



THE INFLUENCE OF THE EFFECTIVENESS AND CONTRIBUTION OF LAND AND BUILDING TAXES ON THE REGIONAL INCOME OF SURABAYA (EMPIRICAL STUDY: ON THE REGIONAL REVENUE AGENCY OF THE CITY OF SURABAYA, 2018-2022)

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Abstract

This research aims to test and prove the extent to which the effectiveness of Land and Building Tax revenues affects the Regional Original Income of the City of Surabaya during the 2018-2022 period. This type of research is quantitative research. The population and sample of this research are a Report on the Realization of Regional Original Income and a Report on the Realization of Regional Taxes for the City of Surabaya from 2018 to 2022. The data analysis technique used is Statistical Package for Social Science (SPSS) software as well as hypothesis testing with the t-test, F test, and coefficient of determination. The results of this research show that the effectiveness of Land and Building Tax has an influence on the Original Regional Income of the City of Surabaya in 2018-2022, while the contribution of Land and Building Tax has no influence on the Original Regional Income of the City of Surabaya in 2018-2022.

Keywords: Land and Building Tax, Effectiveness, Contribution.

INTRODUCTION

Development, both at the national and local levels, is currently carried out with the main portion given to increasing the welfare and prosperity of society. It is in accordance with the Indonesian spirit reflected in the 1945 Constitution, which emphasizes the importance of "increasing general welfare." Therefore, development at the regional level is considered an element that cannot be separated from national development. The focus of regional development is directed at involving community participation in managing local potential, with a focus on increasing economic development and creating new jobs for residents. It cannot be denied how important sources of funds are in running government and supporting development at the regional level. One source of funds that is very vital in supporting the smooth development and implementation of government duties is Regional Original Income, which comes from regional taxes.(Chandra et al., 2020).

According to law Number 28 of 2009, Regional Taxes and Regional Levies are the two main sources of Regional Original Income. Surabaya City PAD comes from various sources. One important component of PAD that makes a significant contribution to regional financing is regional taxes. Several types of Regional Taxes that are part of PAD sources include hotel tax, restaurant tax, entertainment tax, advertising tax, street lighting tax, parking tax, groundwater tax, land and building tax, as well as fees for the acquisition of land and building rights. Apart from that, there are also regional levies, separate regional management, and various other legitimate sources of PAD.

Table1: Report on the Realization of the Regional Original Revenue Budget for the City of Surabaya 2018-2022

Year	PAD targets	Realization of PAD	%
2018	4,758,967,236,960.00	4,973,031,004,727.10	104.50%
2019	5,234,687,226,266.00	5,381,920,253,809.67	102.81%
2020	5,035,094,239,075.00	4,289,960,292,372.98	85.20%
2021	5,322,810,142,550.00	4,727,280,629,669.69	88.81%
2022	6,316,345,973,654.00	5,314,695,257,794.40	84.14%

Source: Surabaya City Government Budget Realization Report (2024)

Based on the data in the table regarding planned and achieved PAD from 2018 to 2022. Starting in 2018, the PAD target was set at 4,758,967,236,960, and the realization achieved was 4,973,031,004,727.10. Likewise, in 2019 with a target of 5,234,687,226,266, the target could be achieved with a realization of 5,381,920,253,809.67. Meanwhile, in 2020-2022, local original income has not yet reached the target. From this description, the realization of PAD in the City of Surabaya still has not reached the budget target set by the government. It indicates that there are fluctuations in the achievement of PAD in the city of Surabaya, with the possibility of an increase or decrease.

Based on information from detikjatim.com, in an interview with the Head of the Regional Revenue Agency (BAPENDA), it was stated that the largest contribution to regional taxes came from PBB and BPHTB, which contributed 50% of the total tax realization. PBB has a large influence on local tax contributions. It is in line with information that states that PBB, together with BPHTB, contributes 50% of the total realization of regional taxes in the city of Surabaya. (Widiyana, 2022).

When analyzing regional tax revenues, it is important to consider the effectiveness aspect by comparing targets and realization. It allows regional tax staff to assess regional tax target-setting policies, especially in relation to PBB. It is necessary to pay attention to the level of PBB contribution to PAD because local taxes have a significant role in contributing to total PAD revenue. If contributions are deemed less than optimal, steps can be taken to increase revenues, especially in the case of PBB contributions. This research aims to understand the extent to which PBB's effectiveness and contribution influence PAD in the city of Surabaya.

In this research, the focus is on PBB in the City of Surabaya for the 2018-2022 period. The selection of this research object was based on the lack of achievement of the PAD target in the government budget, as well as the significant role of the PBB, which contributed as much as 50% of the total tax realization. With variations in the results of previous research regarding the impact of effectiveness and contribution to PAD, as well as the phenomena that occur, researchers want to explore information on the extent to which PBB's effectiveness and contribution influence Surabaya City PAD.

Several previous studies that can be used as sources of information and objects of study are related to this research, such as research conducted by Permatasari & Wicaksono (2022). The title of this research is "Effectiveness and Contribution of Rural and Urban Land and Building Taxes to Original Regional Income of Ponorogo Regency." The research results show that the level of effectiveness in collecting PBB-P2 is very high, indicating the success of Ponorogo Regency in achieving and exceeding the PBB-P2 revenue target. However, analysis of the PBB-P2 contribution ratio from 2018 to 2020 shows a fairly low figure, indicating that this contribution is still relatively low in the context of overall regional income.

Other research & Andhaniwati (2023) with the title of this research is "Effectiveness and Contribution of Rural and Urban Land and Building Taxes to Original Regional Income of Bojonegoro Regency 2018-2022". The research results show that the effectiveness of PBB collection in certain years reached the "very effective" criteria, although there were fluctuations in the percentage of effectiveness. However, PBB's contribution to Bojonegoro Regency's PAD is considered "very underdeveloped."

There is also research available Rahmawati et al. (2022). The title of this research is "The Influence of the Effectiveness and Contribution of Parking Tax on Original Regional Income of the City of Bandung." The research results show that the effectiveness and contribution of parking taxes significantly influence the PAD of Bandung City.

THEORETICAL BASIS

Theory of Absolute Obligation or Theory of Service

This theory is rooted in the Organische Staatsleer concept, which states that due to a country's characteristics, there is an absolute right to collect taxes. Humans do not exist in isolation; without community, individuals would not exist. Thus, the community (which is transformed into a state) has rights over these individuals. Finally, every individual realizes that it is an absolute obligation to show their devotion to the country through paying taxes (Official, 2019).

Tax

According to Erica (2021), Taxes are a form of revenue and a source of income for the state that plays a significant role in contributing to state income. Taxes are also contributions that are required directly or indirectly to society without receiving direct compensation and are used to fund state activities.

property tax

Land and building tax is a type of tax imposed by the government on land and building properties in accordance with the provisions contained in Law Number 12 of 1985 concerning PBB, which has changed as regulated in Law Number 12 of 1994.

Locally-generated revenue

According to Anasta and Nengsih (2019), PAD is all revenue obtained by a region from economic sources originating from that region. The function of PAD is to provide authority to regional governments to finance the implementation of regional autonomy in accordance with regional potential as part of decentralization.

Effectiveness

According to Rahmawati & Suryadi (2019), effectiveness is how well an activity achieves the stated goals or produces the desired impact as a result of the activity. The greater the impact of results on goal achievement, the more effective the organization, program, or activity.

Contribution

According to Towards et al. (2019), In its concept, a contribution is defined as a form of donation that can be in the form of material (money) that supports or makes a contribution. Thus, contribution refers to efforts to provide support or donations, especially in the context of certain activities.

METHOD

The research method used is quantitative. As explained by Sugiyono (2019: 16-17), this approach is rooted in the philosophy of positivism, which aims to investigate a specific population or sample. Data collection was carried out through the use of research instruments, and data analysis was carried out quantitatively, with the aim of testing the hypotheses that had been formulated. Secondary data sources in this research include the Regional Tax Realization Report and the Surabaya City Regional Original Income Realization Report for the 2018-2022 period, which were obtained from the Surabaya City Regional Revenue Agency.

Independent Variable

Independent variables are factors that influence or cause changes or the emergence of dependent (dependent) variables (Sugiyono, 2019: 69). The independent variables used are the effectiveness of land and building tax (X1) and the contribution of land and building tax (X2).

Effectiveness of Land and Building Tax (X1)

$$\text{UN effectiveness} = \frac{\text{Realisasi Penerimaan PBB}}{\text{Target Penerimaan PBB}} \times 100\%$$

Source: Halim (2012)

Land and Building Tax Contribution (X2)

$$\text{UN contribution} = \frac{\text{Realisasi Penerimaan PBB}}{\text{Realisasi Pendapatan Asli Daerah}} \times 100\%$$

Source: Halim (2012)

Dependent Variable

The dependent variable is an element that is influenced by or results from the independent variable (Sugiyono, 2019: 69). In this research, the dependent variable that is used as a focus is Regional

Original Income (PAD) (Y).

Sample Determination Technique

According to Hardani et al. (2020: 361), population refers to the entire group or research object consisting of subjects or objects that are the data source and have certain characteristics in the research. The total population in this research is 600 data points, consisting of the Regional Original Income Realization Report and the Regional Tax Realization Report for the City of Surabaya from the period 2018 to 2022.

This research uses a non-probability approach with a purposive sampling method. This approach was chosen with the aim of obtaining a sample that is consistent with the criteria used. In this research, the sample criteria set are:

1. The data comes from the Surabaya City Regional Revenue Agency, which is complete and can be observed for five years, namely the 2018-2022 period.
2. Have complete data related to the variables used in the research.

Table 2: Table of Research Sample Selection Criteria

No	Research Sample	Amount
1	The data comes from the Surabaya City Regional Revenue Agency, which is complete and can be observed for five years, namely the 2018-2022 period.	600
2	Have complete data related to the variables used in the research.	(480)
	A total sample of observations	120

Source: Researcher (2024)

Based on the criteria table, a sample consisting of 120 data was obtained, which was collected during an observation period of 5 years. In this research population, there was a total of 600 data, but only 120 data met the criteria that had been determined during the period 2018 to 2022, which was then used as the sample in this research. The techniques used to analyze data and test hypotheses involve the use of software as a tool in data processing. The software used is the Statistical Package for Social Science (SPSS).

RESULTS AND DISCUSSION

Effectiveness of Land and Building Tax in the City of Surabaya

The following is PBB data for the City of Surabaya for 2018-2022.

Table 3: Effectiveness of Surabaya City Land and Building Tax 2018-2022

Year	Land and Building Tax Target	Realization of Land and Building Tax	Effectiveness	Criteria
2018	1,054,293,324,370	1,164,835,031,952	110.48%	Very effective
2019	1,250,606,018,917	1,249,985,991,928	99.95%	Effective
2020	1,247,831,705,255	1,264,025,489,011	101.30%	Very effective

2021	1,274,179,517,402	1,273,872,131,754	99.98%	Effective
2022	1,469,595,742,368	1,382,729,764,597	94.09%	Effective

Source: Regional Revenue Agency (2024)

The table above shows that land and building tax revenues have experienced growth for five consecutive years. Starting from IDR 1,164,835,031,952 in 2018 to reaching IDR 1,382,729,764,597 in 2022. The percentage increase also fluctuates, with the lowest being 94.09% and the highest reaching 110.48%.

Contribution of Land and Building Tax in the City of Surabaya

The following is a table showing the contribution of PBB revenue to Surabaya City PAD in 2018-2022:

Table 4: Contribution of Land and Building Tax to Surabaya City Regional Original Income 2018-2022

Year	Realization of Land and Building Tax	Realization of Regional Original Income	Contribution	Criteria
2018	1,164,835,031,952	4,973,031,004,727	23.42%	Currently
2019	1,249,985,991,928	5,381,920,253,810	23.23%	Currently
2020	1,264,025,489,011	4,289,960,292,373	29.46%	Currently
2021	1,273,872,131,754	4,727,280,629,670	26.95%	Currently
2022	1,382,729,764,597	5,314,695,257,794	26.02%	Currently

Source: Regional Revenue Agency (2024)

Based on the table above, it can be seen that land and building taxes made the largest contribution in 2020, with a percentage of 29.46%. The lowest contribution occurred in 2019. However, the average contribution of land and building tax to Surabaya City Regional Original Income is around 20%.

Normality test

Table 5: Normality Test Results

One Sample Kolmogorov-Smirnov Test

Asymp value. Sig. (2-tailed)	Provision	Information
,082	>0.05	Normally distributed data

Source: Data processed with SPSS

Based on the table above, the results of the normality test using the One-Sample Kolmogorov-Smirnov Test method show the Asymp Sig value. (2-tailed) of 0.082. Because this value is greater than 0.050, it can be concluded that the data has a normal distribution.

Multicollinearity Test

Table 6: Multicollinearity Test Results

No.	Independent Variable	Tolerance Value	VIF	Information
1.	UN Effectiveness (X1)	,541	1,850	Multicollinearity does not occur
2.	PBB Contribution (X2)	,541	1,850	Multicollinearity does not occur

Source: Data processed with SPSS

From these data, the multicollinearity test results show a Tolerance value of 0.541 and a VIF value of 1.850. It indicates that the Tolerance value is greater than 0.10 and the VIF value is smaller than 10. Therefore, there is no multicollinearity problem between the independent variables.

Autocorrelation Test

Table 7: Autocorrelation Test Results

Durbin Watson	Autocorrelation Testing	Provision	Information
1,878	1.6518<1.878<2.3482	dU<d<4-dU	No Autocorrelation

Source: Data processed with SPSS

Based on the table above, the Durbin-Watson (DW) value is 1.878. Next, we can calculate the values from the Durbin-Watson table, namely $dL = 1.5144$, $dU = 1.6518$, and $4-dU = 2.3482$. With a DW value that is between dU and $4-dU$, namely $1.6518 < 1.878 < 2.3482$, it can be concluded that there is no autocorrelation.

Heteroscedasticity Test

Table 8: Heteroscedasticity Test Results

No.	Independent Variable	Sig value.	Provision	Information
1.	UN Effectiveness (X1)	,090	>0.05	Didn't happen. Heteroscedasticity
2.	PBB Contribution (X2)	.404	>0.05	Didn't happen. Heteroscedasticity

Source: Data processed with SPSS

Based on the table above, the results of the heteroscedasticity test using the Spearman Rank

method show a significance value for variable X1 of 0.090 and a significance value for variable X2 of 0.404. Both significance values are greater than 0.05. Thus, it can be concluded that the data show no symptoms of heteroscedasticity.

Multiple Linear Regression Testing

Table 9: Multiple Linear Regression Test Results

Variable	Regression Coefficient
(Constant)	26,518
UN Effectiveness (X1)	,027
PBB Contribution (X2)	-.002

Source: Data processed with SPSS

From the regression data presented above, the multiple linear regression equation can be expressed as follows:

$$Y = 26.518 + 0.027X_1 - 0.002 X_2 + e_i$$

By using the multiple linear regression equation above, the constant value obtained is 26,518 shows that when all independent variables have a value of 0 or constant, the PAD value will increase by 26,518. A value of 0.027 with a positive direction indicates that if the effectiveness variable (X1) increases by one unit, then the PAD variable (Y) will increase by 0.027. Conversely, if the effectiveness variable (X1) decreases by one unit, then the PAD variable (Y) will decrease by 0.027 assuming that the contribution variable (X2) is constant. The regression coefficient value of the contribution variable is -0.002 in a negative direction, indicating that if the contribution variable (X2) increases by one unit, then the PAD variable (Y) will decrease by -0.002. On the other hand, if the contribution variable (X2) decreases by one unit, then the PAD variable (Y) will increase by 0.002, assuming that the effectiveness variable (X1) is constant.

Model Fit Test (F Test)

Table 10: F Test Results

Model	Calculated F value	Sig.
Regression	17,545	,000

Source: Data processed with SPSS

Based on the results of data processing, a significance value of 0.000 was obtained, which is smaller than the specified significance level, namely 0.05. The results of this analysis are strengthened by comparing the calculated F value with the F table value. With the values $df(n_1) = k - 1 = 3 - 1 = 2$, and $df(n_2) = n - k = 60 - 3 = 57$, and a significance level of 0.05, the F table value is 3.16. It is known that the F count value is greater than the F table value ($17.545 > 3.16$), and the Sig. 0.000, which is also

smaller than the specified significance level (0.05). Thus, it can be concluded that the results of the regression equation obtained in this research are suitable for use.

Partial Test (t-Test)

Table 11: t-test results

Independent Variable	Calculated t value	Sig.
UN Effectiveness (X1)	4,818	,000
PBB Contribution (X2)	-.731	,467

Source: Data processed with SPSS

The results of the t-test were carried out to determine whether each independent variable used in this study influenced real blood income separately. The table value is determined by $k = 3$, $n = 60$, and $df = n - k = 60 - 3 = 57$, so that the value $t\text{-table} = 2.00247$ is obtained. It can be concluded that the value of the Land and Building Tax Effectiveness t Test has a significant value of 0.000, which means it is smaller than 0.05. The t-count value for the PBB effectiveness variable is 4,818, with a positive regression coefficient value. It shows that the effectiveness of the Land and Building Tax has a significant effect on the Original Regional Income of the City of Surabaya for 2018-2022. The value of the t-test for Land and Building Tax Contribution has a significant value of 0.467, which means it is greater than 0.05. The t value for the Land and Building Tax contribution variable is -0,731 with a negative regression coefficient value, which indicates that the contribution of land and building tax has an inverse relationship with local original income. It shows that the Land and Building Tax Contribution does not have a significant effect on the Original Regional Income of the City of Surabaya for 2018-2022.

Test Coefficient of Determination (R2)

Table 12: Coefficient of Determination Results

R. Square	Adjusted R Square
,381	,359

Source: Data processed with SPSS

The coefficient of determination R Square (R^2) is 0.359, or 35.9%. It means that the independent variables in this study explain around 35.9% of the variation in the dependent variable, while the remaining 64.1% is influenced by other variables not studied.

The Effect of Land and Building Tax Effectiveness on Original Regional Income

The research results show that the effectiveness of Land and Building taxes influences Regional Original Income due to the consistent increase in the realization of Land and Building Tax revenues from year to year. This increase can be attributed to the regular evaluation carried out by the Surabaya

City Government of the PBB collection process. Thus, continuous growth in the number of PBB each year can be a significant contributor to Regional Original Income.

This research is in line with the findings expressed by Rudiana & Fadjar (2023), which confirms that the variable Effectiveness of Land and Building Tax on Original Regional Income has a positive influence on the receipt of Original Regional Income.

The Influence of Land and Building Tax Contribution on Original Regional Income

From the results of the research that has been carried out, the Land and Building Tax Contribution variable shows that it does not affect Original Regional Income. Even though PAD has experienced increases and decreases over the last five years, the average contribution of land and building tax to original regional income has reached around 20% with a moderate criteria level. Although PBB realization continued to increase from 2018 to 2022, in 2019, 2021, and 2022, this realization did not reach the set target. Surabaya City's Original Regional Income consists of various sources of income such as regional levies, results from the management of separated regional assets, and others. Land and Building Tax is only a small component of total PAD, so its contribution is not large enough to affect total PAD.

The results of this study are in line with the findings reported by Rudiana & Fadjar (2023), which shows that the contribution of Land and Building Tax does not influence Original Regional Income.

CONCLUSION

Based on the data analysis and hypothesis testing that has been carried out, conclusions can be drawn that the effectiveness of the Land and Building Tax has an influence on the Original Regional Income of the City of Surabaya for 2018-2022. Meanwhile, the Land and Building Tax Contribution has no influence on the Original Regional Income of the City of Surabaya for 2018-2022. Based on the conclusions from the research results, the suggestion put forward is that the Surabaya City Regional Revenue Agency is expected to routinely carry out tax outreach, both through social media, which is often used by the public, and through direct counseling. It aims to increase public knowledge about the importance of paying taxes. Apart from that, the Regional Revenue Agency is also expected to continue to explore potentials that can increase Land and Building Tax revenues so that they can achieve the targets that have been set.

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