The Establishment Policy Model of Sale Value of Land Tax Objects and Rural and Urban Sector Buildings (NJOP PBB P2) in Medan

Abdul Kadir, Isnaini, Nina Angelia
Universitas Medan Area, Indonesia
abdulekadir794@ymail.com

I. Introduction

In Indonesia itself is very dependent on the income tax in the country. Because tax revenues nearly meet state spending. Thus the tax in Indonesia is very significant, therefore the government tries to increase tax revenue every year so that it can cover up to 80% of state spending. There are many sectors in Indonesia that can contribute to state spending, but the sectors outside of tax have not been able to have a significant impact. The government sets tax revenue realization targets every year and there are many ways by the government to make taxpayers willing to pay tax payable, ranging from socialization, tax rates adjusted to personal income to tax penalties so that taxpayers comply with existing tax norms. (Siregar, 2020).
This study specifically analyzes the mapping process, data collection and assessment of land and building tax objects in the rural and urban sector (PBB-P2) in Medan City. The aim is to recommend the PBB-P2 NJOP determination model in Medan City in order to explore the potential and efforts to increase the regional revenue (PAD) of Medan City.

PBB-P2 is a tax on land and/or buildings that are owned, controlled, and/or utilized by an individual or entity. The object of PBB P2 is in the form of land and/or building which determines whether the tax is due or not. So that PBB-P2 is used as a source of Regional Original Income (PAD) in Medan City. Even PBB-P2 is considered the best source that has the potential to contribute to regional revenue for sustainable development.

PBB-P2 as a source of PAD in Medan City, it is necessary to make efforts to optimize this revenue through the determination of the Tax Object Selling Value (NJOP) as the basis for imposition of PBB-P2 which is determined annually. NJOP is the average price obtained from land sale and purchase transactions that occur fairly. If there is no sale and purchase transaction, NJOP is determined through price comparisons with other similar objects, or new acquisition value, or replacement NJOP in the vicinity. The amount of the NJOP is the basis for determining the PBB-P2 rate.

However, since the transfer of PBB from Central Tax to Regional Tax in 2010 in accordance with the Regional Tax and Retribution Law and Joint Regulation of the Minister of Finance and the Minister of Home Affairs number 213 / PMK / 07/2010 and Number 58 of 2010 concerning Preparation Stages for the Transfer of Rural PBB and Urban as Local Taxes, as well as Medan City Regional Regulation Number 3 of 2011 concerning Rural and Urban Land and Building Taxes, the Medan City Government is still routinely experiencing problems. Both administrative and institutional management, namely the Regional Government and the Regional Tax and Retribution Management Agency (BPPRD), have not maximally sought PBB-P2 revenue according to the predetermined targets and realization. In addition, the problem of arrears and the response of the residents' refusal to pay PBB-P2 due to the unsuitability of the assessment carried out are the most obvious problems that occur.

It can be seen that in 2013 the Medan City Government is targeting PBB revenue of around 383 billion Rupiah. However, the realization of tax revenue is still not maximized at only 61.18%. Based on data on PBB revenue for Medan City from 2012 to 2017, it is clear that the target achievement and realization are not optimal;

<table>
<thead>
<tr>
<th>No</th>
<th>Fiscal year</th>
<th>Target Acceptance</th>
<th>Realization of Acceptance</th>
<th>Percentage of Realized Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2012</td>
<td>353,346,171,770</td>
<td>275,138,356,001</td>
<td>77.87</td>
</tr>
<tr>
<td>2</td>
<td>2013</td>
<td>383,000,000,000</td>
<td>234,325,866,564</td>
<td>61.18</td>
</tr>
<tr>
<td>3</td>
<td>2014</td>
<td>365,000,000,000</td>
<td>289,000,081,973</td>
<td>79.18</td>
</tr>
<tr>
<td>4</td>
<td>2015</td>
<td>376,000,000,000</td>
<td>302,176,917,525</td>
<td>80.37</td>
</tr>
<tr>
<td>5</td>
<td>2016</td>
<td>386,540,861,523</td>
<td>333,672,790,116</td>
<td>86.32</td>
</tr>
<tr>
<td>6</td>
<td>2017</td>
<td>419,040,861,523</td>
<td>367,809,953,334</td>
<td>87.77</td>
</tr>
</tbody>
</table>

Source: Data processed from BPPRD Medan City, 2018

Based on table 1 shows that the target and realization of PBB collection from 2012 to 2015 did not reach the maximum. At the beginning of the full transfer of PBB in 2012, the realization of the budget was 77.87%. In fact this is a very good start. However, in 2013 the realization of PBB budget revenue decreased by 61.18%. Of course this is a bad record for the Medan City Government. Furthermore, the trend of increasing revenue occurred in 2014.
and 2015. Namely, to be 79.18% in 2014 and 80.37% in 2015. Meanwhile, in 2016 it was 86.32% and 87.77% in 2017. However, still Medan City Government in realizing the revenue that has been set has never reached the revenue target.

The reality of the problems described above, by taking the study area in the city of Medan in the context of the policy of determining the NJOP PBB-P2 this study becomes important and interesting to study. The reason is, first, based on the data obtained, it shows that the target and realization of PBB P2 Medan City has not reached the maximum. Therefore it is necessary to make concrete efforts from all parties, both government officials and the public to be more effective in determining NJOP PBB-P2. A policy formula is needed for establishing NJOP PBB-P2 which is one of the most important parts to maximize regional revenue potential.

Second, the increase in revenue for the region originating from PBB-P2 is undoubtedly carried out by every region including Medan City and one of the efforts to increase it is by adjusting the NJOP PBB-P2. With the research on the PBB-P2 NJOP determination policy, it will contribute significantly to the tax target set by the Medan City BPPRD. The determination of the appropriate PBB P2 NJOP will maximize the acquisition of PBB P2 on commercially functioning land and buildings. Of course, the decision was made to see the right form of policy based on a number of facts or problems encountered in the field.

Thus, as a recommendation this study provides a theoretical framework of policy models (policy models) which are simple representations of selected aspects of a problem condition that are compiled for specific purposes. Policy models are useful in reducing / simplifying problems by reducing complexity and making them manageable by policy analysts. Policy models can also play an active and critical role in policy analysis by encouraging analysts to make their own explicit assumptions and to challenge conventional ideas and analytical methods (Dunn, 2003).

II. Research Method

This study method is constructed with a qualitative approach. The data design was obtained by tracing documents, news, and research results that were relevant to the policy model in determining NJOP PBB-P2. For instruments, data was obtained from in-depth interviews and focused group discussions (FGD). Meanwhile, the data analysis process was carried out by using a narrative descriptive technique by analyzing the data obtained in the research location, either in the field or after the data was collected. The data collected is then processed systematically. Process data by writing down interviews, observation results, editing, classifying, reducing, presenting and collecting data.

III. Result and Discussion

3.1 Regional Tax and Retribution Management System

1. Tax Collection System: Tax collection can be done based on three systems; Real stelsel (real stelsel), presumed stelsel (fictieve stelsel), mixed stelsel. The system adopted by the Indonesian government is more inclined towards a mixed system. Namely a combination of real and fictitious systems. This system means that at the beginning of the tax year or the tax calculation period uses a fictitious system and at the end of the tax year it is recalculated using the real system provisions.

2. Principles of Tax Collection: Based on the principles of tax collection, it can be carried out in three principles, including: the principle of domicile (place of residence; the principle of source; the principle of nationality).
3. Tax Collection System

The tax collection system (Rahayu: 2010) can be described as follows;

1. Official Assessment System, namely in tax collection which gives authority to the government (fiskus) to determine the amount of tax owed by taxpayers. Taxpayers are passive. Taxes payable will arise at the time the tax assessment is issued by the tax authorities.

2. Self Assessment System. This means that tax collection gives the taxpayer the authority to determine for himself the amount of tax owed. In this case the taxpayer is active, starting from calculating, depositing and self-reporting the tax owed. Fiskus did not interfere, but only watched.

3. With Holding System. This means that a tax collection system that gives authority to third parties (not the tax authorities and not the taxpayer concerned) to determine the amount of tax owed by the taxpayer.

3.2 Identification of the Regulation on the Imposition of PBB-P2 in Medan City

Determination of local tax targets will be related to fiscal policy. An increase in the tax ratio means that there are efforts to increase tax revenue. Medan City has a large enough taxation potential, but its implementation has not been optimal. For this reason, the Government of Medan City through the Regional Tax and Retribution Management Agency (BPPRD) of Medan City as an agency that has one of the main tasks and functions as a collector as well as a regional tax manager has carried out a series of activities to optimize revenue from local taxes. Among them, namely extensification of taxes and intensification of local taxes.

The legal basis for PBB P2 for Medan City is Regional Regulation Number 3 of 2011 concerning Rural and Urban Land and Building Tax and also Regional Regulation Number 6 of 2012 as a substitute for Regional Regulation Number 3 of 2011. The types of applicable regional taxes are classified based on Government Regulation Number 55 of 2016 concerning General Provisions and Procedures for Collecting Regional Taxes. In terms of tax collection authority, regional taxes are divided into types of tax that are collected based on the determination of the regional head or paid by taxpayers themselves. By dividing the types of taxes consisting of provincial taxes and regency / city taxes.

With regard to tax objects imposed by PBB-P2 based on the Regional Regulation of the City of Medan Number 3 of 2011, are land and / or buildings that are owned, controlled, and / or utilized by private persons or entities, except for areas used for plantation, forestry business activities, and mining. In the imposition of PBB-P2, several buildings that become tax objects can be classified, including; neighborhood roads located in a building complex such as a hotel, factory and emplacement, which is an integral part of the building complex; Highway; swimming pool; fancy fence; Sports venues; shipyards, docks; luxury garden; storage / refinery for oil, water and gas, oil pipelines; and towers.

3.3 Sales Value of Tax Objects (NJOP) and PBB P2 Tarif in Medan City

People who buy and sell property or pay PBB-P2 must know the NJOP amount. Obtained from the average price of the sale and purchase transaction, if there is no sale and purchase transaction, the NJOP value is determined based on a comparison of the price of other similar objects, new acquisition value or Replacement Tax Object Selling Value. The average price obtained from buying and selling transactions is what occurs fairly. Each region has a different NJOP value and usually this NJOP is used as the PBB-P2 tax base. If there is no sale and purchase transaction, NJOP is determined by comparing prices with other similar objects, new acquisition value, or replacement NJOP. The amount of NJOP is determined
every three years, except for certain Tax Objects which can be determined annually in accordance with the development of the area. Meanwhile, the amount of NJOP is determined by the Regional Head.

3.4 The Process of Collecting Data on NJOP PBB P2 Medan City

The amount of NJOP is determined every three years, except for certain tax objects that can be determined annually according to the development of the area. Basically, NJOP determination is every three years. However, for certain regions whose development results in a fairly large increase in NJOP, NJOP can be determined once a year. The NJOP is determined by the Regional Head.

Data collection aims to adjust to current developments so as not to burden taxpayers. This data collection is very important, that the delay in issuing this can have a significant effect on the tax target set by the Medan City BPPRD. The data collection is carried out to maximize the acquisition of PBB-P2 on land and buildings that are commercially functioning. If the land is used commercially, the land has added value so that it can be taxed higher than land that functions as a residence.

3.5 PBB P2 Assessment Process for Medan City

Talking about PBB-P2 will not be separated from the property value (in this case land and buildings) itself. Because the amount of PBB P2 that will be paid by the taxpayer will depend on its value. The assessment of PBB-P2 object includes the assessment of land and building objects carried out by assessors and appraisers to determine the NJOP that will serve as the basis for tax imposition. The BPPRD of Medan City assesses the property objects (in this case land and buildings) using the Market Data Approach, namely the NJOP is calculated by comparing similar tax objects with other objects whose market prices are known.

Based on the regulation of the Mayor of Medan Number 70 of 2011 concerning the Classification and Determination of the Selling Value of Tax Objects as the Basis for Imposing PBB P2 In Medan, we can see the classification and the amount of the tax object sale value (NJOP) as the basis for imposition of land and urban building taxes in Medan City for the region. In Medan Selayang District, we can see the details and grouping of the selling value of the earth as follows;

<table>
<thead>
<tr>
<th>No</th>
<th>Class</th>
<th>NJOP (Rp)</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>073</td>
<td>335,000</td>
<td>Class range for Medan Selayang District, 2018: 073 – 050</td>
</tr>
<tr>
<td>2</td>
<td>072</td>
<td>394,000</td>
<td>NJOP size: Rp. 335,000 - Rp. 3,375,000</td>
</tr>
<tr>
<td>3</td>
<td>071</td>
<td>464,000</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>070</td>
<td>537,000</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>069</td>
<td>614,000</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>068</td>
<td>702,000</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>067</td>
<td>802,000</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>066</td>
<td>916,000</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>065</td>
<td>1032,000</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>064</td>
<td>1147,000</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>063</td>
<td>1274,000</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>062</td>
<td>1416,000</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>061</td>
<td>1573,000</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>060</td>
<td>1722,000</td>
<td></td>
</tr>
</tbody>
</table>
3.6 The Process of Determining the NJOP PBB P2 Medan City

Currently, the BPPRD applies the Land Value Zone (ZNT) for Medan City as a method of determining NJOP. The results of the new ZNT assessment are based on the results of the discussion for the determination of the PBB Tax Payable Tax Return (SPPT). This condition is so that the rate of increase in income from the PBB sector can be maximized. PBB is one of the sources of financing for Medan city development. Based on data on PBB revenue for Medan City from 2012 to 2017, it is clear that it has not reached the maximum target, as shown in table 3 below:

Table 3. Level of Achievement of Land and Building Tax Revenues in Medan City

<table>
<thead>
<tr>
<th>No</th>
<th>Fiscal year</th>
<th>Target Acceptance (Rp)</th>
<th>Realization of Acceptance (Rp)</th>
<th>Percentage of Realized Revenue (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2012</td>
<td>353,346,171,770</td>
<td>275,138,356,001</td>
<td>77.87</td>
</tr>
<tr>
<td>2</td>
<td>2013</td>
<td>383,000,000,000</td>
<td>234,325,866,564</td>
<td>61.18</td>
</tr>
<tr>
<td>3</td>
<td>2014</td>
<td>365,000,000,000</td>
<td>289,000,081,973</td>
<td>79.18</td>
</tr>
<tr>
<td>4</td>
<td>2015</td>
<td>376,000,000,000</td>
<td>302,176,917,525</td>
<td>80.37</td>
</tr>
<tr>
<td>5</td>
<td>2016</td>
<td>386,540,861,523</td>
<td>333,672,790,116</td>
<td>86.32</td>
</tr>
<tr>
<td>6</td>
<td>2017</td>
<td>419,040,861,523</td>
<td>367,809,953,334</td>
<td>87.77</td>
</tr>
</tbody>
</table>

Source: Data processed from BPPRD Medan City, 2018

Table 3 above shows that the PBB collection from 2012 to 2017 did not reach the revenue target of the Medan City Government. Although the trend of acceptance is increasing. This indicates that it can be a picture that income can be maximized again. However, the Medan City Government in the realization of its predetermined revenue has never reached its revenue target. This argument is also in line with Abdul Kadir's research results, which concluded that economic growth and population density have a significant effect on NJOP. Simultaneously the variables of economic growth, population density, NJOP and PBB have a significant effect on PAD (Kadir, 2018).

3.7 P2 PBB Collection Process Medan City

After analyzing the determination of the NJOP PBB P2 Medan City, this section will analyze the problem of collection from the perspective of the taxable citizens. It turns out that it still leaves a lot of problems. Among them, the community does not understand the ins and outs of the rules related to PBB-P2. So it is not surprising, if many people react excessively when they encounter obstacles such as overpayment, too expensive taxes, and the imposition of fines. Citizens think that PBB P2 in 2019 will be raised without any socialization. As a result, the community complained and felt very disadvantaged. The increase was burdensome...
for the community, especially since the increase reached hundreds of times compared to the previous year. Residents sometimes just accept the amount of the bill while the bill does not match the area of land and location of the land they own. One hand, an increase in NJOP can benefit the community because the selling value of land increases. What if the community is not able to pay, there is a mechanism for the proposed reduction.

Regarding objections and appeals, taxpayers can file objections to the regional head or an appointed official regarding: a. SPPT; b. SKPD; c. SKPDLB; and D. Withholding or collection by a third party based on the provisions of regional tax laws. Then the objection is submitted in writing, accompanied by clear reasons. Objections must be filed within a maximum period of 3 (three) months from the date of the letter, the date of withholding or collection, unless the Taxpayer can show that that period cannot be fulfilled due to circumstances beyond his control. Furthermore, in the decision of the regional head the objection may take the form of accepting in whole or in part, rejecting or increasing the amount of tax due. Then, if the time period referred to has passed and the Regional Head does not give a decision, the objections raised will be deemed granted.

Seeing these dynamics, various problem dilemmas are described. What some residents feel is that PBB-P2 is so burdensome, however, for Medan City government officials, whose function is to collect taxes from its citizens, they must be able to realize the tax target collected every year. So a just policy model is needed in determining the NJOP PBB-P2 for each tax object or subject.

3.8 The Model of Fair NJOP PBB P2 Establishment Policy

The policy model in establishing a NJOP that is more just, accountable, transparent and democratic will open access for citizens to be actively involved in supervising the imposition and collection processes carried out by the Government. The basis is that taxes are collected from the sources of citizens' wealth which come from personal abilities. These sources can be obtained from income, inheritance, and other sources of wealth. In this way, financially strong groups of people will be burdened with paying taxes. The orientation is to create balance and healthy social relations between residents. So that the process of distributing sources of income and wealth must be carried out with a democratic and fair political mechanism (Irianto, 2012).

The fulfillment of the distribution function actually meets the standards of equality, democracy and justice. The open and transparent mechanisms implemented by the government are a reflection of the development of a healthy democratic system. As far as possible, this function is commensurate with the level of "sacrifice" of its citizens in paying taxes. Musgrave (1989) says that people should be taxed according to their "ability to pay". The ability to pay taxes needs to be balanced with the openness of the state in distributing the tax collected from its citizens. Apart from being open, it is also very important to involve citizens in monitoring the distribution of tax returns.

Citizen supervision at least has a function of explanation, accounting, auditing and appropriateness (Dunn, 2003). The implications of this supervision are, firstly, supervision collects information that can explain why the results of policies and programs are different. Second, to produce information to make accounting for changes from time to time. Third, help determine whether resources and services have reached citizens. Fourth, supervision is useful for determining whether the actions of program administrators, employees, and other stakeholders are in accordance with the standards and procedures established by government agencies or agencies (Dunn, 2003). The supervision process is considered a systemic effort to observe and monitor whether the various functions, activities and activities carried out by the apparatus, in this case the Medan city government, are in accordance with the established
plan. Simultaneously and gradually tax management that is less pro-citizens and tends to be discriminatory will be eliminated by transparent, fair and democratic government administrators. At the same time, the taxpayer has grown political awareness to oversee taxation policies.

So far, the focus of the problem is only the low level of taxpayer compliance. This means that voluntary tax compliance (Voluntary Compliance) continues to be a concern. As we know, the current tax collection system uses a self-assignment system which requires an active role from the community. In fact, this lack of compliance level is due to the incomplete law enforcement on taxes which provides an opportunity for tax evasion by taxpayers. In addition, the image of the tax collection agency also affects the level of local tax revenue, which is still far from the target set. This negative image attached to the Medan City Government and the Agency in charge of collecting taxes causes public distrust.

This public distrust is influenced by the general perception that has developed in society about taxation which tends to be negative. These negative perceptions include uneven, unfinished development, also shown by the bad and corrupt image of the Medan City government apparatus. This is not without reason, many Medan City officials have been caught by the KPK in corruption cases. Taxes that function as budgetary and regulator for the state must be managed by institutions that can be politically trusted and supported by the community. The tax management mechanism carried out by the local government is very strategic for steps to involve citizens in it. A transparent mechanism will clarify and reinforce the part of the community in conducting supervision.

Taxes that function as budgetary and regulator for the government must be managed by institutions that can be politically trusted and supported by the community. The tax management mechanism carried out by the Medan City government is very strategic for steps to involve citizens in it. A transparent mechanism will clarify and reinforce the part of the community in conducting supervision.

Organizing tax collection through fair administration has political consequences for improving relations between the state and its citizens. If the determination meets a number of social criteria as compensation received by citizens, the taxpayer compliance value will be better. A number of literature states that fairness, openness, effectiveness and efficiency in the use of taxes in the public interest are directly correlated with citizens’ compliance to pay. The Medan City Government needs to reward its citizens without being too rigid in the legal-formal matters of tax management. Because the management of PBB-P2 should not emphasize too much on the aspects of fines or sanctions for tax violators because these aspects will automatically disappear if tax management is able to encourage the creation of openness and justice.

### 3.9 Dimensions of Administrative Modernization

With regard to the requirement that tax revenue be used in general financing, it is intended that the government's general financing must be measured and in accordance with what has been stipulated in the APBD, and for APBD expenditures must first be determined through a regional regulation. This mechanism is regulated in the prevailing laws and regulations. Therefore, tax administration has a very important role in determining the effectiveness of a tax collection system.

According to Richard M Bird (2015), in developing countries tax policy analysts believe that policy changes without being followed by administrative changes will not result in anything. So it is very important to ensure that any tax policy changes must be in accordance with administrative capacity. Tax administration in a broad sense can be seen from various aspects such as aspects of functions, systems, institutions and management.
The greater the revenue of Medan City government is not an absolute indicator of the success of the tax administration system. However, success must consider how income is generated on the impact of taxation on justice, government politics, and the level of social welfare. So that the fundamental changes to tax administration are quite significant and become the key in the tax collection process. Responding to local tax revenue which is considered to be less than optimal, then one of the efforts that the government needs to improve is tax services through tax administration (tax administration) to taxpayers. Of course, a systematic administration covers input, processing and producing certain outputs by requiring abilities and skills.

In line with the results of research by Setiana (2010), in conclusion, it is stated that taxpayers have a fairly good response to the implementation of a modern tax administration system. The modern tax administration system has a major influence on taxpayer compliance. The sub-variable of modernization of organizational culture gave the greatest influence, while the modernization of the organizational structure, the modernization of organizational procedures and the modernization of organizational strategy had no effect. The same opinion by Fasmi (2014) which concluded that the modernization of the tax administration system has a significant effect on the level of taxable compliance. Some of the implications of this research are the level of taxpayers’ perception of the reform and modernization process in the tax office has an effect on their level of compliance and therefore the apparatus needs to maintain their integrity and good name and the agency to create compliant taxpayers.

The improvement of the tax administration system, of course, refers to regulations, processes, information technology and databases. This is an effort to improve services in the tax sector. One form of tax improvement that is being encouraged is the modernization of tax service administration through the use of information and communication technology. This is important to do so that taxpayers find it easier to comply with their tax obligations. One of the causes of the lack of compliance is a difficult, ineffective, and inefficient administrative process which results in significant compliance costs.

Taxpayer compliance is strongly influenced by many factors, Andreoni (1998) mentions including services, public policies and finances, type of work, organizational form, taxpayer morale, taxpayer income, tax rates, demographics, social conditions, law enforcement (audit and penalty) complexity and tax amnesty.

As we know, since the implementation of tax reform in 1983 there have been several fundamental changes in the face of Indonesian taxation. These changes include a tax policy reform (Tax Policy Reform). The tax reform covers three main pillars; Tax Policy (Tax Policy), Tax Administration (Tax Administration), and Tax Law (Tax Law).

The improvement of the tax administration system, of course, refers to regulations, processes, information technology and databases. This is an effort to improve services in the tax sector. One form of tax improvement that is being encouraged is the modernization of tax service administration through the use of information and communication technology. This is important to do so that taxpayers find it easier to comply with their tax obligations. One of the causes of the lack of compliance is a difficult, ineffective, and inefficient administrative process which results in significant compliance costs.

As an effort to manage the tax sector, the Central Government has issued Presidential Regulation (Perpres) No 40 of 2018 concerning Reform of the Tax Administration System. The urgency of the Presidential Regulation is part of the management of the tax sector. The goal is to create a strong, credible and accountable taxation institution. In particular, the Perpres wants to make an update to the tax administration system. This is a system that helps carry out tax administration procedures and governance according to regulatory requirements. Through the latest technology system, the process of monitoring taxpayers and ensuring tax
compliance can be more reliable because the tax system is more integrated between divisions. Nasucha (2004) states that the repair system can be done by fixing it; (1) Quality of service by improving services so as to increase revenue of PBB P2 (2) Quality of service by monitoring so that it will increase revenue of PBB P2 (3) Increase in responsibility by implementing proper administration.

Universally, tax administration is the key to success in a tax policy. Therefore, tax administration reform must be carried out continuously so that service functions can be provided optimally to the public. Ideally, tax administration reform is an instrument to increase voluntary taxpayer compliance, increase public trust, and improve the integrity of tax officials. With a good administrative system, it is hoped that the government will be able to optimize the realization of tax revenues and improve tax compliance. The size of the area, the increasing population, civil servant resources and economic activities are all challenges in terms of tax collection in Medan City.

Future prospects, the implementation of an optimal modern tax administration system will further increase satisfaction with taxpayers. An increasingly integrated tax management system. Not only the problem of low taxpayer compliance and tax law enforcement, but also problems that cause tax revenue to be less than optimal will be resolved. Just taxation services will increase the index of taxpayers to carry out their obligations so as to increase the potential for local tax revenues.

3.10 Dimensions of Citizen Engagement

Increased awareness of taxpayers to fulfill their tax obligations is positively correlated with the level of service provided by the state to the people. There is a kind of positive energy that emerges and encourages a fair social balance in society through taxes. The performance of tax revenue which is the basis for the relationship between the people and the state as a good public service must be carried out continuously. This improvement will have implications for increasing revenue.

In practice, the voluntary awareness and concern of taxpayers is very difficult to be realized if in the definition of "tax" there are no phrases that are forced and forced. Rawls (2006) states that as political morality, justice as fairness not only demands the importance of a fair distribution of all available social resources, but also emphasizes the need to recognize the political rights of all citizens, such as equal rights to political participation, rights of citizens to disobey, as well as the right of citizens to reject any political policies or decisions that are contrary to conscience. People are also required to share the burden of obligations and responsibilities fairly”.

The involvement of citizens in the decision-making process, especially regarding the determination of PBB-P2 is a necessity in facing current socio-political changes. Taxation matters are not solely a government affair, but must be a public affair involving many elements, both taxpayers and the wider community. The government should not only make taxes a policy related to state revenue, but how to make taxes a medium of liaison between the state and its citizens, between rich and poor, so as to create a socio-political balance.

The political reality of involving citizens in the matter of tax policy formulation that is relevant to the spirit of democracy has not taken place proportionally, is still partial and temporal. The public is involved only in certain matters which may not be too significant for the creation of a democratic tax climate. Whereas high citizen involvement is a substitute for tight political control.

This condition is correlated with the increased awareness of citizens in the socio-political process and even development. This increased participation in the tax dimension will encourage citizens to fulfill their tax obligations in a conscious and responsible manner. By
Seymour Martin Lipset and Daniel Lerner (in Huntington and Nelson, 1994) have proven a positive relationship between economic development and democracy in one case and socio-economic modernization and political participation in the other. If the economic development progresses, there will be a fair distribution of income and the opportunity to compete widely, which will increase the political participation of the people.

Many factors hinder the level of awareness and voluntary concern of taxpayers. The most dominant of which are: first, negative prejudice against the tax authorities. Second, the lack of intensity of cooperation with other agencies (third parties) in order to obtain data on potential new taxpayers, especially with regional or non-vertical agencies. Third, there is little information that should be disseminated and acceptable to the public regarding the role of taxes as a source of state revenue and other positive aspects. Fourth, there is the public opinion that the reciprocity (counter-achievement) of taxes cannot be enjoyed directly, even the form of infrastructure development has not been evenly distributed, is widespread, let alone touches the basic rights of citizens (health, education and others). Finally, there is the public opinion that the government is not open to the use of tax money.

The Medan City Government must continue to build this trust by making internal improvements. So that a condition is created where people truly believe that the taxes they pay will not be corrupted and will be distributed in accordance with the applicable laws. The people's compliance with their tax obligations will inevitably experience ups and downs in accordance with the rhythm of the government treating its people. With the formulation of a just and democratic policy, it will get political support from the people. With full awareness, citizens who have tax obligations automatically register themselves as taxpayers, calculate the tax owed, and pay the appropriate tax. This condition will be fulfilled if the instrument of formulating a just and democratic tax determination by the government can be implemented.

Finally, increasing PBB-P2 revenue should not be pursued only by increasing tariffs, but more importantly by improving or perfecting the administration, systems and procedures as well as the organization of the existing BPPRD. The current condition demands the need to review and improve the pattern of approaches that have been carried out in a sectoral manner needs to be changed functionally and adapted to a model of government policy that is more democratic and just.

IV. Conclusion

Based on the results and discussion, this study concludes that the determination of the NJOP PBB-P2 in Medan City has a varied NJOP PBB-P2 classification, also with a fluctuating value. Because the value is based on sectors and zones. This means that the NJOP value follows the development of each area. The adjustment also looks at areas that are considered to be of economic value from infrastructure development and housing developers. The strategic location of tax objects or near main roads and can generate economic value such as trade, offices, public services, etc. will be of much greater value than areas that are far away and are considered uneconomical.

Furthermore, in the policy process for determining NJOP PBB-P2, it can be broken down into several stages, namely, first, the process of collecting data on the NJOP PBB P-2 for Medan City. Data collection is carried out using a Tax Object Return (SPOP). Done once every three years, but it can also be done once a year seeing the development of the tax object area which is quite rapid. Second, the PBB P2 Assessment Process for Medan City. The BPPRD of Medan City assesses property objects (in this case land and buildings) using the Market Data Approach method, namely the NJOP is calculated by comparing similar tax objects with other objects whose market prices are known. Third, the process of determining
the NJOP PBB P-2 for Medan City. BPPRD has implemented a Land Value Zone (ZNT) for Medan City. Fourth, the process of collecting PBB P2. Done with an Payable Tax Return (SPPT).

Seeing the practice, the problems continue to occur until now, among which the most dominant is the refusal of residents to pay taxes, arrears, the existence of a striking difference in NJOP value between regions and even the market value that does not match the selling price is a problem that is always faced. Based on field data, there is an imbalance in tax value based on class, so that the PBB-P2 rate tends to be generalized, especially the amount of the determined NJOP rate.

The argument is that the negative image attached to the Medan City Government and the Agency in charge of collecting taxes causes public distrust. This public distrust is influenced by the general perception that has developed in the community about taxation which tends to be negative. These negative perceptions include the uneven and unfinished development which is also shown by the bad and corrupt image of the Medan City government apparatus. This is not without reason, many Medan City officials have been caught by the KPK in corruption cases.

Increased awareness of taxpayers to fulfill their tax obligations is positively correlated with the level of service provided by the state to the people. There is a kind of positive energy that emerges and encourages a fair social balance in society through taxes. The performance of tax revenue which is the basis for the relationship between the people and the state as a good public service must be carried out continuously. This improvement will have implications for increasing PBB-P2 revenue.

Fundamental improvements are needed through a policy model in establishing NJOP PBB-P2 which is more just, accountable, transparent and democratic by opening access for citizens to be actively involved in monitoring the imposition and collection processes carried out by the Medan City Government. A just and democratic policy model can be broken down into the dimensions of administrative modernization and the dimensions of citizen involvement. The orientation is to create a balance and healthy social relations between citizens and the government.

The formulation of a just and democratic policy model will get political support from the people. With full awareness, citizens who have tax obligations automatically register themselves as taxpayers, calculate the tax owed, and pay the appropriate tax. This condition will be fulfilled if the instrument of formulating a just and democratic tax determination by the government can be implemented.

References


