

## ANALYSIS OF THE COLLECTION AND REPORTING PROCEDURES FOR THE RURAL AND URBAN LAND AND BUILDING TAX TO INCREASE LOCALLY GENERATED REVENUE FOR MADIUN CITY

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### *Abstrak*

Penelitian ini menganalisis pemungutan dan prosedur pelaporan Pajak Bumi dan Bangunan Perdesaan dan Perkotaan (PBB-P2) di Kota Madiun guna meningkatkan Pendapatan Asli Daerah (PAD), sekaligus mengidentifikasi kendala yang dihadapi Badan Pendapatan Daerah (BAPENDA). Kajian ini dilandasi Teori Kepatuhan Pajak, *Theory of Planned Behavior*, dan teori pelayanan publik. Metode yang digunakan adalah kualitatif deskriptif dengan pendekatan studi kasus, melalui wawancara, observasi, dan dokumentasi. Hasil penelitian menunjukkan mekanisme pemungutan dan pelaporan PBB-P2 telah sesuai Standar Operasional Prosedur dan didukung sistem pembayaran digital seperti QRIS, sehingga realisasi penerimaan tahun 2023-2025 melampaui target. Namun, tunggakan pajak tetap meningkat akibat rendahnya kesadaran wajib pajak dan data objek pajak yang belum mutakhir. Optimalisasi PAD memerlukan pemutakhiran data, sosialisasi, dan strategi penagihan yang lebih efektif.

**Kata Kunci:** PBB-P2, Pendapatan Asli Daerah, Kepatuhan Wajib Pajak, Digitalisasi Pembayaran, Kota Madiun.

### *Abstract*

*This study analyzes the collection and reporting procedures for the Rural and Urban Land and Building Tax (PBB-P2) in Madiun City with the aim of increasing Locally-Generated Revenue (PAD), while also identifying the challenges faced by the Regional Revenue Agency (BAPENDA). The study is grounded in Tax Compliance Theory, the Theory of Planned Behavior, and public service theory. A descriptive qualitative method with a case study approach was employed, utilizing interviews, observations, and document analysis. The results indicate that the PBB-P2 collection and reporting mechanisms align with Standard Operating Procedures and are supported by digital payment systems such as QRIS, resulting in revenue realization exceeding targets for the 2023–2025 period. However, tax arrears continue to rise due to low taxpayer awareness and outdated tax object data. Optimizing PAD requires data updates, public outreach, and more effective collection strategies.*

**Keywords:** *PBB-P2 (Rural and Urban Land and Building Tax), Locally-Generated Revenue, taxpayer compliance, tax arrears, Madiun City.*

## **A. INTRODUCTION**

Taxes are charges imposed by the government on individuals, companies, and legal entities to meet the state's needs. As a primary source of state revenue, taxes are used to fund various public services, infrastructure development, and education (Andriani et al., 2024).

Tax payments are mandatory and compulsory entailing no direct return to the payer and are allocated to support government operations and regional development in order to improve the people's welfare (Ariawan & Aprilia, 2021).

Regional taxes represent a key element of Locally-Generated Revenue (PAD) and serve an important function in supporting regional development and public service delivery (Haeriyanto et al., 2021). Land and Building Tax for Rural and Urban Areas is one type of that contributes significantly to Locally-Generated Revenue (Suwito et al., 2025).

Pursuant to Law No. 1 of 2022, the Regional Financial and Asset Management Agency and the Regional Tax and Levy Management Agency are required to innovate in tapping into existing potential to boost Locally-Generated Revenue (PAD), particularly within the regional tax and levy sectors (Yuvanda et al., 2024).

Madiun City is one of the regions continuously striving to boost local revenue performance by optimizing the taxation sector. The Madiun City Government requires more optimal management and administration of the Rural and Urban Land and Building Tax (PBB-P2) to ensure the continuity and stability of regional development.

Advancements in information technology have prompted the Madiun City Government to innovate its tax administration systems, notably by implementing a tax payment system based on the *Quick Response Code Indonesian Standard* (QRIS).

This research on the Rural and Urban Land and Building Tax was conducted due to a discrepancy observed between PBB-P2 revenue target achievement data and tax arrears data in Madiun City. The data indicates that while PBB-P2 revenue realization met the targets set by the local government during the 2023–2025 period,

the volume of tax arrears in terms of both the number of Tax Object Numbers (NOP) and the monetary value of the arrears actually increased during the same timeframe. Data regarding PBB-P2 revenue targets and realization in Madiun City for the 2023–2025 period is presented below.

| Year | Target         | Realization    | Percentage |
|------|----------------|----------------|------------|
| 2023 | 23.944.700.000 | 23.884.649.634 | 99%        |
| 2024 | 22.360.000.000 | 22.998.810.935 | 102%       |
| 2025 | 22.550.000.000 | 23.083.904.142 | 102%       |

Rising arrears also indicate potential issues regarding tax administration such as discrepancies in tax object data, outdated ownership records, ineffective reporting procedures, low taxpayer compliance, and suboptimal supervision and collection efforts by the relevant authorities. Presented below is data on PBB-P2 (Rural and Urban Land and Building Tax) arrears in Madiun City, categorized by Tax Object Number, over the past three years.

| Year | NOP Baku | NOP Buy | NOP Arrears | Nominal Arrears |
|------|----------|---------|-------------|-----------------|
| 2023 | 59.497   | 52.332  | 7.165       | 1.510.476.741   |
| 2024 | 59.946   | 50.901  | 9.045       | 2.139.859.676   |
| 2025 | 56.894   | 46.007  | 10.887      | 2.621.895.363   |

## B. METHOD

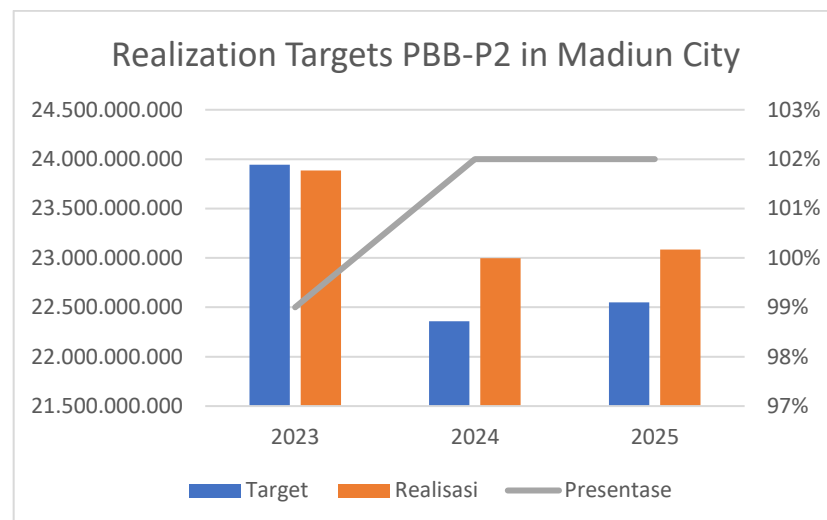
Employing a descriptive qualitative approach with a case study, This study seeks to describe the procedures for collecting and reporting the Rural and Urban Land and Building Tax (PBB-P2) in Madiun City, while also aiming to provide accurate information for the local government to use in evaluating and enhancing locally-generated revenue (PAD).

In descriptive qualitative research employing a case study approach, the research process is considered more significant than merely the final outcome. Consequently, the process warrants special attention; researchers acting as data collectors must position themselves as objectively as possible to ensure the validity and reliability of the data obtained (Safrudin et al., 2023).

This approach is intended to systematically outline and clarify the procedures involved in collecting and reporting PBB-P2 (Rural and Urban Land and Building Tax), the implementation of digital payment systems, the obstacles and challenges encountered, and the contribution to increasing Locally-Generated Revenue (PAD) in Madiun City.

## C. RESULT AND DISCUSSIONS

### 1. PBB-P2 Revenue Realization Targets for 2023–2025



This chart presents a comparison between the targets and actual revenue realization for the Rural and Urban Land and Building Tax (PBB-P2) in Madiun City for the 2023–2025 period.

Actual revenue realization exceeded the established targets, with an achievement rate of 102% in each instance. The chart illustrates that PBB-P2 revenue performance in Madiun City over the past three years has been strong and relatively stable.

## **2. PBB-P2 Collection and Reporting Mechanism in Madiun City**

Rules governing the collection and reporting of the Rural and Urban Land and Building Tax are established under Madiun Mayor Regulation Number 78 of 2023 on Procedures for Collecting the Rural and Urban Land and Building Tax.

The implementation of Rural and Urban Land and Building Tax collection in Madiun City constitutes a continuous process extending from the tax object data collection stage to the collection process comprising the following stages:

- 1) Registration and Data Collection of Tax Objects
  - a) Self-Registration: Taxpayers actively register new tax objects or report data changes to BAPENDA, either directly or via the latest electronic system, SIP-PBBKU.
  - b) Active Data Collection: BAPENDA conducts field data collection by issuing the Tax Object Notification Letter (SPOP) and identifying and verifying tax objects.
- 2) Valuation of Tax Object Sale Value (NJOP): The PBB-P2 amount is based on the Tax Object Sale Value (NJOP) determined by the Mayor. The valuation process is carried out by assessors using a market data-based approach.
- 3) Tax Determination and Issuance of SPPT: Madiun City employs an official assessment system, wherein the total tax due is determined by the authorized regional head. The tax is established through the issuance of the Tax Due Notification Letter (SPPT).
- 4) Payment and Collection: Tax payment deadline is set at no later than six months from the date the taxpayer receives the SPPT.
- 5) Services and Objections: Taxpayers are given the opportunity to submit requests regarding their tax assessment; objections concerning the tax amount stated in the SPPT must be submitted no later than three months after the SPPT is received.
- 6) Integration with Various Payment Channels: Taxpayers can settle PBB-P2 payments through various integrated electronic channels, including e-commerce

and mobile banking, as well as online payment methods using Virtual Accounts (VA) or QRIS.

- 7) Data Collection: All received PBB-P2 payment transactions are verified beforehand to ensure the accuracy of the Tax Object Number (NOP), taxpayer identity, payment amount, and tax year.
- 8) Data Verification and Reconciliation Process
  - a) The Revenue Treasurer verifies deposit slips against bank account statements to reconcile revenue.
  - b) Payment results are then recorded in the Regional Information System and integrated in real-time.

### **3. Analysis of PBB-P2 Arrears in Madiun City**

Over three periods, the realized revenue from the Rural and Urban Land and Building Tax (PBB-P2) exceeded the targets set by the government. However, the number of Tax Object Numbers (NOP) with outstanding payments as well as the total value of the arrears showed an annual increase. Interviews with the Madiun City Regional Revenue Agency (BAPENDA) yielded the following information:

- 1) The PBB-P2 revenue target was met, yet outstanding arrears continued to rise.
- 2) Administrative obstacles remain a cause of the arrears.

### **4. Challenges and Obstacles in the Collection Process and Reporting Procedures for PBB-P2 in Madiun City**

In general, the collection and reporting of the Rural and Urban Land and Building Tax (PBB-P2) in Madiun City have proceeded in accordance with regulations. The processes ranging from the issuance of the Tax Due Notification Letter and tax payment to collection and revenue reporting have been carried out based on the Standard Operating Procedures (SOP) in effect at the Madiun City Regional Revenue Agency (BAPENDA). Informants identified several obstacles and challenges affecting the implementation of PBB-P2 collection and reporting:

- 1) Low taxpayer awareness and compliance
- 2) Uncooperative taxpayers

- 3) Difficulty locating taxpayers
- 4) Negligence in data reporting
- 5) Incomplete updating of tax object and subject data
- 6) Limited human resources
- 7) Lack of public participation in reporting data changes

#### **D. CONCLUSION**

The execution of PBB-P2 (Rural and Urban Land and Building Tax) collection and reporting procedures in Madiun City has, in general, been carried out in accordance with applicable regulations. The collection process encompasses several stages: data collection on tax objects and subjects; valuation of the Tax Object Sale Value (NJOP); issuance of the Tax Due Notification Letter; tax payment via various channels including digital payments using QRIS to offer taxpayers greater convenience through a faster, more practical, and transparent process; payment reconciliation; and the preparation of revenue reports.

Challenges and obstacles regarding PBB-P2 collection and reporting mechanisms continue to hinder the optimization of local revenue. Based on the research findings, these obstacles include low taxpayer awareness and compliance regarding timely payment, unreported changes in tax object ownership, tax object and subject data that is not fully up-to-date, a shortage of field staff for data collection and tax collection duties, and the suboptimal adoption of digital payment methods by the taxpayer population.

#### **E. RECOMMENDATIONS**

Based on the research findings, it is recommended that the Madiun City Regional Revenue Agency (BAPENDA) periodically update data regarding tax objects and subjects to ensure administrative records align with actual conditions in the field. Furthermore, there is a need to enhance outreach regarding tax obligations and the use of digital payment systems to further improve taxpayer compliance. Oversight and collection efforts targeting delinquent taxpayers also need to be strengthened through more effective strategies. Future research is encouraged to examine the effectiveness of

payment digitalization on taxpayer compliance or to employ a quantitative approach to obtain more comprehensive results.

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