THE EARTH BUILDING TAX AMNESTY SELECTION IN INCREASING LOCAL ORIGINAL INCOME

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ABSTRACT

Earth and building taxes are part of the local original income. The local government needs substantial funds in the procurement of its own local budgets and it is hoped that local governments will no longer rely on the central government. The purpose of this research is to increase local original income and reduce the dependence of local governments on assistance from the central government. The problem is how to choose the earth building tax amnesty for people who have a taxable value of less than one billion rupiah on the other hand however the earth building tax can increase local original income from earth building tax payers with the sale value of taxable objects of more than one billion rupiah. This problem can be overcome by using the multi-criteria decision making and the analytical hierarchy process method using expert choice software. This method is chosen because it is able to choose the best alternative from several alternatives to solve the earth building tax amnesty selection problem. The research conclusion is to choose the option of amnesty as much as 66.9% and 33.3% choosing enforces tax with the inconsistency ratio value of 0.02.

Key Words: Analytical Hierarchy Process, Exemption of Earth Building Tax, Expert Choice, Local Original Income

1. INTRODUCTION

The local government seeks to continue increasing the potential of local tax revenues as local original income and regional cash receipts. Earth and building taxes are part of the local original income. Earth and building taxes are very useful for regional development and financing of local governance. Local original income is an indicator in the assessment of the local government’s independence level in their financial management.

The local government needs substantial funds in the procurement of its own local budgets and it is hoped that local governments will no longer rely on the central government. With these conditions, local governments should be able to maximize revenues from all sectors of regional revenue, including income from land and building taxes. Pasal 285 Ayat (1) Undang-Undang Nomor 23 Tahun 2014 explains that sumber pendapatan daerah terdiri dari pendapatan asli daerah (PAD), pendapatan transfer, dan pendapatan asli daerah yang lain sah [8]. Added also to Pasal 285 Ayat (1) Huruf A Undang-Undang Nomor 23 Tahun 2014 that pendapatan asli daerah (PAD) berasal dari beberapa sumber, yaitu pajak daerah, retribusi daerah, hasil pengelolaan kekayaan daerah yang
dipisahkan dan lain-lain pendapatan asli daerah (PAD) yang sah [7].

The greater of local original income that each local government receives on their regional budget, the higher the level of regional capability in financing and administering their own governmental development. Thus, the increase in local original income will reduce the dependence of local governments on assistance from the central government.

However, by 2015, the national economic growth will slow down due to the global economic turmoil. With the slowing down of the national economy, the Provincial Government of DKI Jakarta provides land and property tax amnesty policies on simple homes and flats in order to help the weak economic class society, as stipulated in the Peraturan Gubernur Nomor 259 Tahun 2015 explains that pembebasan pajak bumi dan bangunan atas rumah, rumah susun sederhana sewa, dan rumah susun sederhana milik, dengan nilai jual objek pajak (NJOP) sampai dengan Rp.1.000.000.000,00 (satu miliar rupiah) [9].

Based on the above problems required good preparation and mature in the earth building tax amnestyselection. The problem is how to choose the earth building tax amnesty for people who have a taxable value of less than one billion rupiah on the other hand however the earth building tax can increase local original income from earth building tax payers with the sale value of taxable objects of more than one billion rupiah. This problem can be overcome by using the multi-criteria decision making and the analytical hierarchy process method using expert choice software. This method is chosen because it is able to choose the best alternative from several alternatives to solve the earth building tax amnesty selection problem.

2. LITERATURE REVIEW
2.1 Related Research

Previous related research can be seen as follow.


Ade Rahmi, 2013: Pengaruh Intensifikasi dan Ekstensifikasi Terhadap Peningkatan Pendapatan Asli Daerah Guna Mewujudkan Kemandirian Keuangan Daerah (Studi Empiris Pada Pemerintah Kota Padang). Equality in the increase of original regional revenue. Differences in effect Intensification and extensification of the increase of original regional revenue in Padang [13].


Ferian Dana Pradita, 2014: Efektivitas Intensifikasi Pemungutan Pajak Bumi dan Bangunan Perdesaan dan Perkotaan (PBB-P2) serta Kontribusinya Terhadap Pendapatan Asli Daerah (PAD) Kota Surabaya. Equalization in increasing earth and
building tax revenues. Difference in increasing tax revenue in Surabaya [10].


2.2 Local Original Income

According to Undang-Undang Nomor 33 Tahun 2004, Pendapatan Asli Daerah (PAD) adalah pendapatan yang diperoleh daerah yang dipungut berdasarkan Peraturan Daerah sesuai peraturan perundang-undangan. Tujuannya adalah memberikan kewenangan kepada Pemerintah Daerah untuk mencukupi kebutuhan dana dalam pelaksanaan otonomi daerah, sesuai dengan potensi daerah yang ada [19].

2.3 Earth Building Tax

According to Undang-Undang Nomor 28 Tahun 2009, pengertian Pajak Bumi Bangunan Sektor Perkotaan dan Perdesaan adalah pajak atas bumi dan/atau bangunan yang dimiliki, dikuasai, dan/atau dimanfaatkan oleh orang pribadi atau badan, kecuali kawasan yang digunakan untuk kegiatan usaha perkebunan, perhutanan, dan pertambangan [18].

2.4 Analytical Hierarchy Process

Analytical hierarchy process was developed by Dr. Thomas L. Saaty of the Wharton School of Business in the 1970s to organize information and judgment in choosing the most preferred alternative. The working principle of analytical hierarchy process is criteria
and alternative assessments are assessed through pairwise comparisons. According to Saaty, 1983, for a variety of issues, the scale 1 to 9 is the best scale in expressing opinions. The value and definition of qualitative opinion from the comparison scale of Saaty can be seen in the following table [15][6]; [3].

<table>
<thead>
<tr>
<th>Grade</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Criterion/Alternative A is equally important with criterion/alternative B</td>
</tr>
<tr>
<td>3</td>
<td>A is slightly more important than B</td>
</tr>
<tr>
<td>5</td>
<td>A is clearly more important than B</td>
</tr>
<tr>
<td>7</td>
<td>A is clearly more important than B</td>
</tr>
<tr>
<td>9</td>
<td>A is absolutely more important than B</td>
</tr>
<tr>
<td>2,4,6,8</td>
<td>When in doubt between two adjacent grades</td>
</tr>
</tbody>
</table>

Table 2.1: Comparison Scale Saaty

<table>
<thead>
<tr>
<th>Grade</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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</tr>
<tr>
<td>2,4,6,8</td>
<td>When in doubt between two adjacent grades</td>
</tr>
</tbody>
</table>


A comparison with the B value is 1 (one) divided by the ratio of B to A. According to Marimin, 2005 steps determine the size of weight as follows.

Step 1 [6]:

\[
\frac{w_i}{w_j} = a_{ij}
\]  

Where:

- \(w_i\) = weights of inputs in rows
- \(w_j\) = weights of input on the lane.

Step 2 [6]:

\[
\frac{w_i}{w_j} = a_{ij} \cdot w_j
\]  

Step 3 [6]: If the estimate \(a_{ij}\) is good, it will tend to

\[
\frac{w_i}{w_j} \text{ ratio. If } b \text{ also changes, then } n \text{ is converted to } \lambda_{\text{max}} \text{ so obtained [6].}
\]

\[
w_i = \frac{1}{\lambda_{\text{max}}} \sum_{j=1}^{n} a_{ij} \cdot w_j
\]  

Step 3 [6]: If the estimate \(a_{ij}\) is good, it will tend to

\[
w_i = \frac{1}{\lambda_{\text{max}}} \sum_{j=1}^{n} a_{ij} \cdot w_j
\]  

The measure of consistency of answers that will affect the validity as follow [6]:

\[
CI = \frac{\lambda_{\text{max}} - n}{n-1}
\]  

The consistency ratio is considered well if \(CR \leq 0.1\). The Consistency Ratio formula as follow [6]:

\[
CR = \frac{CI}{RI}
\]  

Consistency ratio is a parameter used to check whether pairwise comparisons have been done consequently or not. The random index value (RI, released by Oakridge Laboratory) as follow [6].

<table>
<thead>
<tr>
<th>N</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>RI</td>
<td>0.0</td>
<td>0.58</td>
<td>0.9</td>
<td>1.12</td>
<td>1.24</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>1.32</td>
<td>1.41</td>
<td>1.45</td>
<td>1.49</td>
<td>1.51</td>
<td>1.48</td>
<td>1.56</td>
</tr>
</tbody>
</table>

3. RESEARCH METHODOLOGY

3.1 Research Framework

The research framework can be seen in the following table.

<table>
<thead>
<tr>
<th>Research Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feedback: Analyze the earth building tax amnesty;</td>
</tr>
<tr>
<td>Objectives: Obtained research thinking;</td>
</tr>
<tr>
<td>Method: Focus group discussion with expert respondents;</td>
</tr>
<tr>
<td>Output: Review the earth building tax amnesty selection. Determination of economic benefits; and tangibles benefit.</td>
</tr>
<tr>
<td>Feedback: Data from questionnaires distributed to expert respondents;</td>
</tr>
<tr>
<td>Objectives: Define economic benefit criteria;</td>
</tr>
<tr>
<td>Method: Focus group discussion with expert respondents and cochrans Q test approach;</td>
</tr>
<tr>
<td>Output: Increase current ratio; efficient fund allocation; employee and time allocation efficient; and facilitate administration and management.</td>
</tr>
<tr>
<td>Feedback: Data from questionnaires distributed to expert respondents;</td>
</tr>
<tr>
<td>Objectives: Define tangibles benefit criteria;</td>
</tr>
<tr>
<td>Method: Focus group discussion with expert respondents and cochrans Q test approach;</td>
</tr>
<tr>
<td>Output: Security benefits; and fixed image.</td>
</tr>
<tr>
<td>Feedback: Data from questionnaires distributed to expert respondents;</td>
</tr>
<tr>
<td>Objectives: Define economic benefit alternatives;</td>
</tr>
<tr>
<td>Method: Focus group discussion with expert respondents and cochrans Q test approach;</td>
</tr>
<tr>
<td>Feedback: Data from questionnaires distributed to expert respondents;</td>
</tr>
<tr>
<td>Objectives: Define tangibles benefit alternatives;</td>
</tr>
<tr>
<td>Method: Focus group discussion with expert respondents and cochrans Q test approach;</td>
</tr>
<tr>
<td>Output: Tax amnesty; and tax imposition.</td>
</tr>
</tbody>
</table>

The research begins with research observations. This research uses descriptive analytic method by presenting the summary of interviews and survey results to describe the current conditions. The research also used the multi-criteria decision making and the analytical hierarchy process method using expert choice software. The secondary research data was conducted in the field through various media, such as: internet, literature book and journals and articles to obtain accurate information. In addition, the identification of the system by considering the variables supporting the research by conducting interviews and giving questionnaires to experts. This is an important step because the model must be accurate and accountable.

The next strategic step that should be done based on the results of interviews with the respondents’ expert on the data processed by using the analytical hierarchy process. Decisions should be immediately followed up in the form of action or can also be reviewed if the decision was obtained new information that can affect the results to reduce uncertainty, and then the new decision will be obtained.
3.2. Research Criteria
In order to determine the priority of electoral measures of the earth building tax amnesty selection, there are four criteria for economic benefits and two criteria for the tangible benefit, on the alternative side are proposed two strategic alternatives that support research. The criteria and strategic alternatives can be detailed in the table as follows.

<table>
<thead>
<tr>
<th>Focus</th>
<th>Economic Benefits</th>
<th>Tangible Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria</td>
<td>Increase current ratio</td>
<td>Security benefits</td>
</tr>
<tr>
<td></td>
<td>Efficient fund allocation</td>
<td>Fixed image</td>
</tr>
<tr>
<td></td>
<td>Employee and time allocation efficient</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Facilitate administration and management</td>
<td></td>
</tr>
<tr>
<td>Alternative</td>
<td>Tax amnesty</td>
<td>Tax amnesty</td>
</tr>
<tr>
<td></td>
<td>Tax imposition</td>
<td>Tax imposition</td>
</tr>
</tbody>
</table>

Source: Self Proceed

3.3. Analytical Hierarchy Process Diagram
The following figure show the hierarchy and strategy analysis decisions using the analytical hierarchy process approach:

![Analytical Hierarchy Process Diagram](image)

Figure 3.1 : Analytical Hierarchy Process Diagram
Source : Self Proceed

4. RESULT AND DISCUSSION
The following are the weights affecting the earth building tax amnesty selection from the questionnaire distributed to the expert respondents sorted from the highest priority to the lowest priority.
4.1. Focus Research

Economic Benefit is 75%; and Tangible Benefit is 25%.

4.2. Economic Benefits Criteria

Increase current ratio is 29.8%; Employee and time allocation efficient is 24.6%; Facilitate administration and management is 24.6%; and Efficient fund allocation is 21%.
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Auditorium Universitas Pamulang, March, 21st, 2018

Figure 4.5 Employee Allocation and Time Efficient
Source: Self Proceed

Tax amnesty is 66.7%; and
Tax Imposition is 33.3%.

Figure 4.6 Facilitate Administration and Management
Source: Self Proceed

Tax amnesty is 50%; and
Tax imposition is 50%.

4.3. Tangible Benefits Criteria

Figure 4.7 Tangible Benefit
Source: Self Proceed

Security Benefit is 50%; and
Fixed Image is 50%.

Figure 4.8 Security Benefits
Source: Self Proceed

Tax amnesty is 75%; and
Tax imposition is 25%.
4.4. Global Alternative

While the global alternative weighting that influences the consideration of the earth building tax.

4.5. Global Inconsistency Ratios

Global inconsistency ratios of the weighted value of data that have been collected from the expert respondent are 0.02.

Table 4.1 Inconsistency Ratios

<table>
<thead>
<tr>
<th>No</th>
<th>Comparison Matrix Elements</th>
<th>CR value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Comparison based on the strategic alternative</td>
<td>0,00</td>
</tr>
<tr>
<td>2</td>
<td>Comparison based on economic benefit</td>
<td>0,02</td>
</tr>
<tr>
<td>3</td>
<td>Comparison based on increases current ratio</td>
<td>0,00</td>
</tr>
<tr>
<td>4</td>
<td>Comparison based on efficient fund allocation</td>
<td>0,00</td>
</tr>
<tr>
<td>5</td>
<td>Comparison based on employee allocation and time efficient</td>
<td>0,00</td>
</tr>
<tr>
<td>6</td>
<td>Comparison based on facilitate administration and management</td>
<td>0,00</td>
</tr>
<tr>
<td>7</td>
<td>Comparison based on tangible benefit</td>
<td>0,00</td>
</tr>
<tr>
<td>8</td>
<td>Comparison based on security benefit</td>
<td>0,00</td>
</tr>
<tr>
<td>9</td>
<td>Comparison based on fix image</td>
<td>0,00</td>
</tr>
<tr>
<td>10</td>
<td>Comparison based on global alternative</td>
<td>0,02</td>
</tr>
</tbody>
</table>
Thus the results of geometric calculations combined data of expert respondents are consistent.

5. CONCLUSION

From the above data processing can be concluded that the first order is to choose the earth building tax amnesty option as much as 66.9% and second order is to choose the building earth tax imposition option as much as 33.3% with the inconsistency ratio value of 0.02. By doing this research, the increase of local revenue through the earth building tax amnesty selection using expert choice can be applied.

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