

## **CHAPTER II**

### **LITERATURE REVIEW**

#### **2.1 Theoretical Review**

##### **2.1.1 Institutional Theory**

Institutional theory is usually used to explain individual and organizational actions (Dacin, Goodstein, and Scott, 2002). Based on institutional theory, organizations react when institutional context forces are present. Adoption of socially accepted techniques and frameworks can be the reaction. Organizations are competent in managing resources, serving customers, and advancing social, economic, and political interests. Institutional theory is related to social structure. Institutional theory shows how structures such as schemas, rules, norms, and routines become traditional forms of social behavior (Scoot, 2004). Thus, regional autonomy is the result of institutional theory. Based on this theory, Regional Original Revenue (PAD) aims to provide flexibility and give authority to the regions to seek funding and fund the implementation of regional autonomy following the regional potential as a manifestation decentralization principle.

##### **2.1.2 Expectancy Theory**

Victor H. Vroom (1964) in (Sulistyawati, Lestari, and Standard 2012) proposed the expectation theory. In this theory, Hope results from a person's achievements, and that action is expected to lead to the desired result. If someone wants something and there is a relaxed way to get it, that person will go for it. Simply put, the Expectancy theory states that if people want something and expect it to be high enough, they are highly motivated to get what they want. From this understanding, it can be related to this research that BAPENDA hopes that the Motor Vehicle Tax (PKB), Transfer of Ownership of Motor Vehicle (BBNKB), and Surface Water Tax (PAP) can help increase the Regional Original Revenue of West Kalimantan Province.

### **2.1.3 Stewardship Theory**

Stewardship Theory (Donaldson & Davis, 1991) (Anasta & Nengsih, 2019) suggests that management is not motivated by individual goals but is focused on the main goal, namely the organization's interests. The philosophical premise of stewardship theory is based on human nature to be trustworthy and act responsibly, faithfully, and honestly with others. In other words, stewardship theory assumes that managers can act in the public interest and the public interest, especially shareholders (Daniri, 2005) (Anasta & Nengsih, 2019). Stewardship theory assumes a strong relationship between company satisfaction and success. Organizational success describes the utility maximization of a group of principals and management. Stewardship theory explains that common interests are the basis of a leader's actions. The implication of this research in the context of stewardship theory is that local governments act as stewards receiving the mandate to plan, control, and manage regional fiscal revenues, in this case, managing PAD from taxes for the benefit of regional development in a better direction for independent financial alignment.

Additionally, local governments manage their resources using a governance strategy that aspires to attain regional financial independence by collaboratively (together) controlling and cooperatively directing all resources and quality in managing PAD revenue from regional taxes. In this case, the steward, who is the local government, acts following management theory (Stewardship Theory). The regional government is seen as the leading implementer of the administration of PAD, primarily funded by taxes and thought to be sensible and not driven by personal wants, but rather as the person in charge with a rationale that is in keeping with the regional government's objectives.

### **2.1.4 Public Sector Management Accounting**

Public sector management accounting studies how to produce relevant and reliable accounting information for management with a view to planning (strategic planning, provision of cost information, valuation of investment,

budgeting, determination of service fees, and performance appraisal) and control (measuring management performance achievement by achieving targets following the planned program) in (Sujarweni,2015)

Public sector management accounting has a strategic role in financial planning related to identifying costs incurred. It also provides information about public spending that can be used by internal (government) and external (communities, NGOs, DPRD, universities, etc.) for planning, controlling, and decision-making.

Accounting Management accounting is needed from the strategic planning stage; organizational management makes program alternatives to support the organization's strategy. Management accounting's role is to provide managers with information to determine the required budget associated with program costs (cost of programs) and activity costs (cost of activity).

Owned resources. Management accounting is vital in selecting programs, determining program costs, and budgeting. Management accounting discusses planning and control, which are closely related to budgeting. Management accounting plays a role in facilitating the creation of an effective public budget.

## **2.1.5 TAX**

### **2.1.5.1 Definition of Tax**

Taxes are people's contributions to the State treasury based on the law (which can be enforced) without getting services that can be directly shown and used to pay general expenses. (Soemitro, 2013). Tax is an obligation to each citizen who meets the requirements set by law to pay a coercive amount of money to the State Treasury and not get compensation directly (Waluyo, 2011:4).

Tax collection itself is divided into two parts: central taxes and local taxes. Central taxes are used for state needs, whereas regional taxes are focused on a smaller scale, namely the region's needs. Rombang (2013) in (Waani, 2016), Tax collection is divided into central and local taxes. Central taxes are taxes used for state needs, while regional taxes are focused on a smaller scope, namely the

region's needs. Rombang (2013) in Waani (2016) states that in financing development, one of the local government's efforts is to absorb funds from original regional revenue, which consists of taxes, regional levies, the results of regional wealth management, and others from legitimate regional original revenue, because it helps increase the capacity of the local government. Local tax revenue and encourage regional economic growth PAD is inversely related to local government's ability to meet their needs. That means showing that the local government has succeeded in implementing regional autonomy nationally.

On the other hand, if the PAD obtained by the regional government is shrinking or decreasing, then regional autonomy implementation has yet to be maximized. Regional original revenue is a source of revenue derived from regional potential. Tax potential is dominant in contributing to original regional revenue (PAD). Below is data obtained from the Regional Revenue Service of West Kalimantan Province, which is 82.83% of the total regional original revenue (PAD) and has an effect on increasing the original regional revenue (PAD) of West Kalimantan Province.

Tax is a public contribution to the State (taxable) Mardiasmo (2018: 3) explains that taxes are contributions made by the people to the state treasury under the law by indirectly receiving counter-achievement services and are used to pay general operational costs. There are two fiscal functions, namely, the budget function, in which taxes are used as a source for the government to finance and regulate its spending, and the regulatory function, in which the government makes taxes the basis of orderly policies in the social economy.

The primary source chosen by the government to boost state revenue, directly or indirectly, is taxation. State life's characteristics have changed due to the influence of the reforms implemented several years ago, one of which is related to aspects of governance. The change in the public's perception of the central government grants regional governments the power to administer local

areas, including managing regional households and governing how money is allocated between the central and regional governments.

According to Law Number 16 of 2009, Tax is a forced payment to the State payable according to any person or legal entity that is required by law to do so. Taxes are made without receiving a direct benefit and are used to further the prosperity of the people.

Furthermore, it is stated in Article 1 of Law No. 28 of 2007 that taxes are "obligatory contributions to the state owed by persons or entities that are coercive under the law, with no direct remuneration and are utilized for state purposes for an amount equal to the significant prosperity of the people." Tax is an obligation to give up part of wealth to the state treasury due to a situation, event, and action that gives a specific position, but not as a punishment, according to regulations set by the government, and can be forced. However, the State has no direct reciprocal service to maintain general welfare (Djajadiningrat in Tjahjono and Husein, 2005, p.2).

SI Djajadiningrat (in Diaz Priantara, 2012) defines Tax as an obligation to hand over a portion of wealth to the State treasury caused by a situation, event, and act that gives a specific position, but not as a punishment, according to regulations set by the government and can be forced. However, there is no direct reciprocal service from the State to maintain the general welfare."

Based on the definitions above, it can be concluded that Tax is a contribution to the State (which can be imposed) that is owed by those who are obliged to pay it according to laws and regulations, with no direct achievement can be appointed, and whose purpose is to finance general expenses related to with the duty of the State to administer the government.

From several definitions put forward by experts in the field of taxation, we can conclude that:

- a) Public contributions to the State Treasury.
- b) Taxes are levied by law, and their implementation can be coercive.
- c) There is no evidence of direct government consideration when paying taxes.

- d) Taxes are levied by the state government, both central and local.
- e) Taxes are meant for government spending, and any excess revenue is used to finance public investment.
- f) Taxes can also fund non-budgetary purposes, namely regulatory (regular) functions.

#### **2.1.5.2 Tax Function**

Tax is a source of state revenue that has 2 function according to Mardiasmo (2011:1) are as follows:

##### **1) Budgetary Functions**

The budget function, which is the most significant revenue tax compared to other sectors, is the significant benefit outlined by the type of Tax itself and the regular function where the State utilizes taxes to achieve particular goals. The Tax operates budgetarily, reducing the number of public funds available for use and making the most significant possible contribution to the budget (APBN/D). On the other side of the budget are government expenses, which have a multiplier effect on the national economy.

##### **2) Regular Function**

Taxes have a regular function, meaning that taxes are an instrument to regulate, encourage or inhibit the growth of certain actors and economic sectors. This function is called the regulatory or complementary function, in which the government uses taxes to achieve specific goals. This function is complementary to the primary function of taxes.

From the several tax functions above, there are two tax functions, one for the state budget or finance (Budgetair) and the second for regulation (Regulerend). The functioning of the state budget or state finances as a source of funding to finance state spending through expanding and increasing tax collection. The function of regulation is to regulate the general public to achieve specific goals.

### 2.1.5.3 Tax Type

Tax grouping, according to Mardiasmo (2016: 7), is:

#### a) By Group

##### 1. Direct Tax

Direct Tax that must be paid by the taxpayer himself and cannot be claimed or transferred to another person. Example: Revenue tax

Revenue Tax (PPh) is a tax imposed on individuals or legal entities on revenue received or accrued during a tax year. Revenue is any additional economic capacity from within and outside Indonesia that can be used for consumption or to increase wealth. Thus, revenue can be in business profits, fees, gifts, and others.

##### 2. Indirect taxes,

Indirect taxes, can eventually be collected or passed on to other people. The example is VAT, VAT is a tax levied on the consumption of taxable goods or services within a customs area (within the territory of Indonesia). Every individual, business entity, or government that consumes taxable goods or services is subject to VAT. In principle, all goods and services are taxable goods or taxable services unless otherwise stipulated by VAT laws and regulations.

#### b) By nature

##### 1. Subjective Tax

Taxes whose imposition takes into account the personal circumstances of the taxpayer or the imposition of taxes that take into account the circumstances of the subject, for example, revenue tax (PPh).

##### 2. Objective Tax

Taxes whose imposition takes into account objects, circumstances, actions, or events that result in an obligation to pay taxes, regardless of the personal circumstances of the tax subject (taxpayer) or place of residence, for example, Value Added Tax (VAT), Sales Tax on Goods Luxury (PPnBM), as well as Land and Building Tax (PBB).

### **c.) According to the collection agency**

#### **1. Central/State Tax**

Central taxes are levied for broader interests, such as national development, security, or the military. With such a broad spectrum, this Tax also serves as the primary source of state revenue. Central Tax is submitted to taxpayers, individuals, and entities through an Annual Tax Return (SPT).

Examples: Revenue Tax, Value Added Tax and Sales Tax on Luxury Goods, Land and Building Tax, and Stamp Duty.

#### **2. Local Tax**

Local taxes are taxes collected by local governments and used for regional expenditures. Local taxes consist of provincial taxes and district taxes. Provincial taxes include vehicle and fuel taxes, while local taxes include hotel, restaurant, and entertainment taxes.

### **2.1.5.4 Basis or Principle of Tax Collection**

In Adrian Sutedi's book (2011: 22), the principles of tax collection are as follows:

#### **1. Source Principle**

The principle that adopts a method of tax collection depends on the existence of a source of revenue. If a country has a source of revenue, the country has the right to collect taxes regardless of the taxpayer's domicile.

#### **2. Domicile Principle**

The permanent establishment principle, also called the residence/residence principle, is based on which country is taxed on revenue received or earned by an individual or entity if the person lives or resides in that country for tax purposes; alternatively, if the relevant agency is located in the country.

#### **3. National Principles**

The national principle or national principle is also known as the principle of nationality/citizenship. In other words, this basis is the basis that follows the taxation method associated with the nationality of the country.



## 5. Legal principles

Principles that advocate taxation according to law Indonesia is a country of laws, so everything must be regulated by law and taxes. Tax laws must provide the necessary legal guarantees to express clear rights for the State and its citizens. The legal basis for collecting taxes is 23 paragraph 2 of the 1945 Constitution, whereby all taxes are deposited into the state treasury according to the law.

## 6. Economic principles

The principle emphasizes that tax revenues should not be hampered production and the national economy Taxes, besides having a budget function, also have a regulatory function used to determine economic policies. The policies are as follows. : 1) We will try to maintain smooth production and transaction. 2) Does not interfere with the pursuit of community happiness and does not harm the public interest.

## 7. Financial Principles

The principle emphasizes that expenses for collecting taxes must be lower than the taxes collected. According to the Budgetary Function and Fiscal Principles, the cost of collecting taxes should be as low as possible, and the consequences of collecting taxes as small as possible. The results are sufficient to fund government spending. The time of tax collection should be as close as possible to the occurrence of the acts, reasons, and circumstances on which the Tax was collected.

### **2.1.5.5 Tax Collection System**

In Adrian Sutedi's book (2011: 30), Concerning the tax collection system, there are several systems, namely;

#### 1. Self Assessment

Self Assessment is a tax collection system. Namely, the taxpayer determines the amount of Tax owed by himself following the provisions of the tax law. In this procedure, tax collection activities are placed on the activities of the people themselves.

## 2. Official Assessment

Official Assessment is a tax collection system in which the tax authorities determine the amount of Tax to be paid without involving the taxpayer. In this system, the initiative is entirely in the tax authority, and all tax calculation and collection activities are in the tax authority. This system works well when the controller and the crowd meet their needs.

## 3. Withholding Tax

Withholding Tax is a system that gives taxpayers the right to deduct several taxes payable to third parties. For more details, tax calculation, withholding, payment, and tax reporting are delegated by the government to third parties (semi-self-assessment).

### **2.1.5.6 Tax Collection Procedures**

According to Mardiasmo (2011), states that this can be done based on 3 Stelsel:

1. Real Stelsel, Since taxation depends on the subject (real revenue), collection can only be made at the end of the tax year after the actual revenue is known.
2. Stelsel assumption (fictitious system). Withholding taxes are based on statutory assumptions. For example, at the beginning of the tax year, the amount of Tax for the current tax year can be determined because annual revenue is equalized to the previous year.
3. Mixed set. This Stelsel is a combination of the original Stelsel and the supposed Stelsel. At the beginning of the year, the amount of Tax is calculated based on assumptions, and at the end of the year, the amount of Tax is adjusted to the actual situation. If the actual tax amount is higher than the assumed tax amount, the taxpayer must add it up. However, if the surplus is small, it can be recovered.

### **2.1.5.7 Tax Collection Terms**

So that tax collection does not cause obstacles or obstacles, tax collection must meet the following requirements (Mardiasmo, 2013):

1. According to the legal subject, tax collection must be fair ( equity requirements).

That is, the embodiment of justice, law, and the implementation of exaltation must be fair. Fair in law, including taxation in general, and fair according to each ability. Its implementation must be fair by giving taxpayers the right to submit complaints to the Tax Inspectorate.

2. Judicial Requirements

Tax collection must comply with Article 23(2) of the 1945 Constitution. This ensures that the State and its citizens have laws that uphold strict justice.

3. Economic terms

Taxation should help the people's economy. That is, there should be no taxes levied if it causes paralysis of the people's economy.

4. Financial condition

Tax collection is carried out with the direction that the cost of tax collection should be, at most, the result of the collection.

5. It Must be simple

The tax collection system should be designed as simply as possible to facilitate the implementation of the rights and obligations of taxpayers.

#### **2.1.5.8 Tax Rate Concept**

Mardiasmo (2016: 11–12) clearly states that there are four tariffs, namely:

- 1) Comparable rates (proportional). Tax collection is inseparable from justice. Justice can create social balance, which is essential for the welfare of society. In setting tariffs, it must be based on fairness. The tax rate is used in the case of Tax payable (Waluyo, 2010). The rate as a percentage is fixed regardless of the amount of Tax, so the amount of Tax owed is proportional to the amount of Tax. For example, for the transportation of Taxable Goods within the customs area, a 10% Value Added Tax will be imposed.

- 2) Fixed-rate. Rate as a fixed (identical) amount for each amount taxed so that the amount of Tax payable remains constant. Example: The amount of stamp duty on checks and current accounts regardless of the nominal value.
- 3) Progressive Rates. The higher the percentage tax rate used, the higher the taxable amount. Example: Article 17 of the Domestic Taxpayer Revenue Tax Law.
- 4) Degressive tariffs, namely in the form of a certain percentage, decrease with the increased tax base.

### **2.1.6 Types of Local Taxes**

#### **a. Regency/City taxes include:**

According to (Siahaan, 2010, p. 42), Regency Tax/city Taxes :

- a. Hotel tax
- b. Restaurant tax
- c. Entertainment tax
- d. Advertisement tax
- e. Street lighting tax
- f. Tax on non-metallic minerals and rocks
- g. parking tax
- h. Groundwater Tax
- i. Wallet bird nest tax
- j. Property tax
- k. Acquisition fees on land and buildings

#### **b. Provincial Tax :**

According to (Siahaan, 2010, p. 42) about Provincial Tax.

#### **a) Motor Vehicle Tax (PKB);**

A motor vehicle tax is a tax on the ownership and control of motorized vehicles. Motorized vehicles are any wheeled vehicles and trailers that are used on all types of rural roads and are powered by technical devices in the form of engines or other devices designed to convert specific energy sources into the

driving force for affected motorized vehicles, including heavy equipment and other large equipment that uses wheels. Furthermore, machinery is in operation, and non-motorized vehicles and permanently paired vehicles operate on the water.

**b) Transfer of Ownership of Motor Vehicle (BBN-KB)**

Transfer of Ownership of Motor Vehicle is a tax on the transfer of ownership of a motorized vehicle as a result of an agreement by two parties or a unilateral act or a situation that occurs due to buying and selling, exchanging, grants, inheritance, or entry into a business entity.

**c) Motor Vehicle Fuel Tax (PBBKB)**

Motor Vehicle Fuel Tax (PBBKB) is a tax on fuel provided or used for motor vehicles such as gasoline (premium, pertamax plus, biodiesel, and other motor vehicle fuels). Until now, considering that the Indonesian State does not yet have the technological capability to explore, exploit, and process oil products and does not yet have adequate capital and human resources, oil mining companies are still being pursued in the form of cooperation with investors. Based on Law No. 22 of 2001 concerning Oil and Gas, cooperation in the form of production sharing contracts (production sharing contracts) in Exploration and Exploitation activities is more beneficial to the State, and the results are used for the greatest prosperity of the people.

PBB-KB collection is carried out by providers of motor vehicle fuel, namely producers or importers of motor vehicle fuel, both for sale and for their use. The provider of motor vehicle fuel is required to report the selling price at any time in the event of a price change. The basis for the imposition of PBB-KB is the selling value of motor vehicle fuel before it is subject to value-added Tax. PBB-KB is collected in the collection area, where the distribution agency and consumers of motor vehicle fuel are located. PBB-KB is collected at the time of the order issuance for the Release of Motorized Fuel Goods. Motor vehicle fuel providers are required

to fill out and submit a monthly SPTPD to the Governor or an appointed official no later than the fifth of the following month for the sale of motor vehicle fuel.

The motor vehicle fuel supplier is required to indicate the PBB-KB quantity on the goods release order. In addition to depositing the PBB-KB owing to the Regional Treasury through the Perception Bank or another specified location using the SSPD or an equivalent document, the motor vehicle fuel provider or the Bank is required to segregate the amount of PBB-KB at the time of payment. Each Perception Bank must have a Regional Treasury Account the Governor must open. Regional Regulation No. 3 of 2011 about the fuel tax for motor vehicles. All liquid or gaseous fuels utilized in motor vehicles are referred to as vehicle fuels, including fuel used for vehicles on water.

PBB-KB is a tax on the use of motor vehicle fuel, namely all types of liquid fuel or gas used for motor vehicles. The first time the collection of PBB-KB is regulated in Law Number 34 of 2000, the amount of PBB-KB imposed on every liter of fuel consumed by the public is 5% of the selling value before Tax. This means that for every liter of fuel purchased by the community, the local government gets 5% of the PBB-KB revenue. Then in 2011, considering that several Provincial Regions have stipulated Regional Regulations imposing Motor Vehicle Fuel Tax Rates (PBB-KB) above 5%, the government needed to adjust the PBB-KB tariff with the allocation of fuel oil subsidies (BBM) stipulated in the State Revenue and Expenditure Budget, in the context of stabilizing motor vehicle fuel prices subsidized by the government.

#### **d) Cigarette Tax**

Based on Law Number 1 of 2022 concerning Regional Taxes and Regional Taxes, Tobacco Tax is a levy on tobacco excise tax imposed by local governments related to tobacco product tax collection. The primary purpose of the tobacco tax is to protect the public from the dangers of smoking. Setting a tobacco tax at 10% of consumption makes it possible to optimize municipal

services to maintain public health. In addition, local governments must monitor tobacco in their respective regions, including the presence of illegal tobacco if at least 50% of tobacco tax revenue is used to fund public medical services and law enforcement by the authorities. With the cigarette tax, the government should optimize public health for the better.

The legal basis for the cigarette tax is Article 2, paragraph (1) of Law Number 28 of 2009 concerning Regional Taxes and Regional Levies, which includes the Provincial Tax is Cigarette Tax. Another legal foundation is the Regulation of the Minister of Finance of the Republic of Indonesia No. 102/PMK.07/2015 on Procedures for Collecting and Depositing Cigarette Taxes. This regulation is carried out in stages by taxpayers in a systematic manner.

Customers of tobacco products pay taxes. Meanwhile, taxpayers are tobacco entrepreneurs, factories, and importers who have obtained permits such as the taxable goods identification number. The central government body with the power to collect excise taxes levies tobacco and excise taxes. The State's financial sheet is credited with a percentage of the federal government's tobacco taxes in proportion to the population. The Tobacco Tax Law permits taxpayers to satisfy their tax responsibilities to specific parties through regional laws. Taxable agents may be taxed singly or jointly.

#### **e) Surface Water Tax (PAP)**

Surface water taxes are taxes imposed on surface water collection and use. Based on Law Number 3 of 2000, the Surface Water Tax was initially known as the Land and Surface Water Absorption and Utilization Tax (PPPABTAP). PPPABTAP, on the other hand, is divided into two types of taxes, namely surface water tax and water tax, according to Law No. 2009. Surface water tax is categorized as a regional tax, whereas groundwater tax is classified as a prefectural or city tax. Surface water is water above the earth's surface, excluding sea water, unless used on land. Groundwater is water found in subsurface

aquifers, including naturally occurring above-surface springs. An individual or legal entity that can collect and use surface water is the subject of a surface water tax in taxation. Surface water taxpayers, on the other hand, are individuals or legal entities who collect and use surface water. An entity is a group of people or equity participants that is an entity, whether conducting business or not and includes limited liability companies and others. Corporations or public enterprises (whether in name or form, legal entities, concierges, cooperatives, pension funds, partnerships, associations, foundations, mass organizations, socio-political organizations or other organizations, institutions, and other bodies, including collective investment schemes and other forms of regular business). An individual has revenue exceeding the Limited Taxable Revenue (PTKP) stipulated by the tax law.

#### **2.1.7 Motor Vehicle Tax**

In the Law of the Republic of Indonesia No.1 of 2022 concerning Financial Relations between the Central Government and Regional Governments. Motor Vehicle Tax, from now on abbreviated as PKB, is a tax on the ownership and control of motorized vehicles. (Law 1 of 2022) PKB subjects are individuals or entities that own and control motorized vehicles. (Law 1 of 2022) A mandatory PKB is an individual or entity that owns a motorized vehicle. Motor Vehicle Tax (PKB) rates are determined as follows:

- a) The first ownership and control of a Motorized Vehicle are set at a maximum of 1.2% (one point two percent)
- b) . Ownership and control of the second Motor Vehicle can be determined progressively at a maximum of 60% (six percent). (Law of 2022)

Especially for Regions at the same level as provincial Regions which are not divided into autonomous regency/municipal regions, the rates for PKB are determined as follows:

- a) For the ownership or control of the first Motor Vehicle, a maximum of 2% (two percent); and



- b) for ownership and control of the second Motor Vehicle and so on, it can be determined progressively at a maximum of 10% (ten percent). (Law of 2022)

The PKB rates for the ownership and control of Motorized Vehicles used for public transportation, employee transportation, school transportation, ambulances, firefighters, social religion, social and religious institutions, the Government, and Regional Government, is set at a maximum of 0.5 % (zero point five percent). (Law of 2022)

PKB rates for motorized vehicles with two or more wheels are following PERGUB 29 of 2021 as follows: (a) For private/corporate motorized vehicles, it is set at 1.5% (One Point Five Percent) of the basis for the imposition of PKB; (b). For Motor Vehicles, Public Transportation of people and goods, it is set at 1% (one percent) of the basis for the imposition of the PKB; (C) For social-religious Motorized Vehicles, ambulances, firefighters, Government/TNI/POLRI, Regional Governments it is set at 0.5% (zero point five percent) of the basis for the imposition of PKB. (Governor Regulation No.29 of 2021).

#### **2.1.8 Charges for Transferring Motor Vehicles**

In the Regulation of the Government of Kalimantan No. 29 of 2021 concerning the Basic Calculation of the Imposition of Motor Vehicle Taxes and Transfer of Ownership of Motor Vehicles in 2021, Transfer of Ownership of Motor Vehicle, from now on abbreviated as BBNKB, is Tax on the transfer of ownership of a motorized vehicle as a result of an agreement by two parties or a unilateral act or circumstances arising from buying and selling, exchanging, grants, inheritance, or entry into a business entity. BBNKB Tax Subjects are individuals or entities that own and control motorized vehicles.

According to the Governor of West Kalimantan No. 29 of 2021, the rate for the first delivery of BBNKB for two-wheeled or more motorized vehicles is set at 12.5% (twelve points five) of the NJKB or 1% (one percent) or the second

delivery of BBNKB, etc. The BBNKB tariff for motorized vehicles obtained from the results of State/Regional auctions or TNI/Polri Dumps is set at 1% (one percent) of BBNKB. The imposition of BBNKB for Motorized Vehicles for Public Transport of People is set at 30% (thirty percent) of the basis for imposing BBNKB. The imposition of BBNKB for motorized vehicles for public transportation of goods is set at 60% (sixty percent) of the basis for imposing BBNKB. The imposition of Battery-Based KBL BBNKB for people or goods is 10% (Ten percent) of the necessary imposition of BBNKB.

### **2.1.9 Surface Water Tax**

In the Law of the Republic of Indonesia No. 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments, Surface Water Tax, abbreviated as PAP, is a Tax on the taking and utilization of surface water. Or use of surface water. (Pergub No. 51 of 2021).

Surface Water Taxpayer:

(I) Compulsory PAP is an individual or entity that collects and uses surface water.

(II) Those responsible for the payment of surface

Water Tax is:

- a. the individual or the person concerned, their proxy and heirs; and
- b. for Bodies, by the management or their proxies, provided that for Bodies declared bankrupt, the curator will represent them. (Pergub No. 51 of 2021). The PAP rate is set at 10% (ten percent). (Pub No. 51 of 2021)

Basis of Imposition of Surface Water Tax:

(I) The basis for the imposition of PAP is Surface NPA.

(II) Surface NPA, as referred to in paragraph (I), is stated in rupiah which is calculated by considering as or all of the following factors:

- a. Type of water source;
- b. location of water sources;

- c. The purpose of taking and utilizing water;
- d. Volume of water taken and utilized;
- e. Water quality;
- f. The size of the area where it is taken and utilized;
- g. The environmental damage caused by the extraction and utilization of water. (Pub No. 51 of 2021)

#### Legal Basis of Surface Water Tax:

There are several legal bases for collecting Surface Water Tax, namely:

1. Law of the Republic of Indonesia Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments.
2. Regulation of the Governor of West Kalimantan Number 51 of 2021 concerning Instructions for the Implementation of the Collection of Surface Water Tax in the Province of West Kalimantan.

#### **2.1.10 Local Revenue (PAD)**

Regional Original Revenue (PAD) is the revenue obtained by the region from sources within its territory which is collected based on regional regulations by applicable laws and regulations (Halim: 2001). According to Law Number 33 of 2004 concerning Financial Balance between the Center and the Regions Article 1 point 18, Regional Original Revenue, from now on referred to as PAD, is the revenue obtained by the region which is collected based on regional regulations following statutory regulations. Regional Original Revenue (PAD) is revenue generated by the region from sources within its region, which is collected according to regional regulations following applicable laws and regulations (Halim: 2001). The main obstacle for local governments to implement regional autonomy is the lack of revenue from Regional Original Revenue (PAD). On the other hand, the low share of regional revenues gives local governments little freedom in managing regional finances. Most of the routine and development expenditures are financed from the Compensation Fund, particularly the General Allocation Fund. The low PAD of a region is not

caused structurally by the region being poor or not having potential financial sources but is caused mainly by central government policies (Firdausy, 2017). According to (Vidya, 2018), one of the sources of Regional Original Revenue (PAD) that contributes quite a lot to PAD each year is local taxes. Local taxes can contribute to PAD. This is to research conducted by (Fauziah, *et al.* (2014), (Mustoffa, 2017) and (Wahyudi, *et al.* (2020), which states that local taxes make a positive contribution to PAD. A short-term alternative to increase local government revenues is to utilize local revenues (Wijaya, *et al.* 2016). The purpose of PAD, as stated in Law 34 of 2004 concerning Regional Government Article 3, is to give authority to regional governments to fund regional autonomy through regional opportunities as a form of decentralization. The larger the region that has PAD, the greater the ability of the region to implement decentralization. (Rohmawati, 2015) also explains that the potential for regional revenue is the strength of an area to generate a certain revenue. Understanding the potential sources of local revenue requires knowledge of the evolution of several controlled (i.e., economic) and uncontrollable (i.e., economic) variables that can affect the strength of revenue sources.

#### **2.1.11 Locally Generated Revenue Source**

The increase in Regional Original Revenue (Locally Generated Revenue) must be carried out by local governments to finance their own needs so that regional government dependence on the central government decreases. In the end, the regions can become independent. Based on Law No.32 of 2004 in chapter VIII concerning Regional Finance, article 157 that Regional Original Revenue comes from:

**Local Tax Results** The results of regional taxes are local levies according to regulations established by regions for household financing as public legal entities. Local taxes are levies imposed by local governments, the results of which are used for general expenditures, which are not immediately given back services while service can enforce the implementation.

**Result of Regional Retribution** The results of regional levies are fees that have legally become regional levies as payment for usage or for obtaining services or services from work, business, or belonging to the relevant regional government. Regional levies have the characteristic that in their implementation, they are economical. There are direct rewards even though they must fulfill formal and material requirements. Still, there is an alternative whether they want to avoid paying: levies that are not prominent. In some cases, regional levies are cost refunds. which have been issued by the regional government to meet the demands of community members.

**The result of separated regional wealth management** The results of the management of separated regional assets are regional revenues derived from the management of separated regional assets. Law number 33 of 2004 classifies the types of proceeds from managing separated regional assets. They are specified according to the object of revenue which includes the share of profit on equity participation in regional-owned companies / BUMD, the share of profits on equity participation in state-owned companies / BUMN, and the share of investment profits. Capital in privately owned companies and community groups.

**Other legal Locally-Generated Revenue** Law Number 33 of 2004 explains that legitimate Regional Original Revenue is provided to regional budget revenues that are not included in the type of Tax and the results of separated regional wealth management. This revenue is also a regional revenue from other things belonging to the regional government. Law number 33 of 2004 classifies what is included in legitimate regional original revenue, including:

- a) Proceeds from the sale of regional assets that are not separated.
- b) Current account service.
- c) Interest revenue
- d) The profit is the rupiah's exchange rate against foreign currencies.

- e) Commissions, discounts, or other forms as a result of the government's sale or procurement of goods or services.

## 2.2 Empirical Studies

From this research, several previous studies are used as a reference for writing and as a comparison in developing this research. The research is as follows:

No	Researcher Name	Research Title	Research variable	Research result
1	(Wulandari, <i>et al.</i> 2022)	The Influence of Motor Vehicle Tax Revenue (PKB) and Transfer of Ownership of Motor Vehicle (BBNKB) Against Regional Original Revenue of WEST Sumatera Province	<p>a. Independent Variable (X)</p> <p>- Motor vehicle (X1) and Transfer of Ownership of Motor Vehicle (X2).</p> <p>b. Dependent Variable (Y)</p> <p>-Regional Original Revenue (Y)</p>	<p>The results of this study indicate that (1) Motor Vehicle Tax affect the Regional Original Revenue. Th</p> <p>e value of t arithmetic 10.066 evidences this &gt; t table 1.895 while for significance <math>0.000 &lt; 0.05</math>. (2) Motor Transfer of Ownership of Motor Vehicle does not affect Regional Original Revenue. This is</p>

				evidenced by the value of t arithmetic $1.329 < t_{table} 1.895$ , while for significance $0.220 > 0.05$ . (3) Motor Vehicle Tax and Transfer of Ownership of Motor Vehicle simultaneously affect Locally-generated revenue. The calculation pieces of evidence this F value $50.745 > F_{table} 4.737$ with a significance of $0.000 < 0.05$ .
2	(Azkiya and Novianty, 2020)	The Effectiveness of Surface Water Tax Revenue and Its Contribution to the Level of Regional	a. Independent Variable (X) - Effectiveness of Surface Water Tax Revenue (X1) -Contribution of Surface Water	results of this study note that the average effectiveness of surface water tax revenue is considered less effective with a value of 87% is less effective with a value

		Original Revenue in Garut Regency	<p>Tax Revenue (X2)</p> <p>b. Dependent Variable (Y)</p> <p>-Regional Original Revenue (Y)</p>	of 87%, and the contribution given by the surface water tax to local revenue is 0.001%, so it does not contribute to the level of local revenue.
3	(Savitri and Anggraeni 2021)	Analysis of the Effect of Motor Vehicle Tax and Transfer of Ownership of Motor Vehicles on Regional Original Revenue in East Java Province in 2013 - 2019	<p>a. Independent Variable (X)</p> <p>- Vehicle tax (X1)</p> <p>- Transfer of Ownership of Motor Vehicle (X2).</p> <p>b. Dependent Variable (Y)</p> <p>-Regional Original Revenue (Y)</p>	The results of this study show that the motor vehicle tax variable significantly affects original regional revenue, and the Transfer of Ownership of a Motor Vehicle has no significant effect on regional original revenue.
4	(Delima <i>et al</i> (2022)	The Effect of Surface Water Tax Revenue on Regional Original Revenue at the	<p>a. Independent Variable (X)</p> <p>- Surface Water Tax (PAP)(X)</p>	The results of this study indicate that the PAP variable with a significance value of $0.000 > 0.05$ affects PAD. The



		Regional Revenue Agency of South Sumatra Province	b. Dependent Variable (Y) -Regional Original Revenue (Y)	level value ( $R^2$ ) of 0.935 shows a strong relationship between the independent and dependent variables. Based on the discussion, this study concludes that if increase surface water tax revenue, local revenue increases. If the acceptance of PAP decreases, then PAD decreases.
5	(Karina, and Baudiarso 2016)	Analysis of the Effectiveness and Contribution of Motorized Vehicle Tax to Local Revenue of GORONTALO Province	a. Independent Variable (X) - Effectiveness of Surface Water Tax Revenue (X1) -Contribution of Surface Water Tax Revenue (X2)  b. Dependent Variable (Y)	The results showed that the motor vehicle tax revenue in Gorontalo Province was very effective, with an average percentage of 104.48%. Meanwhile, the contribution of motor vehicle tax is moderate, with an average percentage

			-Regional Original Revenue (Y) - Regional Original Revenue (Y)	of 29.64%. On the other hand, the effectiveness and contribution of motor vehicle taxes to PAD tends to decrease.
6	(Bernardin 2017)	Regional Original Revenue (PAD) Through Motor Vehicle Tax Contribution (PKB)	<p>a. Independent Variable (X) - Motor vehicle (X1) and Transfer of Ownership of Motor Vehicle (X2).</p> <p>b. Dependent Variable (Y) -Regional Original Revenue (Y)</p>	<p>The results showed an increase in Motor Vehicle Tax Contribution percentage from year to year. So that shows the performance of the provincial government of the Bandung City II Kawalayaan Region from year to year, which is increasing. Based on the results of the SPPS Test Version 23, the Motor Vehicle Tax affects the acceptance of Regional Original Revenue of 0 972. A</p>

				<p>significance level of <math>0,002 &lt; 0,05</math></p> <p>indicates that the Motor Vehicle Tax and Transfer of Ownership of a Motor Vehicle have a significant effect. then the Motor Vehicle Tax has a significant effect on Regional Original Revenue</p>
7	(Lapod <i>et al</i> (2019)	purn	<p>a. Independent Variable (X)</p> <p>- Effectiveness of Surface Water Tax Internal Control (X1)</p> <p>-Surface Water Tax Contribution (X2)</p> <p>b. Dependent Variable (Y)</p>	<p>The contribution of surface water tax to regional own-source revenue is also stated to be non-contributory because its value is relatively small compared to contributions from other taxes.</p>

			-Regional Original Revenue (Y)	
8	(Purnamawati 2021)	Motorized Vehicle Tax Contribution (PKB) and Transfer of Ownership of Motor Vehicle (BBNKB) to Regional Revenue	<p>a. Independent Variable (X) - Motor Vehicle Tax Contribution (X1) -Contribution of Transfer of Ownership of Motor Vehicle (X2).</p> <p>b. Dependent Variable (Y) -Regional Original Revenue (Y)</p>	Motor Vehicle Tax (PKB) and Motorized Vehicle Ownership Tax (BBNKB) have a significant influence on Regional Original Revenue (PAD).
9	(Anggraini <i>et al</i> 2014)	The Influence of Motorized Vehicle Tax Receipt and T Transfer of Ownership of Motor Vehicles	<p>a. Independent Variable (X) - Motor vehicle (X1) - Transfer of Ownership of</p>	The results of this study indicate that the variable Motor Vehicle Tax (PKB) had a significant effect on Local Own Revenue (PAD) in

		on Regional Original Revenue in South Sumatra Province	Motor Vehicle (X2).  b. Dependent Variable (Y) -Regional Original Revenue (Y)	South Sumatra Province in 2012- 2014, while the variable Transfer of Ownership of Motor Vehicle did not have a significant effect on Regional Original Revenue (PAD) in South Sumatra Province in 2012- 2014, and simultaneously Motor Vehicle Tax and Motorized Vehicle Title Transfer Fee had a significant effect on Regional Own Revenue in South Sumatra Province in 2012-2014
10	(Wijaya , Raharjo, Andini 2016)	The Influence of Motorized Vehicle Tax, Transfer of Ownership of Motor Vehicle,	a. Independent Variable (X) - Motor vehicle (X1) and Transfer of Ownership of	The results of the F test show that the Motor Vehicle Tax, Vehicle Customs, and Motor Vehicle Fuel Tax

		and Motorized Vehicle Fuel Tax on Local Revenue of Central Java Province	Motor Vehicle (X2).  b. Dependent Variable (Y) -Regional Original Revenue (Y)	simultaneously affect the Regional Original Revenue of the Central Java Province. This is because the significance level on the ANOVA is $0.000 < 0.05$ . At the same time, the results of the T-test calculation of each independent variable indicate that the Motor Vehicle Tax and Motor Vehicle Fuel Tax have a significant effect on Regional Original Revenue and Customs for the 2008-2014 period. Vehicles do not affect Regional Original Revenue for 2008-2014.  Furthermore, all of these variables
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				simultaneously affect local revenue.
11	(Waani,2016)	Analysis of Surface Water Tax Effectiveness and Contribution to Regional revenue of North Sulawesi Province	<p>a. Independent Variable (X) - Surface Water Tax (PAP)(X)</p> <p>b. Dependent Variable (Y) -Regional Original Revenue (Y)</p>	The Surface Water Tax in 2011 amounted to 212.59%; the lowest growth in 2015 was 37.25%. The practical surface water tax revenue level in North Sulawesi province in 2011-2015 is practical. Surface Water Tax has yet to have a significant contribution to the PAD Revenue of North Sulawesi Province.
12	(Ningsih and Rahmayati 2018)	Effects of motorized vehicle tax, motorized vehicle transfer fee tax, and motorized	<p>a. Independent Variable (X) - Motor vehicle (X1) and Transfer of Names for</p>	The results of this study indicate that the motor vehicle tax and the Motor Vehicle Name Transfer of Ownership of a

		vehicle fuel tax on local revenue of Central Java province	Motor Vehicles (X2). - motorized vehicle fuel tax (X3)  b. Dependent Variable (Y) -Regional Original Revenue (Y)	Motor Vehicle affect the original local revenue. In contrast, the motor vehicle fuel tax does not affect the original local revenue of the province of Central Java.
14.	Irawan and Suhayati, (2020)	Effect of tax revenue collection and utilization of underground water (ABT) and surface water (APER) in increasing local revenue at the Bandung Regency Revenue and Financial Management Service (DPPK)	Independent Variable (X) a. Tax on Collection (X1) b. Utilization of Underground Water and Surface Water (X2)  Dependent Variable (Y) -Regional Original Revenue (Y)	Based on the research results, tax revenue collection and utilization of underground water and surface water on a substantial Original Regional revenue, tax revenue collection and utilization of groundwater and surface water large enough tax revenue collection and utilization of



				underground water affect surface water.
15	Setiawan & Isporima (2021)	The Influence of Motorized Vehicle Tax Receipt and Transfer of Motorized Vehicle Ownership Fees on Regional Original Revenues of West Java Province for the 2013 - 2019 Period	<p>a. Independent Variable (X)</p> <p>- Motor vehicle (X1)</p> <p>- Transfer of Ownership of Motor Vehicle (X2).</p> <p>b. Dependent Variable (Y)</p> <p>-Regional Original Revenue (Y)</p>	Transfer Fee for Motorized Vehicles has a partial but not significant effect on Local Own Revenue as evidenced by the results of the t-count test which is smaller than t-table ( $0.699 < 2.312$ ) with a significance ( $0.540 > 0.050$ ).

## 2.3 Conceptual Framework and Research Hypotheses

### 2.1.1. Conceptual Framework

Regional Tax and Retribution Management and Administration are responsible for assisting the Governor in carrying out functions to support state affairs as a regional government, coordinating, operating, monitoring, evaluating, and controlling the implementation of Tax and Retribution Administration policies, and processing documents and data to improve and develop policies following regional tax and retribution management standards. Sources of regional revenue in the implementation of decentralization are regional original revenues, compensation funds, regional loans, and other legal revenues. To increase own-source revenue (PAD), local governments need to increase local-

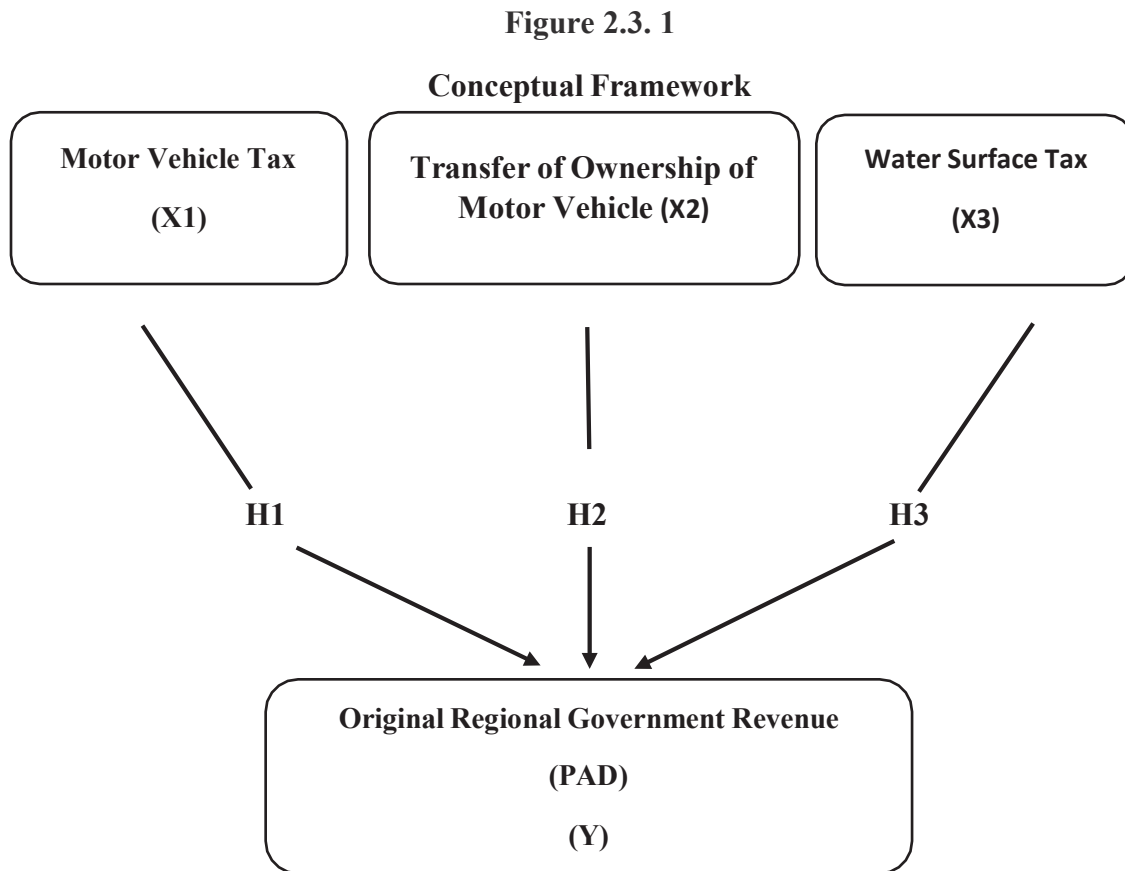
source revenue (PAD). The influence of motorized vehicle tax (PKB), Transfer of Ownership of Motor Vehicle (BBN-KB), and surface water tax (PAP) on regional original revenue (PAD) is an important indicator that is assessed as the level of government independence in the financial sector. Regional taxes requested include Motor Vehicle Tax (PKB), Transfer of Ownership of Motor Vehicle Fee (BBN-KB), and Surface Water Tax (PAP), all of which will affect Regional Original Revenue (PAD) because PAD is derived primarily from Regional taxes, regional levies, separated management results, and other legal PAD.

Nationally the number of motorized vehicles increases every year, especially motorcycles. Based on data from the combined Indonesian motorcycle industry (AISI) (Rompis et al., 2015), The population of motorized vehicles in Indonesia reached 50,824,128 units in 2010 and increased by 25% to 63,530,160 units in 2014. Thus, increasing the use of motorized vehicles in the community will have an impact and provide an opportunity for regional revenues originating from motorized vehicle taxes (PKB). In West Kalimantan Province, the increasing number of motorized vehicles means that more and more people are paying Motor Vehicle Tax (PKB) Transfer of Ownership of Motor Vehicle (BBNKB). However, many taxpayers need to pay the required taxes, causing tax arrears that need to be realized.

In the surface water tax collection mechanism, if the actual surface water tax is greater than the target set, it means that the surface water tax can increase regional revenues. The actual amount of the first surface water tax is compared to the surface water tax target set by BAPENDA West Kalimantan Province and vice versa. Regional revenue will only be maximized if the surface water tax realization exceeds the target.

The Conceptual Framework describes the relationship between the Free (Independent) Variable from this study, Motor Vehicle Tax (X1), Transfer of Ownership of Motor Vehicle (X2), and Surface Water Tax (X3), for the

Dependent Variable (Dependent) of this Research is revenue Original Area (Y).  
The Conceptual Framework in this study is as follows:



**Note:**  (Parcial Influenced )

### 2.3.1 Research Hypothesis

A hypothesis is an opinion, statement, or conclusion that is missing, unfinished, or still in its infancy. A hypothesis is an empirical test, a provisional answer, or a quick answer to a research question that requires a hypothesis that needs to be tested for truth. A hypothesis is an idea to find facts that need to be gathered. A hypothesis is a tentative statement or a statement that is unlikely to

have been discovered yet. Referring to the formulation of the problem, research, and previous framework, the hypotheses proposed in this study are:

#### **2.3.1.1 Effect of Motorized Vehicle Tax on Regional Revenue of West Kalimantan Province.**

Motorized vehicles always increase yearly, which will also affect the receipt of motorized vehicle tax. Motor Vehicle Tax (PKB) is one of the taxes that contributes the most to financing community development in West Kalimantan and almost all provinces. This is because the PKB sector provides a sizeable contribution to local revenue. Therefore, revenue from the PKB sector must be optimized through efforts to increase it and various initiatives that can increase revenue from this sector, such as minimizing vehicle tax arrears. Motorized Vehicle Tax (PKB) is a tax that makes the most significant contribution to Regional Original Revenue compared to the other four types of provincial taxes. So if the receipt of Motor Vehicle Tax is high or large, the West Kalimantan Regional Original Revenue will also be more significant. Wahidah & Sorong (2018); Wulandari *et al* (2022); Wijaya, Raharjo, & Andini (2016); Anggraini, *et al.* (2014); Ningsih & Rahmayati (2018) that the contribution of Motorized Vehicle Tax (PKB) to Regional Original Revenue (PAD) period was outstanding. With this description, the following hypothesis can be formulated.

**H1 : Motor Vehicle Tax (PKB) has positif affect to increase the Regional Original Revenue of West Kalimantan Province.**

#### **2.3.1.2 Transfer of Ownership of Motor Vehicle to Regional Original Revenues of West Kalimantan Province.**

Transfer of Ownership of Motor Vehicle Names is a process of transferring ownership of a motorized vehicle from the first owner to the second owner, and so on. The Transfer of Ownership of Motor vehicles is also expected to contribute to Regional Original Revenue. The Transfer of Ownership of Motor Vehicles positively contributes to Regional Original Revenue. Islami &

Rahmawati (2020); Purnamawati (2021); Savitri & Anggraeni (2021); Kusuma, Raharjo, & Andini (2016); Setiawan & Isporima (2021) , Transfer of Ownership of Motor Vehicle should be maximized to increase local revenue. If the revenue is good, then government spending, public facilities, services, and the needs of the people of West Kalimantan Province will also be well met. Whereas in Wulandari *et al* (2022) the result show that The Transfer of Ownership of a Motor Vehicle Tax does not affect to Original Regional Revenue. With this description, the following hypothesis can be formulated.

**H2 : Transfer of Ownership of Motor Vehicle (BBN-KB) affects to increase the Regional Original Revenue of the Province of West Kalimantan.**

### **2.3.1.3 Surface Water Tax on Regional Original Reenue of West Kalimantan Province.**

Companies that develop in West Kalimantan are required to pay a Surface Water Tax if they use surface water for the company's benefit. If the Surface Water Tax revenue increases, the greater the Regional Original Revenue Revenue of West Kalimantan Province. In addition to surface water used for daily basic needs and people's agricultural interests in the irrigation system, a surface water tax collection rate will be imposed. Research conducted by Azkiya & Novianty (2020). Waani, (2016); Lapod, Tinangon, & Heince, (2019) state that receiving the Surface Water Tax are considered less effective, so the Surface Water Tax does not contribute to the Original Revenue. The opposite to the research conducted by Suhayati & Irawan (2011) & Delima *et al.* (2022) It was stated that Surface Water Tax significantly influences Regional Original Revenue. With this description, the following hypothesis can be formulated.

**H3 : Surface Water Tax (PAP) does not affect to increase the Regional Own Revenue of West Kalimantan Province.**