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The Implementation of Administrative Sanctions for Taxpayers Owing Rural and Urban Land and Building Taxes in Central Aceh Regency

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Abstract

This research examines the efficacy of enforcing administrative fines on taxpayer compliance regarding the Rural and Urban Land and Building Tax (PBB-P2) in Central Aceh Regency. Despite being legislatively regulated, its implementation has not yielded desirable outcomes. This study employs the empirical juridical research approach. This research aims to evaluate the efficacy of administrative punishments in enhancing taxpayer compliance with Land and Building Tax (PBB) payments in both the Rural and Urban sectors of Central Aceh Regency. The research findings suggest that the community's legal understanding concerning their need to pay PBB-P2 is rather poor. Numerous taxpayers lack awareness of the significance of prompt tax payments, particularly those with low taxable property values (NJOP) or those who perceive their property as lacking substantial value.

Keywords: Administrative Sanctions, Taxpayer, Land and Building Tax, Central Aceh

1. Introduction

Regional revenue plays a crucial role in carrying out the functions of regional government, which include the provision of public services and development. In increasing regional revenue from the tax sector, the government implements changes to regulations in the field of regional taxes and levies. These changes include a series of policies related to central taxes delegated to regions, rural and urban land and building taxes, as well as the acquisition duty on land and buildings regulated in Law Number 22 of 2022 on Regional Taxes and Levies.

Article 1, number 33 of Law Number 1 of 2022 concerning Financial Relations Between the Central Government and Regional Governments states that "Rural and Urban Land and Building Tax, hereinafter abbreviated as PBB-P2, is a tax on land and/or buildings owned, controlled, and/or utilized by individuals or entities."

The tax rates for rural and urban land and buildings are determined by regional regulations. The value of the non-taxable sale of tax objects is set at a minimum of Rp10,000,000 (ten million rupiah) for each taxpayer based on the provisions of Law Number 28 of 2009 on Regional Taxes and Levies. The Non-Taxable Sale Value of Tax Objects is determined by regional regulations. In taxation, sanctions are also applied to taxpayers who do not comply with their obligations. Tax sanctions consist of administrative sanctions and criminal sanctions. Administrative sanctions include interest sanctions, fines, and increased sanctions. Meanwhile, criminal sanctions consist of imprisonment and incarceration, as stipulated in Law No. 28 of 2007 concerning the third amendment to Law No. 6 of 1983 on General Provisions and Tax Procedures (KUP) [1].

Based on the mandate of Law Number 28 of 2009, Central Aceh Regency has issued Central Aceh Regency Regulation Number 3 of 2010 concerning Regional Taxes and Regional Levies, that the management of all forms of regional taxes is under the auspices of the Regional Financial Management Agency (BPKK).

Regional taxes that fall under the authority of districts/cities to be established in the form of regional regulations involve various types of taxes, such as hotel tax, restaurant tax, entertainment tax, advertisement tax, street lighting tax, non-metallic mineral and rock tax, parking tax, groundwater tax, swallow's nest tax, rural and urban land and building tax, and acquisition duty on land and buildings. This authority provides flexibility to local governments to adjust tax policies according to local needs and characteristics.

Based on Article 84 of the Central Aceh Regency Qanun Number 3 of 2010 concerning Regional Taxes and Regional Levies, the amount of tax deficiency owed in the Regional Tax Assessment Letter for Underpayment as referred to in paragraph (1) letter a numbers (1) and (2) is subject to an administrative sanction in the form of interest of 2% (two percent) per month calculated from the tax that is underpaid or paid late for a maximum period of 24 (twenty-four) months calculated from the time the tax is due.

From 2019 until 2022, there have been impositions of arrears/penalties on PBB P2 by the Financial Management Agency of Central Aceh Regency. The determination or target revenue from the PBB-P2 sector in 2022 was 2,342,846,260, with a realization of 1,456,226,705. Then, in 2023, the determination was 2,282,118,225, with a realization of 1,512,141,940. The realization only reached 59.3% and 58.80% of the total realization from the target of the Central Aceh Regency BPKK. A 2% fine has been imposed in 2024 for every taxpayer who owes land and building tax in Aceh Tengah Regency. The target and realization of the PBB P2 tax in Aceh Tengah Regency have not yet reached the set target, meaning that the policies of the Aceh Tengah Regency Government do not encourage the public's interest in paying the Rural and Urban Land and Building Tax (PBB-P2).

The Financial Management Agency of Central Aceh Regency has made a policy. In addition to the provisions of Central Aceh Regency Qanun No. 3 of 2010 concerning Regional Taxes, proof of payment of land and building taxes is one of the administrative requirements in the sale and purchase of urban and rural land and building tax objects to issue a Taxpayer Identification Number (NPWP), followed by the SPPT PBB P2 policy as a requirement for educational level transfer.

This means that with the requirement to show proof of payment for land and building tax, it indirectly obliges taxpayers to pay the tax. Based on the above provisions, it appears that the implementation of administrative sanctions on taxpayers who are late in paying has not been optimally carried out, as the imposition of sanctions through warning letters has not yet been implemented. payment of PBB P2 is only carried out by compliant taxpayers and taxpayers who require administrative services that need SPPT PBB P2, such as for educational level transfers, because educational institutions require SPPT PBB P2; otherwise, SPPT PBB P2 will not be paid.

2. Research Method

The type of research used in this study is an empirical juridical legal research approach, which is a legal research that seeks to observe the law in its real sense or can be said to observe and study how the law works (law in action) in society [2]. This research approach is conducted using a qualitative approach. Empirical legal research focuses on data collection through primary sources, such as direct interviews with the parties involved.

3. Results and Discussions

Administrative sanctions are legal instruments applied by the government to encourage taxpayer compliance in fulfilling their tax obligations. The goals are to Ensure Taxpayer Obligations are met, Increase Regional Tax Revenue, Provide a Deterrent Effect for Delinquent Taxpayers, Maintain Justice and Legal Certainty, and Encourage Taxpayer Participation in Regional Development.

The effectiveness of the law refers to the extent to which a particular rule or policy can achieve the desired objectives. In the context of administrative sanctions for PBB-P2 in Central Aceh Regency, effectiveness is measured by the success of this policy in increasing taxpayer compliance with tax payment obligations, as well as its contribution to achieving regional revenue targets.

The administrative sanctions applied in the payment of PBB-P2 in Aceh Tengah district are regulated through Aceh Tengah District Regulation Number 3 of 2010 concerning regional taxes. The main penalty imposed is a fine of 2% per month on the outstanding tax amount, from the time the tax has not been paid. However, based on data from the Aceh Tengah District Financial Management Agency, the realization rate of PBB-P2 in Aceh Tengah District has not reached and is far from the target set by the government.

Table 1: Realization of Rural and Urban Land and Building Tax in Central Aceh Regency Between 2022 and 2023

Year	Total Objects	Determination	Reality	Percentage
2022	71.405	2.342.846.260	1.456.226.705	59.03 %
2023	70.947	2.282.118.225	1.512.141.940	58.80 %

Source: Archive of the Aceh Tengah Regency Financial Management Agency 2024

Based on the data presented above, in 2022, the assessment or target for PBB-P2 tax in Central Aceh Regency was Rp 2,342,846,260 with a target of 71,405 tax objects, but the realization for that year only reached Rp 1,512,131,950 or 59.03%. Then, in 2023, the assessment or target set by the Central Aceh Regency Financial Management Agency was Rp 2,282,118,225 with 70,947 tax objects, but the realization of PBB-P2 in 2023 was only Rp 1,512,141,940 with a percentage of 58.80%. The realization of PBB-P2 tax in 2022-2023 was previously the realization of tax that had been added with tax receivables from previous years paid by taxpayers in the current year, and had been subject to sanctions for late payment. - (this data is the accumulation of Principal payment + 1 year's previous fine). This data shows that although there is a policy imposing a 2% monthly fine for late payments, the implementation of administrative sanctions has not significantly impacted the increase in taxpayer compliance.

The process of imposing administrative sanctions in Central Aceh Regency can be described as follows [3]:

1. Issuance of SPPT (Tax Notification Letter). The local government, through the Financial Management Agency of Aceh Tengah Regency, issues SPPT to taxpayers, which contains the amount of PBB-P2 to be paid along with the payment deadline.
2. Imposition of administrative sanctions. If payment is still not made by the warning deadline, administrative sanctions will begin to be applied. Fines or interest will be automatically added to the amount of tax owed on the next year's bill.

The purpose of implementing this fine in the tax mechanism in Aceh Tengah Regency is to provide a deterrent effect for taxpayers who neglect their obligations; however, there are still many people who are in arrears on PBB-P2 taxes due to a lack of awareness. Results of an interview with Anhar, head of the collection division of the Aceh Tengah district financial management agency, revealed that the local

government, through the Aceh Tengah district financial management agency, issues a tax notification letter (SPPT) to taxpayers, which contains the amount of PBB-P2 to be paid along with the payment deadline, issued around July in the tax collection year [4].

After the BPKK issues the SPPT, the letter is then handed over to the sub-district office for each sub-district in Aceh Tengah district. Once received, the billing letter is then handed over to the village heads through the sub-district to be distributed to the community by the village apparatus as proof of rural and urban land and building tax bills [5].

The village apparatus is then assigned to each house to deliver the tax bill through the SPPT issued by BPPK Aceh Tengah. The community is allowed to pay the PBB-P2 in cash, which is handed over to the officer collecting the tax, who then provides a receipt indicating that the PBB-P2 tax has been paid. For payments handed over to the village apparatus officers, the payment must be made no later than the end of the month in the tax collection year. Additionally, payments can also be made online through the Action application of Bank Aceh Syariah. After the PBB-P2 payment is made to the village apparatus officers collecting the tax, the results of the taxpayer's debts in the village are then collected and recorded again to be submitted to BPKK Aceh Tengah [6].

Based on the account of one of the village officials in Simpang Uning Niken village, Bies District, the process of handing over the SPPT to taxpayers in the village is only done once. Many village officials are assigned to go around the residents' houses to inform them about their tax arrears. However, if the taxpayer is not at home during the SPPT distribution, the taxpayer themselves will later come to the village office to see and collect their SPPT [7].

The collection of PBB-2 tax revenue is carried out by village officials through the sub-district and then submitted to the BPKK Aceh Tengah for recording which tax objects have settled their tax debts. After the data collection, if they still do not pay by the deadline, administrative sanctions will start to be applied. Although there is no notification about the sanctions, these taxpayers will automatically incur fines that will be added to the amount of tax owed in the following year's bill.

The implementation of administrative sanctions in Aceh Tengah district for taxpayers is still limited to imposing a 2% fine for actions or delays in paying PBB-P2, while the sanctions regulated in Article 100 Paragraph (1) Letter (a) and (c) of Law Number 28 of 2009, Article 19 Paragraph (1) Letter (a) and (c) and Paragraph (2) of Government Regulation Number 55 of 2016 concerning General Provisions and Procedures for Regional Tax Collection, and Article 14 Paragraph (2) of Qanun No. 3 of 2010 concerning Regional Taxes have not been implemented.

Based on the research findings, the implementation of administrative sanctions against tax collection officers for taxpayers who owe Land and Building Tax (PBB) in this research area faces various obstacles that affect its effectiveness. Several obstacles encountered during this research include:

1. No Warning Letter

A warning letter is one of the important instruments in the taxation system used by tax authorities to ensure that taxpayers fulfill their tax obligations. The warning letter serves as a reminder or notification to taxpayers who are late in paying taxes, providing an opportunity to rectify the delay without incurring further penalties. In the context of Rural and Urban Land and Building Tax (PBB-P2), a warning letter plays a very strategic role in enhancing taxpayer compliance, both preventively and correctively.

2. NJOP Update Not Conducted

Based on the provisions of Article 79 paragraph (2) of Law Number 28 of 2009 concerning Regional Taxes and Regional Levies, it is stated that the updating of the Tax Object Selling Value (NJOP) for Rural and Urban Land and Building Tax (PBB-P2) must be carried out at least every 3 (three) years, except for certain tax objects that undergo significant changes, which can be updated annually. However, an interview with the Head of the Revenue Division of the BPKK of Central Aceh Regency revealed that the last update of the NJOP was conducted in 2014. Thus, for more than 10 years, there has been no adjustment to the selling value of land and buildings that serve as the basis for calculating PBB-P2. If analyzed using the theory of legal effectiveness, this discrepancy indicates a low implementation of the applicable legal norms. Normatively, the updating of NJOP is intended to maintain fiscal justice, where taxpayers are burdened with taxes that correspond to the current market value conditions. When the NJOP is not updated, the potential for local tax revenue becomes suboptimal and fairness among taxpayers is disrupted, because tax objects with high market values are still taxed based on the old, low NJOP.

3. Limited Human Resources

Based on an interview with an official from the Financial and Asset Management Agency (BPKK) of Central Aceh Regency, it was found that the enforcement of further sanctions, such as the issuance of forced letters and seizure actions, has never been carried out. The main reasons are the limited number of competent human resources and the minimal operational budget to carry out active collection actions and field execution.

From the perspective of Lawrence M. Friedman's legal system theory, this condition illustrates a weakness in the structural element of the legal system, namely, the institutions or law enforcement officers. The legal structure not only includes the existence of institutions like BPKK but also involves technical capacity, the number of personnel, work systems, and logistical support necessary to enforce the law effectively. When the legal structure is weak, even a sufficient legal substance cannot be implemented properly.

Furthermore, if examined using the theory of legal effectiveness, the weakness of resources and budget also becomes an indicator of the lack of political will and institutional planning in making the law a functional tool. The effectiveness of the law is not only evident in public compliance but also in the seriousness with which authorities consistently enforce all legal provisions.

4. The Delay in Submitting the Tax Return to the Taxpayer

One of the initial steps in this process is the delivery of the Tax Payable Notification Letter (SPT) which contains information regarding the tax obligations that must be paid, as well as the administrative sanctions imposed on taxpayers who are late in making payments. This SPT contains information regarding the amount of tax owed and the administrative sanctions imposed if the taxpayer is late in

making payments. However, in practice in Central Aceh Regency, the collection of Rural and Urban Land and Building Tax (PBB-P2) still faces significant obstacles in the delivery of the Tax Notification Letter (SPT).

Based on an interview with the Head of the Revenue Division of the Financial Management Agency, Anhar, it was found that the Tax Notification Letters (SPT) issued by the district government are distributed through a long bureaucratic chain from the district level to the sub-district, then to the village, and finally to the taxpayers. This system is no longer effective because many taxpayers do not reside in the village where the tax object is registered, and some even live outside the district [8]. When the tax return does not reach the taxpayer, the notification regarding the amount of tax to be paid and the administrative sanctions for the delay are also unknown to the concerned party. As a result, taxpayers do not have full awareness of their obligations, and the automatically imposed administrative sanctions become ineffective both psychologically and legally.

5. Lack of Facilities

One of the main obstacles hindering the effectiveness of the PBB-P2 system implementation in Aceh Tengah Regency is significant geographical barriers. Most of the Aceh Tengah Regency area is located in mountainous regions with considerable distances between taxpayer settlements and tax payment offices, whether at village offices or the Aceh Tengah Regency Financial Management Agency. This adds to the burden for taxpayers to undertake journeys that consume a significant amount of time and cost.

Local tax officers, as explained by Rudi, Head of the Collection Section of the Aceh Tengah District Financial Management Agency, stated that many taxpayers living in remote areas must travel for several hours to reach the tax office. This condition makes many taxpayers feel that the cost and time required to fulfill their payment obligations are not proportional to the amount of tax that needs to be paid. Therefore, they often choose to postpone payment or even miss the set deadlines, which ultimately results in a low level of tax compliance.

In the theory of legal effectiveness, such obstacles indicate that the proper implementation of law requires support from adequate infrastructure. Without easily accessible facilities, the law applied in the form of tax obligations will not be able to function effectively. The payment system that taxpayers must go through, whether manual at counters or using an online system, will fail if not accompanied by ease of access and supporting facilities.

One significant obstacle faced in the implementation of administrative sanctions against Rural and Urban Land and Building Tax (PBB-P2) is the limited availability of tax payment facilities for taxpayers, especially in remote areas. The lack of telecommunication infrastructure in these remote areas also hinders the implementation of online payment systems, which should make it easier for taxpayers to make payments without having to travel long distances. The limited payment facilities directly impact the level of taxpayer compliance in paying PBB-P2 on time. Considering that many taxpayers have difficulty accessing payment facilities, they tend to delay payments, even missing the set deadlines. The further impact of this situation is the low level of tax compliance, which leads to a decrease in tax revenue that should be used to fund regional development projects.

4. Conclusion

To sum up, the implementation of administrative sanctions against PBB-P2 taxpayers in Central Aceh Regency has not been effective in increasing tax compliance. Although there are regulations that impose an administrative fine of 2% per month for delinquent taxpayers, the implementation in the field is not optimal. Many taxpayers do not receive warning or official reprimand letters, and law enforcement has not been consistent. Factors such as limited socialization, minimal public understanding of tax regulations, and weak supervision and actions from the County Financial Management Agency (BPKK) also weaken the effectiveness of sanction implementation. As a result, the payment of PBB-P2 tends to be made only by taxpayers who need the SPPT for certain administrative purposes, rather than due to legal awareness or compliance.

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