

**ANALYSIS OF THE TRANSFORMATION OF GROUNDWATER TAX POLICY
FOLLOWING THE IMPLEMENTATION OF LAW NO. 1 OF 2022 ON FINANCIAL
RELATIONS BETWEEN THE CENTRAL GOVERNMENT AND REGIONAL
GOVERNMENTS (HKPD)**

(Case Study At The Madiun City Regional Revenue Agency)

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Abstrak

Penelitian ini bertujuan menganalisis transformasi kebijakan Pajak Air Tanah (PAT) pasca penerapan Undang-Undang Nomor 1 Tahun 2022 tentang Hubungan Keuangan antara Pemerintah Pusat dan Pemerintah Daerah (HKPD) di BAPENDA Kota Madiun. Penelitian menggunakan metode kualitatif deskriptif dengan pendekatan studi kasus melalui wawancara, observasi, dan dokumentasi. Hasil penelitian menunjukkan adanya penyesuaian regulasi daerah, optimalisasi mekanisme *official assessment system*, digitalisasi pelaporan melalui pemasangan meter air digital, serta peningkatan penerimaan PAT akibat penyesuaian Nilai Perolehan Air Tanah (NPA). Kendala implementasi meliputi rendahnya pemahaman wajib pajak dan pelaporan penggunaan air yang belum akurat. BAPENDA mengatasinya melalui sosialisasi, edukasi, penguatan SDM, dan koordinasi lintas instansi.

Kata Kunci: Transformasi Kebijakan, Pajak Air Tanah, UU HKPD, BAPENDA Kota Madiun, *Official Assessment System*, Digitalisasi.

Abstract

This study aims to analyze the transformation of Groundwater Tax (PAT) policy following the implementation of Law Number 1 of 2022 on Financial Relations between the Central Government and Regional Governments (HKPD) at the Regional Revenue Agency (BAPENDA) of Madiun City. This research employs a descriptive qualitative method with a case study approach through interviews, observation, and documentation. The results indicate adjustments to regional regulations, optimization of the official assessment system, digitalization of reporting through the installation of digital water meters, and an increase in Groundwater Tax revenue resulting from adjustments to the Groundwater Acquisition Value (NPA). The implementation challenges include taxpayers' limited understanding and inaccurate reporting of groundwater usage. BAPENDA addresses these challenges through socialization, taxpayer education, human resource strengthening, and inter-agency coordination.

Keywords: *Policy Transformation, Groundwater Tax, HKPD Law, BAPENDA Madiun City, Official Assessment System, Digitalization.*

A. INTRODUCTION

Local taxes represent a key revenue stream for local governments to support a variety of development initiatives and public services. Under the system of regional autonomy, local governments must independently handle their revenue capabilities, which includes income generated from taxes (Kidengsing et al., 2023).

Through tax collection, the state can implement various development initiatives aimed at improving public welfare. Consequently, the government consistently strives to increase tax revenue from various sectors, encompassing both central and regional taxes (Indriyani & Khasanah, 2026).

One type of local tax that holds significant potential but is often not managed to its full capacity is the Groundwater Tax (PAT). The Groundwater Tax possesses unique

characteristics, as it serves not only as a source of regional revenue but also as a mechanism for managing the utilization of water resources (Baringin & Inayati, 2022)

Unregulated groundwater extraction leads to environmental damage, such as land subsidence and reduced water availability. Therefore, groundwater tax management should not focus solely on revenue generation but also on control and sustainability (Ika & Wahyudin, 2021)

Following the enactment of Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments, regional governments are required to align various aspects of their local tax administration. This Law introduces changes to the structure, authority, and management mechanisms of taxes, including the groundwater tax.

For Madiun City a region required to adapt to new regulations the transformation of the groundwater tax policy is inevitable. The Regional Revenue Agency (BAPENDA), which is responsible for managing local taxes, plays a crucial role in putting this policy into practice; however, various obstacles may arise during implementation that could affect the policy's application.

The implementation of Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments (HKPD) requires local governments to adjust their Groundwater Tax policies. However, interviews with the Madiun City Regional Revenue Agency (BAPENDA) reveal that the policy transformation process including changes to reporting and management mechanisms and actual field implementation following the new policy's enactment has not yet been fully realized.

In addition to internal government factors, external conditions such as taxpayer characteristics and the level of public awareness also influence the successful implementation of policies. Taxpayers with a limited understanding of the importance of taxes tend to be less compliant in fulfilling their obligations. Therefore, raising awareness

and providing tax education are crucial steps that local governments must undertake on an ongoing basis.

B. METHOD

This study employs a descriptive qualitative approach using a case study design. It aims to describe the transformation of the Groundwater Tax policy in Madiun City following the implementation of Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments (HKPD), while also providing accurate information to the local government to serve as a basis for evaluating and developing the Groundwater Tax policy.

Descriptive qualitative research is a method used to understand and explain events based on conditions in the field through interviews, observation, and documentation. This approach emphasizes understanding meanings, processes, and information obtained from informants to provide a systematic and comprehensive overview of the research subject (Assyakurrohim et al., 2023).

This approach is intended to systematically outline and explain the transformation of the Groundwater Tax policy, the collection and reporting mechanisms, and the policy implementation following the enactment of Law No. 1 of 2022 at the Madiun City Regional Revenue Agency (BAPENDA).

C. RESULTS AND DISCUSSIONS [Times New Roman 12, Bold]

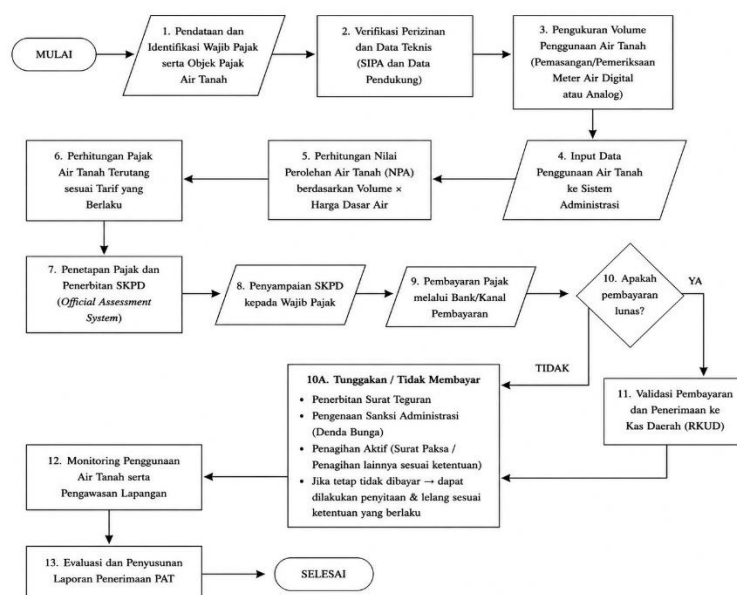
1. Transformation of Groundwater Tax Policy Following Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments (HKPD)

Prior to the implementation of Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments (HKPD Law), the collection of Groundwater Tax in Madiun City was governed by regional regulations and regional head regulations that stipulated the collection mechanism and

the determination of the Groundwater Acquisition Value (NPA). Following the enactment of the HKPD Law, the local government adjusted its regulations—ranging from Regional Regulations to Mayoral Regulations—to serve as the legal basis for local tax collection.

As a follow-up measure, the Madiun City Government enacted Regional Regulation Number 9 of 2023, which was subsequently amended by Regional Regulation Number 12 of 2025 concerning Local Taxes and Local Levies. These adjustments were made to comply with the mandates of the HKPD Law and to align local provisions regarding Groundwater Tax collection with the new legal framework.

In addition, the Mayor's Regulation regarding the Groundwater Acquisition Value (NPA) has been updated in accordance with East Java Governor Regulations Number 22 of 2022 and Number 35 of 2025. According to interviews with BAPENDA, this regulatory update was carried out due to changes in provincial government provisions, ensuring that the calculation and collection mechanisms for the Groundwater Tax remain compliant with prevailing regulations.



The flowchart illustrates the Groundwater Tax (PAT) collection mechanism employed by the Madiun City Regional Revenue Agency (BAPENDA) using the Official Assessment System. The process begins with the registration and identification of taxpayers and taxable objects, followed by the verification of permits and technical data, the measurement of groundwater usage volume via water meters, and data entry into the tax administration system.

Based on this data, BAPENDA calculates the Groundwater Acquisition Value (NPA) and the tax due according to applicable rates, then determines and issues a Regional Tax Assessment Letter (SKPD) to serve as the basis for payment. Taxpayers subsequently make payments through designated channels; completed payments are validated and deposited into the Regional General Treasury Account (RKUD) as Locally-Generated Revenue (PAD), while outstanding arrears are addressed through collection procedures in accordance with regulations.

The entire process is monitored and supervised by BAPENDA, followed by an evaluation and the preparation of PAT revenue reports as part of tax management accountability.

Tahun	Pendapatan Pajak Air Tanah		Persentase
	Target	Realisasi	
2021	264.000.000	324.727.266	123%
2022	260.000.000	292.100.851	112%
2023	280.000.000	318.395.998	113%
2024	280.000.000	450.821.413	161%

The data in the table reinforces interview findings indicating that the policy transformation regarding Groundwater Tax (PAT) following the enactment of Law Number 1 of 2022 has led to increased PAT revenue in Madiun City. Although revenue dipped in 202 a period of regulatory adjustment actual receipts rebounded in 2023 and 2024, driven by adjustments to the Groundwater Acquisition Value (NPA) and the policy's implementation by the Regional Revenue Agency (BAPENDA).

This growth was driven not only by changes to the tax base but also by the phased implementation of stimulus measures designed to balance the optimization of Locally Generated Revenue (PAD) with taxpayers' capacity to meet their obligations particularly for major groundwater users such as the regional water utility (PDAM).

A Groundwater Tax stimulus policy has been implemented to provide relief following the adjustment of the Groundwater Acquisition Value (NPA) mandated by Law Number 1 of 2022 which caused a significant increase in tax liabilities. The stimulus is applied gradually so that the tax hike does not immediately burden taxpayers, without eliminating their tax obligations.

This policy allows for increased Groundwater Tax revenue while maintaining a balance between optimizing Locally-Generated Revenue (PAD), taxpayer capacity, business continuity, and the investment climate.

The implementation of the Groundwater Tax policy following Law Number 1 of 2022 continues to face challenges, including taxpayers' lack of understanding regarding stimulus policies, low awareness of tax obligations, and dishonesty in reporting groundwater usage. These conditions hinder the data collection and oversight processes carried out by local governments.

To address this, the Regional Revenue Agency (BAPENDA) conducts outreach and educational activities covering regulatory changes, stimulus policies, tax obligations, and the importance of the Groundwater Extraction Permit (SIPA) for

business operators. Evaluations indicate that the policy's successful implementation relies heavily on improving taxpayer understanding and compliance; consequently, outreach, education, and coordination with relevant agencies are continuously pursued to ensure the Groundwater Tax policy operates more effectively and optimally.

Following the issuance of the Mayoral Regulation enacted in response to regulatory changes regarding the Groundwater Tax an outreach initiative was conducted through discussion forums to address policy shifts, collection mechanisms, and taxpayer obligations. This activity helped the majority of taxpayers understand the rationale behind the policy changes and their obligations regarding groundwater usage. Consequently, the outreach played a crucial role in enhancing taxpayer understanding, compliance, and acceptance of the Groundwater Tax policy implementation in Madiun City.

D. CONCLUSIONS [Times New Roman 12, Bold]

The policy transformation began with regulatory adjustments—specifically amendments to Regional Regulations and Mayoral Regulations—aligned with central government mandates and East Java Governor Regulations regarding the Groundwater Acquisition Value (NPA). Despite these regulatory changes, the fundamental mechanism for collecting the Groundwater Tax remained unchanged; instead, the focus shifted to administrative adjustments, nomenclature updates, and the refinement of the legal basis for collection.

Policy implementation by the Madiun City Regional Revenue Agency (BAPENDA) has proceeded through staff capacity building, the use of digital water meters, and the adoption of an official assessment system. Adjustments to the NPA have helped boost revenue, while stimulus policies were implemented gradually to avoid imposing an excessive tax burden and to maintain a favorable business climate. However, implementation still faces challenges, including limited public

understanding of the policy and stimulus changes, as well as instances of taxpayers failing to accurately report their groundwater usage. To address this, BAPENDA is conducting outreach and educational campaigns while strengthening coordination with relevant agencies to improve taxpayer understanding and compliance.

E. SUGGESTIONS

The Madiun City Regional Revenue Agency (BAPENDA) is expected to enhance outreach and education regarding regulatory changes, stimulus policies, and tax obligations, alongside optimizing digital systems and the monitoring of groundwater usage. Taxpayers are expected to raise their awareness, accurately report groundwater usage, and comply with licensing and tax regulations. Future researchers are advised to involve a broader range of informants including taxpayers and relevant agencies to gain a more comprehensive understanding of the implementation of the Groundwater Tax policy transformation following the enactment of Law Number 1 of 2022.

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