

The Importance of Rental House Tax in Increasing Regional Original Income Receiving at the Regional Tax and Retribution Service Agency of Dogiyai Regency

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Abstract

Based on the results of data analysis obtained directly in the field, it shows that the rental house tax applied by the Office of the Regional Tax and Levy Service Agency of Dogiyai Regency has not run as expected, especially in terms of tax collection by officers, Regional Original Revenue has been running quite well. The problem is that employee discipline is still low. From these results it was concluded that the Head of BP2RD Dogiyai Regency, should be able to apply the importance of rental house taxes that are adjusted to the conditions of the subordinates and the work environment of the organization, so that employees can be motivated by the infrastructure provided by the leader so that they can work more productively.

Keywords

employee, tax, rental house



I. Introduction

In the context of development, the Indonesian nation has long launched a development movement known as national development. National development is an ongoing and continuous activity that aims to improve the welfare of the people both materially and spiritually. in order to achieve development goals. To support the success of development, strong revenue is needed, where the source of financing is endeavored to continue to rely on domestic revenues and revenues from foreign sources are only as a complement.

Independent development is needed both at the central and regional levels. This is inseparable from the success of the implementation of provincial and district/city governments which are an inseparable part of the central government with its policies. Policies on regional finance are adopted by the central government so that regional governments have the ability to finance regional development in accordance with the principles of real autonomous regions.

After the central government issued Law No. 22 of 1999 and renewed it with the Republic of Indonesia Law No. 32 of 2004 concerning Regional Government which focused on regional autonomy and the Republic of Indonesia State Law no. 25 of 1999 which was renewed by Law no. 33 of 2004 concerning the financial balance between the central and regional governments, regional governments are given greater power to regulate their regional budgets.

To support the implementation of maximum autonomy, the government issues policies in the field of regional revenues that are oriented towards increasing the ability of the regions to finance their own household affairs and prioritized on extracting funds to mobilize regional resources.

Regional Original Revenue (PAD) is a source of regional income that can be freely used by each region to organize regional government and development. But in reality the

contribution of Regional Original Revenue to regional income and expenditure is still small. Therefore, to reduce dependence on the central government, local governments need to try to increase Regional Original Income (PAD), one of which is by exploring regional potential.

The local government of Dogiyai Regency in carrying out development has experienced many improvements in various development sectors. This is also inseparable from the support and excavation of sources of Regional Original Income (PAD) which are part of financial sources that are sufficient to contribute to the regional development process. By granting autonomy rights to regions, most of the financing for development comes from the utilization and exploration of existing financial resources in the region based on the provisions and applicable laws and regulations.

1.1 Formulation of the Problem

1. Lack of supervision of rental house taxes
2. The inability of employees to record existing rental houses which are a source of income for regional income
3. Many rental houses have not paid their obligations in the form of taxes to the government

1.2 Scope of Problem

Limitation of the problem or limitation of scope is very important in research according to Pranka and Wallen (1990: 22) that the problem must be flexible in the sense that this problem must be answered through clear sources, does not spend a lot of funds, effort, and time, the scope will be limited to aspects - aspects as follows" Importance of rental house tax on increasing local revenue.

II. Review of Literature

Theory is a series of concepts, definitions and professions that are interrelated and aim to provide a systematic picture of a phenomenon (MMPapayongan, 1992: 56). To examine in depth problems related to the variables that will be used as reference material, the theoretical basis can be used as a reference in understanding and responding to the problems to be studied.

2.1 Rental House Tax

Based on the Dogiyai Regency Regional Regulation Number 5 of 2006 concerning hotel taxes, in Article 2 paragraph 2 point b, it is said that lodging facilities or short-term stay facilities, among others; tourist lodges, motels, tourist guesthouses, guesthouses (hotels), inns and inns including rental houses/boarding houses and the like.

A house is a building that functions as a place to live or a residence and a means of fostering a family. Turner (1972: 51) states that the house (housing) has meaning as a commodity and as a process. As a commodity, the house is a product that is economical and can be traded based on supply and demand. As a process, the house describes the human activities that become the process of the occupants of the house, which can increase according to the condition of existing resources and views of needs according to their perceptions. In this case the house cannot be seen as a physical building, but rather how the house is used by its residents to interact with each other in a long process.

Rent is the use of something by paying money, so the rental house tax is a local levy on the use of buildings/occupations that are specifically provided for people by paying money.

Table 1. Target and Realization of Rent House Tax Revenue for Dogiyai Regency in 2017-2019

Year	Target	Realization	Original Local Income (Rp) %
2017	100,000,000,-	120,000,000,-	20,000,000,-
2018	150,000,000,-	175,000,000,-	25,000,000,-
2019	200,000,000,-	240,000,000,-	40,000,000,-

Source: BP2RD Dogiyai Regency, 2020

2.2 Tax Classification

There are various types of taxes, which can be grouped into three, namely by class, by nature, and according to the collecting agency.

a. By Group

According to the class, taxes are grouped into two, namely direct taxes and indirect taxes.

1. Direct Tax

Direct tax is a tax that must be borne or borne by the taxpayer himself and cannot be delegated or charged to other people or other parties. Taxes must be the burden of the taxpayer concerned.

Example: income tax. Income tax is paid or borne by certain parties who earn the income.

2. Indirect Tax

Indirect taxes are taxes that can ultimately be charged or delegated to other people or third parties. Indirect taxes occur if there is an activity, event, action that causes taxes to be payable, for example, there is a delivery of goods or services.

Example: Value Added Tax.

To determine whether something includes direct tax or indirect tax in an economic sense, it is done by looking at the three elements contained in the obligation to fulfill taxation. The three elements consist of:

- a. The person in charge of the tax is a person who is legally legally required to pay taxes.
- b. The tax bearer is the person who in fact bears the tax burden first.
- c. Tax bearers are people who, according to the intent of the legislators, must be taxed.

If these three elements are found in a person, the tax is called direct tax, otherwise if the elements are separate or exist in more than one person, then the tax is called indirect tax.

b. By Nature

According to its nature, taxes can be grouped into two, namely subjective taxes and objective taxes.

1. Subjective Tax

Subjective tax is a tax whose imposition pays attention to the personal circumstances of the taxpayer or the imposition of taxes that pays attention to subjective circumstances.

2. Objective Tax

A tax whose imposition pays attention to the object, whether in the form of objects, circumstances, actions, or events that result in the obligation to pay taxes, without paying attention to the personal circumstances of the tax subject (taxpayer) and place of residence.

c. According to the Collection Agency

1. State Tax or Central Tax

State taxes or central taxes are taxes collected by the central government and used to finance state households.

2. Local Tax

Local taxes are taxes collected by local governments and used to finance local households. Local taxes consist of:

- a. TK I (Provincial) regional tax, for example: Motor Vehicle Tax and Motor Vehicle Transfer Fee.
- b. TK II Regional Tax (Municipality/Regency), for example: Hotel Tax, Street Lighting Tax.

3. Tax Function

The development that has existed so far cannot be separated from the participation of the community in paying taxes. Because the results of the tax revenue are used by the government to carry out development for the welfare of the people. Thus the tax has several functions, including:

- a. Budgeter Function (Budgetary)
In its function as a budgetary, taxes are used as a tool to collect funds to finance government activities, especially routine activities.
- b. Regulatory Function (Regulatory)
As a Regulatory function, namely regulating the economy in order to lead to faster economic growth, holding income distribution and economic stability.
- c. Social function (Social)
In this function, a person's property rights are recognized and their use must not conflict with the interests of the community or it may be said that the amount of tax collection must be adjusted to a person's strength to be able to achieve the highest satisfaction of needs after deducting the absolute for primary needs.

The method of collecting taxes from the community is marked by the philosophy of Pancasila and the 1945 Constitution, especially the sense of justice. Thus the system or method of collecting taxes to the taxpayer community must look at some of the subjective elements that exist for taxpayers, namely:

- a. The obligation to give the taxpayer freedom of income for a minimum of life.
- b. The need to pay attention to individual functions and circumstances that affect the size of the need, such as the composition and circumstances of the family, health and so on.

So in general the subjective elements above are all needs, especially material and spiritual, the more needs that must be met, and the less power a person has to pay taxes.

4. Principle of Tax Collection

There are four conditions in tax collection in order to achieve justice and legal certainty and to achieve the tax function, namely:

- a. Principle of Justice

The requirement for tax collection in general is to serve justice, both in principles regarding legislation and in daily practice. Justice is relative, so in determining justice in the field of taxation, several references or principles can be used as follows:

1. Justice will be felt if the tax is imposed to realize the state's goals of providing welfare for the people.
2. General guidelines in measuring justice, namely the principles of comparison (evenredigheid) whose formulation is that every member of the community is equal and equal.
3. Tax collection must be general (adgemeinheid) and equitable (gelijkheid).

b. Juridical Principle

Tax collection must be based on legal and formal provisions, or in other words there must be a legal basis.

c. Economic Principle

Basically, tax collection is a tool for the government to carry out the political economy of a country. So that in the implementation of tax collection, the balance of economic life must be maintained. These economic conditions are in line with the regulating function, therefore tax collection is endeavored not to hinder people's efforts and assist in creating equitable distribution of national income.

d. Financial Principles

That taxes are the main source of state revenue used to cover part of state expenditures.

5. Local Tax

Taxes are the main source of finance for regions in addition to regional levies. The definition of tax according to M. Suparmoko (1997) is formulated as follows: tax is the payment of contributions by the people to the government, which can be imposed without remuneration that can be directly appointed. For example motor vehicle tax, income tax.

Further regulation was issued through local revenue sources, particularly regarding local taxes (Emergency Law No. 11 of 1957). The essence of Law no. 11 of 1957 explains the general regulations for regional taxes and mentions the following:

- a. The definition of local tax is a regional levy according to tax regulations set by the region for household financing as a political legal entity.
- b. Implement, amend, and abolish local taxes stipulated by regional regulations.
- c. Local tax fields are tax fields that have not been used by the state. Sub-level tax fields are tax fields that have not been used by the state or superior-level regions.
- d. If a superior level region has used a tax field, its subordinate level region is not allowed to enter the tax field, but in the superior level tax regulation it can be determined that the subordinate level region is allowed to collect open on the superior level regional tax.

6. Local Taxes in Indonesia

Regional taxes can be divided into two, namely level I local taxes and level II local taxes.

1. Regional Tax Level I (Province)

Based on Law no. 34 of 2000 and amended by Law no. 28 of 2009 it is stated that local taxes that can be collected by level I regions include:

- a. Motor Vehicle Tax and Vehicle on Water.
- b. Motor Vehicle Transfer Fee
- c. Motor Vehicle Fuel Tax
- d. Tax on Extraction and Utilization of Groundwater and Surface Water.
- e. Cigarette Tax

2. Regional Tax Level II (Regency)

Meanwhile, according to Law no. 34 of 2000 and amended by Law no. 28 of 2009 it is stated that the regional taxes that can be collected by Level II Regions are, among others:

- a. Hotel Tax
- b. Restaurant tax
- c. Entertainment Tax
- d. Advertisement tax
- e. Street Lighting Tax
- f. Non-Metal and Rock Mineral Tax
- g. Parking Tax
- h. Groundwater Tax
- i. Swallow's Nest Tax
- j. Rural and Urban Land and Building Tax
- k. Land and Building Rights Acquisition Fee

3. The Principle of Local Tax Collection

In the principle of local tax collection, there are characteristics, among others:

- a. There must be legal certainty
- b. Local tax collection is not allowed
- c. Tax issues must be clear
- d. Goods for daily living may not be directly subject to local taxes and provide favorable privileges to a person or group. Foreign ambassadors and consulates may not be charged except by presidential decree.

The collection of local taxes is not only based and implemented according to legal principles and norms, it is also necessary to note that the principles for the imposition of good taxes on taxpayers.

These principles are:

- a. The principle of equality

The principle of equality is that the tax burden must be in accordance with the relative ability of each taxpayer. Differences in income levels should be used as a basis in the retribution of the tax burden, so that it is not the tax burden in the sense of money that is important but the real burden of lost satisfaction.

- b. The principle of certainty

Taxes should not be complicated for taxpayers, so that they are easy to understand and will also facilitate the administration of the government itself.

- c. Principle of compatibility

Taxes should not put pressure on taxpayers, so taxpayers will happily and happily make tax payments to the government.

2.3 Locally-Generated Revenue

Starting from Law Number 12 of 1969 concerning the establishment of West Irian Province and regencies in West Irian Province, Government Regulation Number 5 of 1973 concerning the change of the name of West Irian Province to Irian Jaya, Law of the Republic of Indonesia Number 25 of 1999 challenges The financial balance between the Central and Regional Governments and Government regulations Number 25 of 2000 concerning the authority of the Government and the authority of the Province as an autonomous region as well as Law Number 21 of 2001 concerning Special Autonomy for the Papua Province, the emphasis of the autonomous region is the ability of the region to regulate and take good care

of their own household. So the implementation of regional autonomy is the financial ability of a region to finance its own household.

In the 1945 Constitution article 33 paragraph (3) which reads; earth, water and natural resources contained therein shall be controlled by the State and used for the greatest benefit of the people. This means that the region has the right or authority to utilize and explore the potential possessed by the region as regional financial sources for the service and welfare of people's lives.

So that the regions can carry out their household affairs as a form of implementing the principle of decentralization in the region, of course, they really need quite large regional finances in addition to trying and increasing sources of regional original income by exploring and utilizing the potential possessed by the region based on the provisions of the applicable laws and regulations. Law of the Republic of Indonesia Number 32 of 2004 concerning the Financial Balance between the Central Government and Regional Government, article (1) which is meant by regional income is the right of the regional government which is recognized as an addition to the value of net assets in the period of the year concerned.

The definition of income (income) is different from income. Revenues are income that has not been deducted by costs to obtain these revenues, while Income is income that has been deducted by costs to obtain those revenues. Income is more accurately translated as income.

Article 157 of Law no. 32 of 2004 states that the source of local revenue consists of:

- a. Locally-generated revenue
 - 1) Local tax results
 - 2) Regional levies
 - 3) Results of separated regional wealth management; and
 - 4) Other legitimate regional income
- b. Balancing Fund
- c. Other Legitimate Regional Income

From the provisions of the article above, regional income can be divided into two types, namely:

1. Locally-generated revenue
2. Regional Non-Original Income

Until now, what is included in Regional Original Income is income that comes from the region itself and is obtained through regional taxes, regional levies, BUMD, and the results of cooperation with third parties.

1. Local Tax Results

Regional taxes include the main source of finance for regions in addition to regional levies. Taxes are public contributions to the government based on applicable laws, in order to finance government expenditures whose achievements cannot be appointed directly, but their implementation can be forced. Ibnu Syansi (1994: 201) while the local tax itself according to Law no. 34 of 2000 is a mandatory contribution made by an individual or entity to the region without a balanced direct reward, which can be imposed based on the applicable laws and regulations and is used to finance the implementation of regional government and development.

Furthermore, in article 2 paragraph (2) of Law no. 34 of 2000 and updated with Law no. 28 of 2009, the types of taxes managed by the district or city consist of:

- a. Hotel Tax
- b. Restaurant tax
- c. Entertainment Tax
- d. Advertisement tax

- e. Street Lighting Tax
- f. Non-Metal and Rock Mineral Tax
- g. Parking Tax
- h. Groundwater Tax
- i. Swallow's Nest Tax
- j. Rural and Urban Land and Building Tax, and
- k. Fees for Acquisition of Rights on Land and Buildings.

Of the 11 types of taxes managed by the district or city, one of the several types of taxes that have been determined may not be collected if the tax potential in the district or city is deemed inadequate.

According to Nick Devas (1989: 61), the benchmarks for assessing local taxes are as follows:

- 1) Yield: whether or not the yield of a tax is adequate in relation to the various services it finances; stability and ease of estimating the size of the yield; etc; as well as a comparison of tax returns with levy fees.
- 2) Justice (equity): the tax base and the obligation to pay must be clear and not arbitrary; the tax concerned must be fair horizontally, meaning that the tax burden must be the same between different groups but with the same economic position; must be vertically just, meaning that groups that have greater economic resources make a greater contribution than groups that do not have many economic resources; and the tax must be fair from place to place, in the sense that there should be no large and arbitrary differences in the tax burden from one region to another, unless these differences reflect differences in the way public services are provided.
- 3) Economic efficiency: taxes should encourage or at least not hinder the efficient use of resources in economic life; prevent the choices of consumers and producers from being misdirected or people being reluctant to work or save; and minimize "overload".
- 4) Ability to implement: a tax must be able to be implemented, from the point of view of political will and administrative will.
- 5) Suitability as a local revenues source: this means that it must be clear to which region a tax is to be paid, and where the tax is collected as much as possible with the final tax burden; not easily avoided; by transferring tax objects from one area to another; regions should not sharpen the differences between regions, in terms of their respective economic potential and taxes should not cause a greater burden than the ability of regional tax administration.

2. Regional Retribution Results

In addition to local taxes, sources of regional income can be obtained through user fees, Imnu Syamsi (1994: 201) defines user fees as follows: Charges are contributions from certain people (certain people) based on statutory regulations whose achievements are returned directly appointed, but their implementation cannot be forced, although not absolute.

Meanwhile, according to Law no. 34 of 2000 levies are divided into three groups, namely:

- a. General Service Retribution
The services referred to are regional authorities in the context of implementing decentralization.
- b. Business Service Fee
The services concerned are services of a commercial nature which should be provided by the private sector but are not sufficient or there are assets owned or controlled by the Region which have not been fully utilized by the Regional Government.

c. Certain Licensing Fees

These licenses include the authority of the government which is delegated to the regions in the context of the principle of decentralization (article 18 paragraph (2) of Law No. 34 of 2000) determining the types of public service levies, business services, and certain permits intended to create order in their application, so that they can provide certainty for the community and are adapted to the real needs of the area concerned.

3. Regional Company

Local governments are also given the right to manage their own companies as a source of income, which are called regional companies (Perusda). The principle of regional management must be professional and adhere to economic principles in general, namely efficiency. In general, a regional company is a business entity formed by the region to develop the economy and to increase regional income. Regional economy which means that it must be able to provide a stimulus for the development of the regional economy and as a source of regional income.

One of the purposes of establishing regional companies is based on service and providing services to the community. However, this does not mean that regional companies cannot contribute to Regional Original Revenue. Regional companies have two functions that run simultaneously, where one party is required to carry out social functions, namely providing services and services to the community and on the other hand regional companies carry out economic functions, namely obtaining profits and performance.

This profit is expected to contribute to Regional Original Revenue. The more regional companies are managed by the regions, the more regional revenues will be obtained from this sector. Therefore, good and professional handling is needed in running regional companies.

4. Other Legitimate Regional Business Results

Sources of Regional Original Income other than taxes, levies and regional companies, the region has the right to get the regional source itself. Other legitimate regional businesses which are regional businesses (not regional companies) can be carried out by a regional government apparatus (service) which in its activities produces goods or services that can be used by the community with compensation. Regional businesses as a source of regional income must be deposited into the regional treasury and regulated in regional regulations. In the implementation of Regional Autonomy, districts/cities make various breakthrough efforts in increasing the acquisition of Regional Original Income, because the funding factor greatly determines the smoothness of a local government. Services to the community will be delayed due to delays in capacity in the field of funding.

III. Research Methods

Based on the above understanding, research methods are procedures, methods and steps used in scientific research by collecting or collecting data so that they can be checked and tested for truth.

IV. Discussion

The rental house tax will only be realized if it is carried out in accordance with its functions and roles. Tax is a compulsory levy paid by the people to the state and will be used for the benefit of the government and the general public (Siregar, 2019). The function of the rental house tax is directly related to the social situation in the life of each organization, which implies that the tax is inside and not outside the situation. In carrying out its function

and role, the rental house tax is adjusted to the developing situation both within the organization itself and outside the organization.

While local revenue is used to carry out infrastructure development so as to achieve the goal. This research is expected to be able to explain house tax equal to local revenue. Rental house tax is measured by indicators of ability to pay, understanding of rules, availability of infrastructure and supporting employees. While the Regional Original Income Variable is measured by indicators of increasing the number of PAD, the ability of officers, regional development. Collecting rental house taxes can increase local revenue which affects employee performance.

The local government of Dogiyai Regency in carrying out development has experienced many improvements in various development sectors. This is also inseparable from the support and excavation of sources of Regional Original Income (PAD) which are part of financial sources that are sufficient to contribute to the regional development process. By granting autonomy rights to regions, most of the financing for development comes from the utilization and exploration of existing financial resources in the region based on the provisions and applicable laws and regulations. Income Tax is a type of subjective tax whose tax obligations are attached to the relevant Tax Subject (Hendayana, 2021). Tax is a requirement that has been established by the state as a civic duty (Marpaung, 2020).

V. Conclusion

5.1 Conclusion

Based on the results of research on the importance of rental house taxes in increasing local revenue at the Office of the Regional Tax and Levy Service Agency of Dogiyai Regency, the following conclusions can be drawn:

1. The increase in PAD compared to previous years was not followed by the provision of regional infrastructure so that regional development was hampered.
2. The provision of infrastructure that is less than optimal results in the quality and quantity of the work being low.
3. The sense of responsibility of the government as the manager of PAD is still low, on the other hand the community as taxpayers, especially rental house owners are not fully aware of their obligations as taxpayers.
4. Lack of ability of officers in providing understanding to taxpayers (rental house owners) to pay taxes.

5.2 Suggestion

The suggestions that the author can give in connection with increasing Regional Original Revenue at the Office of the Regional Tax and Levy Service Agency of Dogiyai Regency in this study are:

1. Exploration of regional potential needs to be carried out continuously by elements of the Dogiyai Regency government to further increase Dogiyai Regency's PAD.
2. Socialization of tax rules and the importance of paying taxes needs to be carried out to increase public awareness in paying taxes.
3. It is necessary to develop a sense of responsibility from the government towards the management of PAD so that it is not for personal or group interests but for the interests of the community at large.
4. The Regional Tax and Levy Service Agency of Dogiyai Regency in this case the tax collectors need to be backed up by the security forces in carrying out their duties.

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