

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 amnesty selection. 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.

Eddy Rahmawan, 2012: *Optimalisasi Pemungutan Pajak Bumi dan Bangunan (PBB) dalam Peningkatan Pendapatan Daerah (Studi Pemungutan Pajak Bumi Dan Bangunan (PBB) di Kecamatan Limpasu Kabupaten Hulu Sungai Tengah)*. Equalization of land and building tax in increased local income. Difference of tax collection in *Kecamatan Limpasu Kabupaten Hulu Sungai Tengah [12].*

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].

Uly Suliswati, 2013: *Strategi Peningkatan Penerimaan Pajak Daerah Kabupaten Jember*. Equality in increasing tax revenues. Difference in increasing tax revenue in Jember [17].

Ahamad Hardiansyah Fatoni, 2014: *Upaya Peningkatan Pengelolaan Pajak Bumi dan Bangunan Perdesaan dan Perkotaan oleh Dinas Pendapatan (Studi Di Dinas Pendapatan, Pengelolaan Keuangan Dan Aset Daerah Kabupaten Malang)*. Equalition in earth and building tax improvement efforts. Difference in improvement efforts of land and building tax in Malang [4].

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*. Equalition in increasing earth and

building tax revenues. Difference in increasing tax revenue in Surabaya [10].

Rudi Saputro, 2014: *Efektivitas Penerimaan Pajak Bumi dan Bangunan Perdesaan dan Perkotaan (PBB P2) Terhadap Peningkatan Penerimaan Pendapatan Asli Daerah (PAD)*. Equalition in acceptance earth and building tax. Difference in earth and building tax at Surabaya [16].

Sigit Hutomo, 2014: *Analisis Perbedaan Pendapatan Asli Daerah (PAD) Sebelum dan Sesudah Pengalihan Pajak Bumi dan Bangunan Sektor Perkotaan Perdesaan (PBB-P2)*. Equations in the analysis of local revenue on taxes on land and buildings. Difference in the analysis of taxes on land and buildings [5].

Tenny Putri Astutik, 2014: *Efektivitas Pemungutan Pajak Bumi dan Bangunan untuk Meningkatkan Pendapatan Asli Daerah (Studi pada Dinas Pendapatan Asli Daerah Kota Malang)*. Equalition in of local revenue on taxes on land and buildings. Difference in land and building tax in Malang [1].

Deny Donovan, 2015: *Strategi Pemungutan PBB Sebagai Upaya Meningkatkan Pendapatan Asli Daerah di Kota Mojokerto*. Equalition in of local revenue on taxes on land and buildings. Difference in land and building tax in Mojokerto [2].

Martha Sri Renaningsih, 2015: *Pelaksanaan Pengalihan Pajak Bumi dan Bangunan (PBB) di Kota Surabaya (Studi Deskriptif Tentang Keefektifan Pelayanan Pemungutan Pajak Bumi Dan Bangunan (PBB) Setelah Dialihkan dari Pajak Pusat Menjadi Pajak Daerah Dalam Meningkatkan Pendapatan Asli Daerah (PAD) Kota Surabaya)*. Equalition in increasing local revenues from earth and building tax. Difference in increasing earth and building tax in Surabaya [14].

Faisal, 2015: *Sistem penunjang keputusan pemilihan perangkat*

pemrosesan data menggunakan metode Analytical Hierarchy Process (AHP) dan Multi-Criteria Decision Making (MCDM). Equalition in using Analytical Hierarchy Process and Multi-Criteria Decision-Making method. Difference in selection of data processing devices [3].

Ida Ayu Metha Apsari Prathiwi, 2015: *Analisis Strategi Penerimaan Pajak Bumi dan Bangunan Pedesaan Dan Perkotaan (PBB P2) Serta Efektivitas Penerimaannya di Pemerintah Kota Denpasar Tahun 2013-2014*. Equality in analysis of land and building tax acceptance. Difference in analysis of land and building tax acceptance in Denpasar [11].

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 2.1: Comparison Scale Saaty

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

Source: Marimin, 2005 [6]

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]:

$$\frac{w_i}{w_j} = a_{ij} \quad (1)$$

$i, j = 1, 2, 3, \dots, n$

w_i = weights of inputs in rows

w_j = weights of input on the lane.

Step 2 [6]:

$$w_i = a_{ij} \cdot w_j \quad (2)$$

$i, j = 1, 2, 3, \dots, n$. For common cases have a form:

$$w_i = \frac{1}{n} \sum_{j=1}^n a_{ij} \cdot w_j \quad (3)$$

w_i = average of

$a_{i1} \cdot w_1, \dots, a_{in} \cdot w_n$ Step 3 [6]: If the

estimate a_{ij} is good, it will tend to

$\frac{w_i}{w_j}$ ratio. If b also changes, then n is converted to λ_{maks} so obtained [6].

$$w_i = \frac{1}{\lambda_{maks}} \sum_{j=1}^n a_{ij} \cdot w_j \quad (4)$$

$i, j = 1, 2, 3, \dots, n$

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

$$CI = \frac{\lambda_{max} - n}{n - 1} \quad (5)$$

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

$$CR = \frac{CI}{RI} \quad (6)$$

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

Table 2.2 Index Random Value Scale the Oarkridge Laboratory Index

N	1	2	3	4	5	6
RI	0	0	0.58	0.9	1.12	1.24
7	8	9	10	11	12	13
1.32	1.41	1.45	1.49	1.51	1.48	1.56

Source: Marimin, 2005 [6]

3. RESEARCH METHODOLOGY

3.1 Research Framework

The research framework can be seen in the following table.

Table 3.1 Research Framework

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

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 3.2: Research Criteria and Alternatives

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

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:

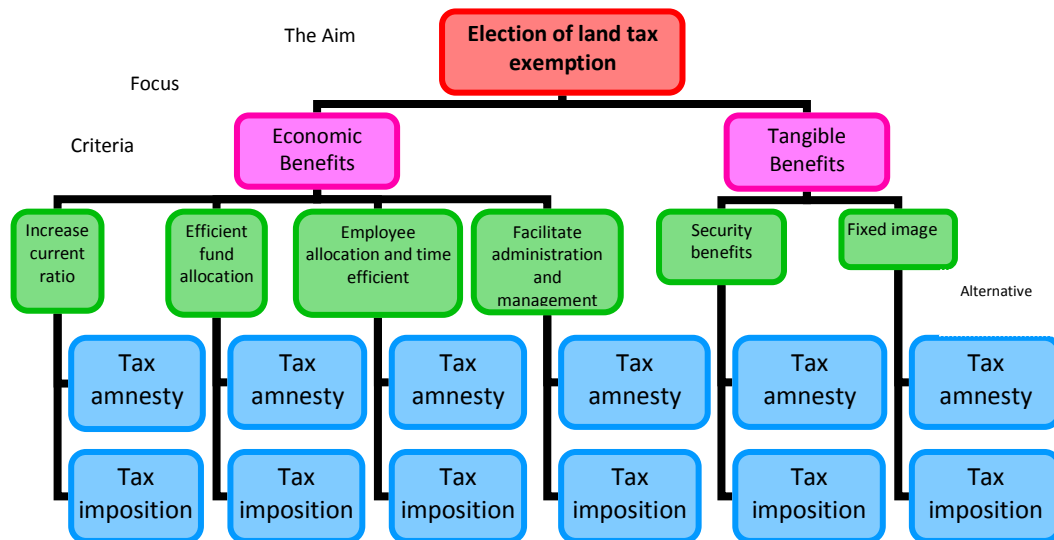


Figure 3.1 : Analytical Hierarchy Process Diagram

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



*Figure 4.1 Focus and Strategic Alternative
Source : Self Proceed*

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

4.2. Economic Benefits Criteria



*Figure 4.2 Economic Benefits
Source : Self Proceed*

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%.



*Figure 4.3 Increases Current Ratio
Source : Self Proceed*

Tax amnesty is 75%; and
Tax imposition is 25%.

Tax amnesty is 80%; and
Tax imposition is 20%.



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%.

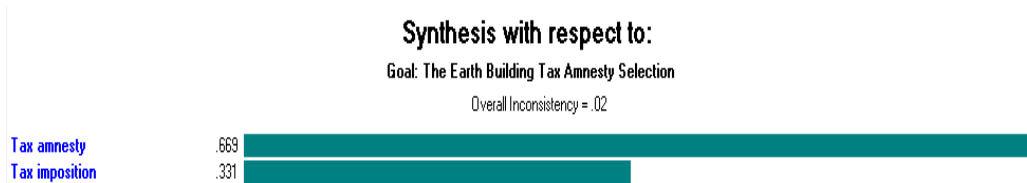


*Figure 4.9 Fixed Image
Source : Self Proceed*

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

4.4. Global Alternative

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



*Figure 4.10 Globally Alternative
Source : Self Proceed*

Tax amnesty is 66.9%; and
Tax imposition is 33.1%.

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

No	Comparison Matrix Elements	CR value
1	Comparison based on the strategic alternative	0,00
2	Comparison based on economic benefit	0,02
3	Comparison based on increases current ratio	0,00
4	Comparison based on efficient fund allocation	0,00
5	Comparison based on employee allocation and time efficient	0,00
6	Comparison based on facilitate administration and management	0,00
7	Comparison based on tangible benefit	0,00
8	Comparison based on security benefit	0,00
9	Comparison based on fix image	0,00
10	Comparison based on global alternative	0,02

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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