-135), which was defined as new ways of regulating work, and is done in an organization to encourage and promote competitive advantage. The essence of organizational innovation is the need to improve or change a product, process or service. Innovation organizations encourage individuals to think independently and creatively within apply personal knowledge to organizational challenges. All organizations can innovate including company organizations, hospitals, universities and government organizations. The importance of value, knowledge and deep learning organizational innovation is very important.

Regional Tax

The definition of tax was stated by several experts, as stated by Adriani that "Tax is a community contribution to the State (which can be imposed) which is owed by those who are obliged to pay according to general regulations (laws) with no immediate achievement. appointed and useful is to finance general expenses due to the duty of the State to organize

government "¹⁵. Meanwhile according to Article 1 Number 1 of the Law on General Provisions and Tax Procedures: "Tax is a compulsory contribution to the State owed by an individual or entity that is compulsory under the law, by not receiving compensation directly and used for State purposes for the amount of - the great prosperity of the people."

Fiscal decentralization is a logical consequence of the implementation of regional autonomy policies. In line with the transfer of authority to the regions, funding sources are given to the regions to carry out the authority. The provision of local revenue sources is mainly carried out through the authority of regional taxation and regional retribution. Policies regarding regional taxation and regional retribution have been amended several times, the latest by Law No. 28 of 2009 concerning Regional Taxes and Regional Retributions which became effective from 1 January 2010.

There are four fundamental policies stipulated in Law No. 28 of 2009, namely:

- a. Closed-list system for types of taxes and fees that can be collected by the region. This is intended to provide certainty to the public and the business community about the types of fees they must pay;
- b. Strengthening local taxing power. This is done, among others, through the expansion of the existing regional tax base and regional levies, additional types of local taxes and levies (such as cigarette taxes and UN transfers to regional taxes), increasing the maximum tariff for certain types of local taxes, and giving discretion on tax rates ;
- c. Improving the system of managing local taxes and regional levies through a more

¹⁵ Sutedi, Adrian SH, MH, 2011, *Hukum Pajak*, Sinar Grafika, Jakarta.

ideal provincial tax sharing mechanism and earmarking policies for certain types of local taxes (such as partial earmarking of Motor Vehicle Taxes for road maintenance);

d. Increased effectiveness of supervision of regional levies by changing repressive supervision mechanisms to preventive and corrective.

With the enactment of the PDRD Law, districts / cities can collect eleven types of taxes, namely hotel tax, advertisement tax, entertainment tax, recreation tax, parking tax, street lighting tax, groundwater tax, mineral tax and excavation of C bird nest tax, Bea Obtaining Land and Building Rights (BPHTB), and Rural and Urban Land and Building Taxes (PBB-P2).

The Regional Revenue and Expenditure Budget (APBD)

The Regional Revenue and Expenditure Budget (APBD), is the annual financial plan of regional governments in Indonesia approved by the Regional People's Representative Council. APBD is stipulated by Regional Regulations. The APBD budget year covers a period of one year, starting from January 1 to December 31. APBD elements are:

- a. Income budget consisting of:
 - i. Regional Original Income (PAD), covering regional taxes, regional retribution, the results of regional wealth management, and other revenues
 - ii. Balancing funds section, including Revenue Sharing Funds (DBH), General Allocation Funds (DAU), and Special Allocation Funds (DAK)
 - iii. Other legitimate income such as grants or emergency funds.

b. The budget, which is used for the purposes of carrying out government tasks in the region.

c. Financing, which are any receipts that need to be repaid and / or expenditures that will be received again, both in the relevant fiscal year and the following budget years.

PAD is income earned by regions collected based on Regional Regulations in accordance with laws and regulations (Article 1 Item 18 of Law Number 33 Year 2004 concerning Financial Balance between Central Government and Regional Government). PAD is revenue received by regions from sources within their own territory which are collected based on regional regulations in accordance with the applicable laws and regulations. PAD aims to give authority to local governments to fund the implementation of regional autonomy in accordance with regional potential as a manifestation of decentralization.

The amount of PAD to total regional income shows the large contribution of regional PAD to total regional income. The greater the percentage of PAD to total income and to total expenditure is highly expected in the context of implementing regional autonomy. The percentage of PAD to total regional income is referred to as the degree of fiscal decentralization (DDF). DDF shows the size of regional financial independence. Increasing DDF is expected in order to strengthen regional autonomy.

3. Research Methods

This study uses a type of descriptive research with a qualitative approach. This research is used because researchers want to try to get better understanding about the description, factual description, and accuracy of the facts of the strategy of the

Regional Government to increase the regional original revenue. This is in accordance with the opinion of Nazir, which states that the type of descriptive research is research that aims to make descriptions, drawings, or paintings systematically, factually, and accurate facts, characteristics and relationships between phenomena investigated. Thus, this descriptive qualitative study aims to describe in detail the phenomena that occur to see strategy of the Local Government to increase the regional original revenue.

Additionally, combined with discourse analysis, this paper has also used interpretive policy analysis.¹⁶ Describe one approach in discourse analysis called interpretive policy analysis. This approach's notion is not to produce objective facts or causal explanations, but to articulate well-founded interpretations of policymaking and regulation that presume the judgments and values of the researcher involved. In interpretive policy analysis, discourse could be in the linguistics (text) or non-linguistic social context of texts. Consequently, based on those considerations, the researchers assumed that this approach is also appropriate due to the research topic and objectives.

4. Discussion

4.1 Tax Collection System in Indonesia

The task of the State is in principle seeks to create welfare for the people. that is why the State must appear going forward and intervening, moving actively in the field economy in order to create the welfare

of its people. To achieve and creating a prosperous society, which costs are needed large enough so that the country is looking for financing in through taxing. Tax collection is a responsibility that must be run by the State as an essential function.

In taxation there are several tax collection systems, which based on literature and taxation practices in general are known there are three ways, namely:¹⁷

a. Official Assessment

This tax collection system authorizes government or Fiscus (tax officer) to determine the amount Taxpayer tax payable. This tax collection system is no valid after the Tax Reformation in 1983. Characteristics this tax collection system is payable tax calculated by the tax, and taxpayers are passive. Tax debt arises after the tax officer calculates the tax owed by the issuance Tax Assessment Letter (SKP). The amount of tax that must be deposited to the State treasury in one the tax year is fully closed and determined by the Fiscal. In this case taxpayers are only obliged to pay taxes payable in accordance with the amount set by the Fiscal in a Tax Assessment Letter or Tax Return Owed.

b. Self Assessment System

Unlike the Official Assessment System, the initiative is in implementation of obligations for tax collection based on the Self procedure The Assessment System has shifted from Tax to Taxpayers. This tax collection system with Self Assessment authorize Taxpayers to

¹⁶ Glynos, J., Howarth, D., Norval, A. and Speed, E. (2009) *Discourse Analysis: Varieties and Methods*, August 2009, Centre for Theoretical Studies in the Humanities and Social Sciences, University of Essex, National Centre for Research Methods, NCRM/014.

¹⁷ Santoso Brotodihardjo, *Pengantar Ilmu Hukum Pajak*, (Bandung: Eresco, 1988), hal: 110

calculate themselves, report themselves, and pay their own taxes payable which should be paid to the state treasury. Characteristics of this system are the tax payable calculated by the Taxpayer himself. In this system, taxpayers are more active in reporting and pay for themselves the tax payable that should be paid, and the government does not need to issue SKP at any time. SKP excluded in certain cases such as late taxpayers report or pay tax payable or there is a tax should be paid but not paid. Implementation of procedures tax collection with a Self Assessment system can be distinguished into two, namely:

1) Pure Self Assessment System:

Taxpayers are given full trust in estimate, calculate, determine and deposit yourself tax payable to the State treasury.

2) Semi Self Assessment System:

It is often called tax payment at the source, where the calculation of tax payable is carried out by people (Required) other taxes. Important things expected from inside tax payers frozen its tax obligations with the Self mechanism. This Assessment System, are:

- a) Tax consciousness, namely tax awareness from taxpayers;
- b) Taxpayer Honesty;
- c) Tax mindedness, namely Taxpayers, the desire to pay tax;
- d) Tax discipline, namely the taxpayer's discipline towards implementation of tax regulations, so that in time

Tax payers themselves fulfill obligations which is charged by the Law, such as Enter the Tax Return (SPT) right at time, pay taxes on time and everything, without having to be warned to pay. Giving full trust to taxpayers to do a Self Assessment System has consequences which are heavy for taxpayers. This means that if the Taxpayer does not fulfill his obligations charged to him, it will be penalized. This means a Self Assessment System giving responsibility is a big leib for inside taxpayers carry out its tax obligations.

c. Withholding System

This tax collection system is a collection system tax that gives authority to other parties or parties third is to cut and collect the amount of tax owed by Taxpayers. The third party here is another party besides government and taxpayers. In this system the party is determined as a cutter or tax collector by Law. Tax law is given authority and obligation to deduct and collect tax payable from taxpayers and must immediately deposit it to the State treasury in accordance with the term specified time. If a third party does errors and irregularities will be imposed on him sanctions in accordance with the provisions of the taxation Act apply. This system is a taxation system where a third party both Individual and Internal Taxpayers, The country is entrusted with legislation to carry out the obligation to cut or collect taxes for income paid to income.

Tax collection system will be implemented applied to a type of regional

tax, head of region (Governor or regents / mayors) determine the type of tax that is self-paid by the taxpayer, determined by the head of the region or collected by tax collector. This is intended for member certainty in collecting a type of regional tax in each region to enforce it.

4.2 Principles in Tax Law

Regarding the principle of tax collection, several experts have put forward the principle of tax collection. According to Adam Smith,¹⁸ in his book *Wealth of Nations* with famous teachings "The Four Maxims", the principle of tax collection is:

- a. Principle of Equality (principle of balance with ability or principle of justice): tax collection carried out by the state must be in accordance with the ability of the income of the Tax payer. The state may not act discriminatory against taxpayers.
- b. Certainty principle (legal certainty principle): all tax collection must be based on the law, so that those who violate it will be subject to legal sanctions
- c. Principle of Convenience of Payment (principle of tax collection timely or pleasure principle: taxes must be collected on the right time for taxpayers (the best time),for example when a new Taxpayer receives his income or when the Taxpayer receives a gift.
- d. Principle of Efficiency (efficient principle or economic principle): cost taxation is sought as much as possible; do not until the tax collection costs are greater than the results tax collection.

¹⁸ Mohammad Zain, *Manajemen Perpajakan*, 2014, Salemba Empat, Jakarta, page 25; P. Scolten dalam Sudikno. Mertokusumo, *Mengenal Hukum (Suatu Pengantar)*, (Yogyakarta: Liberty,1986), page: 32

W.J. Langen, stated the principle of tax collection as following:¹⁹

- a. Principle of Equality: in the sense that someone in a same state should be subject to the same tax, should not be discriminated in tax collection, or in conditions the same between one Taxpayer and another must be taxed in the same amount (treated same).
- b. Principle of Ability: namely a principle which states that each Taxpayer should be subject to the same tax burden. This means that people with high income are taxed high, which has a low income subject to tax low and income under basic need is released from taxes in other words the size of the tax collected must be based on the size of the income of the Taxpayer. The higher the income, the higher the tax charged.
- c. Principle of Special Advantage: This principle means that someone those who get special benefits should also subject to special tax.
- d. Benefit Principle: that tax is imposed by the government is based on the reason that the community received the benefits of goods and services provided by the government or in other words the tax collected by the state must be used for activities that are useful for the public interest.
- e. Principle of Well-Being: namely a principle which states with the duty of the government on one side provide goods and services for the community and on the other hand withdraw levies to finance the government's activities, however as a whole is increasing well-being community, or in short can be interpreted tax collected by the state

¹⁹ W.J. Langen dalam H. Bohari, (Jakarta: Rajawali Pers, 2012), hal : 42

is used to increase welfare of the people.

- f. Principle of Lightening Load: this principle states that though imposition of levies is a burden on society or individuals and however high awareness of citizens The state, however, should be endeavored that the burden the smallest, or in other words collection tax is minimized (as low as possible) if compared to the value of the tax object. So it does not burdensome taxpayers.
- g. Principle of Balance: this principle states that in carry out these various desires that might be mutual contradictory, but should always be tried as well. This means that it does not disturb legal feeling of justice and legal certainty.

Rochmat Soemitro²⁰ also stated forty principles, namely: the principle in accordance with the conception of the state, the principle of justice, the principle of power ability, juridical principles, economic principles, principles of proper collection (convenience of payment), principle of conformity with purpose, principle, efficiency / financial, non-discrimination principle, principle of non-opportunity, principle non-analgesics, principles in tax justice, the principle of freedom of searching justice, the principle of equality before the court, the principle of protection of the people party, principle of neutrality / impartiality, principle of legal nature, the principle of kinship and mutual cooperation in terminating disputes, the principle of the objectivity of judgment, the principle of remembering the parties, the principle of filial piety, the principle of motivation / reasoned decisions, the principle of obedient decisions, the principle of opportunity, principle of appeal, principle of determination of

²⁰ Suparno, 2012, *Hukum Pajak suatu Sketsa Asas*, Semarang, Pustaka Magister; Rochmat Soemitro, *Dasar-Dasar Hukum Pajak dan Pajak Pendapatan*, (Bandung: Eresco,1963), page: 25

decency ordinance, principle of arbitration, the principle of *nebis in idem*, the principle of legal certainty, the principle of orderly law, principle legality, principles, controls, principles of honesty / principle of responsibility / principle trust, expiration principles, hierarchical principles / gaps, guarantee principles /secret position, principle of consistency / mutual respect, ethical principles taxation and democratic principles. But a country in collecting or billing taxes can adhere to three types the principle, namely the principle of domicile, the principle of the source, the principle of nationality.

4.3 Tax Collecting Innovation in Some Regions in Indonesia

Innovation e-SPTPD services (Tax Notification Electronic-Based Regions) in Management Bodies Regional Finance and Tax of Surabaya City

The benefit in e-SPTPD service innovation with SPTPD manual services from technological aspects are certainly very different. E-SPTPD offering electronic services facilitates taxpayers in terms of reporting tax at any place and time without being bound office hours. Nowadays, taxpayers using a laptop or smart phone media who has internet access for reporting. After doing tax reporting, the tax payer will get the payable tax payment code and payments can be made online through transfer and e-banking.²¹ Other than that, there is also a live chat feature provided in the e-SPTPD system that functions as media question and answer and delivery of complaints related to the e-SPTPD process.

²¹ Choiriyah Sri Bintang, Inovasi Pelayanan E-Sptpd (Surat Pemberitahuan Pajak Daerah Berbasis Elektronik) Di Badan Pengelolaan Keuangan Dan Pajak Daerah Kota Surabaya, <https://jurnalmahasiswa.unesa.ac.id/index.php/publika/article/viewFile/23169/21190>, accessed on 24 November 2018.

The live chat feature connecting between taxpayers and staff admin. Every question from the taxpayer will be responded by admin staff according to type of questionable tax.

Other uses in the field of technology e-SPTPD are the emergence of code design payment is realized in the form of barcode. The barcode is used as a substitute for wet stamps that are usually obtained when reporting and payment manually. By using code for the payment, for payment cash transfer through the bank, no taxpayer needs to fill in the identity again, but enough shows the pay code and taxpayer ID to the bank.²²

The results of this e-SPTPD service innovation analysis refer to the Innovation Success Factor according to Cook, Matthews and Irwin consisting of 5 (five) factors, namely leadership. Factor leadership has been successful in implementing this innovation is where the leader or guarantor answer in e-SPTPD has done its role according to the main tasks and functions and responsibility for this service as well committed to the success of innovation e-SPTPD service.²³

Android application of Hotel and Restaurant Tax Management Information System (SIMHORE) Berau Government

Berau Government launches an Android application for Hotel and Restaurant Tax Management Information System (SIMHORE) in 2016, the first restaurant and hotel tax innovation in Indonesia.²⁴ Head of Dispenda Berau,

²²*Ibid.*

²³*Ibid.*

²⁴ Berau News, Hebat! Inovasi SIMHORE Dispenda Pertama di Indonesia, <http://www.beraunews.com/politik-pemerintahan/pemerintahan/722-hebat-inovasi->

Maulidiyah revealed, the basis of the program was as the implementation of Law Number 28/2009 concerning Regional Taxes and Retributions, Perda Number 1/2011 concerning Regional Taxes and Retributions, Regent Regulations (Perbup) Number 23/2016 concerning Reporting and Payments Hotel and Restaurant Transactions through Online Systems.

There are many problems faced by taxpayers in terms of filling in the Regional Tax Return (SPTPD) which is still made manually. Where, it requires an active pattern of taxpayers to come to the Dispenda Office and fill out and directly submit the filling form for the SPTPD. This program was also to shorten the process of paying hotel and restaurant taxes that had been carried out by taxpayers. Previously, the taxpayer must submit his SPTPD and be verified by the Dispenda. Then, the taxpayer has to go to Bank Kaltim to make a payment. However, this has not yet been completed, because it must return to submit proof of tax payment or a Deposit Receipt (STTS).²⁵

The service process in the manual tax payment is still too long. This impressed back and forth, making it difficult for taxpayers. In addition, the things that form the basis of this program, explained Maulidiyah, are the low awareness of taxpayers to pay taxes. The comparability between the number of taxpayers and collection officers is not enough, so that not all taxpayers can be served and monitored the level of accuracy of reporting due to broad geographical area of Berau. There are 112 hotel taxpayers, but who regularly come to Dispenda only 20

simhore-dispenda-pertama-di-indonesia, accessed 24 November 2018.

²⁵*Ibid.*

taxpayers every month. Meanwhile, 62 taxpayers had to go one by one and were willing to pay taxes, both those in Biduk-Biduk, Batu Putih Maratua and Derawan. The remaining 30 taxpayers do not pay taxes at all.²⁶ Berau Regent, Muharram greatly appreciated the change innovation program initiated by the Head of the Dispenda, Maulidiyah. Because this will spur civil servants in the district government to continue to innovate to create a public service system that is fast, precise, short and not easily satisfied with the services that have been available so far.

Local Tax Mobile Application Information System (SAMPADe) Malang City Government

The presence of this application will further facilitate the public, especially taxpayers, to find out information about regional taxation in an actual and efficient manner. Starting from information related to tax objects, billing and delinquency information, payment system information and regional tax announcements. The community can also conduct local tax consultations to download local tax regulations from this new application.²⁷

This application is one of the innovative products of information technology development that is provided to facilitate and improve service to taxpayers, both in exercising their rights and fulfilling their tax obligations. Information guides can be accessed anytime and anywhere via gadgets, real time for 24 hours. To access it, the community can first download the

SAMPADe application on the Play Store for free.²⁸

With an online tax system that integrates the internet and is directly computerized, then every month taxpayers no longer need to submit physical tax administration documents or pay manually. Because WP can use IT technology by using e-SPTPD and payment via auto debit. These facilities are used to accommodate taxpayers who are trapped in time, distance and other activities so that they can report and fulfill their tax obligations in a timely manner.²⁹

Drive-Thru SAMSAT Pontianak

The Pontianak Samsat Drive Thru is a service location for motorized taxpayers in one location with a concept without getting off the vehicle, both four-wheeled and two-wheeled. Also on the drive thru were officers from the BPKPD Revenue Sector, Jasa Raharja, the Police and Bank Kalbar, with each one officer. Simply preparing a vehicle letter and funds to be paid, the taxpayer has already paid the vehicle tax without having to get off the vehicle with only five minutes.³⁰ Drive thru in Pontianak will later be developed in other regions throughout West Kalimantan. At present there is only in the city of Pontianak which is planned to be inaugurated by the Governor of West Kalimantan in the near future.

With the drive thru, which is located in the museum complex, Jalan Ahmad Yani, Pontianak, Pitter said, making it

²⁶*ibid.*

²⁷ Malang Post, Inovasi Layanan Pajak SAMPADe, <https://www.malang-post.com/berita/kota-malang/inovasi-layanan-pajak-bp2d-launching-sampade>, accessed on 25 November 2018.

²⁸*ibid.*

²⁹*ibid.*

³⁰ Sindo News, Drive Thru Inovasi Daerah dalam Pendapatan Pajak, <https://ekbis.sindonews.com/read/1226970/33/dri-ve-thru-inovasi-tingkatkan-pendapatan-pajak-1501774779>, accessed on 25 November 2018.

easier for taxpayers to pay their vehicle tax. And the presence of drive thru is able to provide an increase in tax revenue up to Rp1 billion per month.³¹ Within one year, the BPKPD of West Kalimantan Province targeted Rp1.4 trillion of motor vehicle tax. And this year is the first time if there is a change in the regional income budget, the BPKPD will target additional targets. In addition of this target, it is estimated that there will be additional regional revenue from motor vehicle tax reaching Rp 60 billion per year.³²

The Pontianak thru drive which was initiated by Pitter Bonis as a condition to increase the level of position in the Diklat that he lived in, was built with the design of Rumah Radakng - a house typical for the Dayaks. Where at the bottom of the high is a payment service office, while the top of the house can be used as a small meeting room or rest. This drive thru is the development of a place to pay taxes from existing ones such as the mobile samsat, samsat corner, and samsat outlets. Drive thru samsat is a blend of architectural and modern technology design by looking at people's desire to provide services to pay their motor vehicle tax.³³

5. Conclusion

This study has focused on the Indonesian tax context. Nevertheless, the discussion in this paper contributes to developing and enriching the socio-technical traditions in innovation of tax collecting by the local government. The initiative to use e-systems in the Indonesian tax administration was heavily affected by the institutional setting and its politics.

While the background created a strong necessity to innovate in the Indonesian tax system in every region in Indonesia. From the chronological time series, it can be seen that the local government has tried to upgrade the tax system to an e-system.

Unfortunately, in the Indonesia, the wide areas and diverse of the cultural are causing the ineffective application of e-system in collecting tax. However, there some regions who successfully implemented the collecting tax innovation.

Based on the findings and discussion from this paper, some critical thoughts can be

Provoked as follow:

First, the local government must pay attention to the tax collecting principles so that all of the e-system innovation in taxing can run well and in the long period.

Second, the normative pressure should always be maintained to enforce the organization, rather than just to achieve the meet the obligations of government procedures. From the Indonesian context, it can be seen that the tax system is complex so that there must be a strong yet effective regulation to solve all of the tax problems in order to increase the regional original revenue.

The Implementation of Regional Tax Collecting Innovation toward the Increasing of Regional Original Revenue .

³¹*Ibid.*

³²*Ibid.*

³³*Ibid.*

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