ANALYSIS OPTIMALIZATION OF BPHTB TAX POLICY TO BOOST LOCAL REVENUE

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Abstract

This study examines the challenges in managing the Land and Building Rights Acquisition Fee (BPHTB) tax in Sumedang Regency, with a focus on improving the accuracy of target setting and enhancing administrative efficiency. The research aims to evaluate the BPHTB target-setting system and revenue realization, providing policy recommendations to improve effectiveness and transparency. Using a qualitative descriptive approach, data were gathered through literature reviews, interviews with key stakeholders such as the BPD and PPAT, and observations of current practices. The results indicate that BPHTB targets often fail to align with actual economic conditions due to inaccurate data and the limited application of relevant indicators, which hinders optimal revenue generation. The study suggests revising BPHTB rates and Non-Tax Object Selling Price thresholds based on economic growth benchmarks, adopting a data-driven planning system, and strengthening coordination among BPN, PPAT, and BPD. Proposed incentives and enhanced capacity for tax administration are expected to increase taxpayer compliance and optimize revenue collection. This research highlights the importance of improving target-setting processes and tax administration to enhance fiscal sustainability in Sumedang Regency.
Keywords : BPHTB, Tax Policy, Revenue.

1. INTRODUCTION

The Land and Building Acquisition Fee (BPHTB) is a regional tax imposed on the acquisition of land and building rights through various mechanisms such as sale and purchase, grants, or inheritance. The tax is determined by the transaction value or the higher sale price of the property, after subtracting the Non-Taxable Object Acquisition Value (NPOPTKP), with a 5% rate. BPHTB serves as a key source of Local Revenue (PAD), contributing to regional development financing and promoting fiscal autonomy in accordance with Law No. 32 of 2004 on Regional Autonomy.

However, according to research by Marlon Gustia (2016), there is a regulatory discrepancy between Regional Regulations and Regulation of the Minister of State for Agrarian Affairs/Head of BPN Number 3 of 1997 which causes obstacles in the implementation of BPHTB, especially in the initial land registration process. The ambiguous regulation leads to confusion among the public and relevant parties, such as land offices and notaries, creating potential legal uncertainty and hindering the community's ability to fulfill their tax obligations. This regulatory inconsistency not only impacts the administrative process, but also creates legal uncertainty that hinders property investment and development. This causes people to hesitate to conduct land transactions and registration, so that regional economic activity declines. Land rights

conflicts are also increasing, exacerbating social inequality and reducing public trust in the government (Marlon Gustia, 2016).

Suryanto et al. (2017) It was noted that the self-assessment system in BPHTB, which grants taxpayers the responsibility to calculate their own tax obligations, poses a considerable challenge. Many taxpayers report transaction values lower than the actual value, so that revenue targets are often not achieved even though there is an increasing trend every year. Low market price transparency and taxpayer awareness are the main inhibiting factors in optimizing BPHTB revenue. According to Resmi (2017), the self-assessment system gives taxpayers full freedom in tax reporting, but the tendency to report lower transaction values in order to reduce the tax burden results in inaccurate data and suboptimal potential for regional tax revenue. In addition, the lack of public access and understanding of property market values worsens this condition, so that BPHTB revenue is not optimal.

Sumedang Regency Regional Regulation Number 1 of 2024 regulates in detail the provisions on regional taxes, including BPHTB with a rate of 5% of the transaction value after deducting NPOPTKP. This regulation aims to strengthen PAD through optimization of fair tax collection and support fiscal independence in the era of regional autonomy. However, practices in the field show various obstacles in achieving revenue targets.

Sumedang Regency BPHTB revenue data from 2018-2024 shows significant fluctuations, with inconsistent target achievement. The decline in revenue in 2019 and 2020, which was partly influenced by the COVID-19 pandemic, indicates fundamental problems in administrative procedures and public awareness (Sari, 2020). Recovery in revenue in subsequent years shows potential for improvement, but still requires effective policy intervention. Other significant issues include the capacity of human resources, coordination among institutions like the National Land Agency (BPN), Land Deed Officials (PPAT), and Regional Revenue Agencies (BPD), as well as the limited use of information technology (Wijaya & Kartika, 2021; Pratama et al., 2022). Insufficient public education and outreach further hinder taxpayer compliance, resulting in suboptimal revenue realization. Studies by Prihandini & Cahyarini (2023) and Rini & Arpangi (2023) highlight the critical role of PPAT in ensuring legal certainty and supporting BPHTB tax administration. However, challenges in the deed-making process, a lack of public awareness, and inadequate technical facilities remain significant barriers. To address these issues, enhancing socialization efforts, streamlining procedures, and strengthening the capacity of PPAT are essential strategies to improve BPHTB revenue performance and foster regional fiscal autonomy.

Table 1. Target, Realization and Achievement of BPHTB Tax in Sumedang Regency

Year	Years	Realization	Achievement
2018	43.500.000.000,00	49.724.924.345,00	114,31
2019	52.236.033.024,42	33.075.987.775,00	63%
2020	32.391.314.828,06	24.819.183.533,00	77%
2021	24.305.426.433,87	32.723.978.038,00	135%
2022	33.931.492.827,60	35.952.990.533,00	106%
2023	37.862.094.330,30	37.131.397.428,00	98%

2024	39.103.074.631,43	44.276.872.814,00	113%

Note: Realization in 2024 until December 10, 2024

2. LITERATURE REVIEW

Stakeholder Theory, when applied to the management of BPHTB tax, emphasizes the importance of considering all parties involved in the tax process. The government, including local authorities such as BAPENDA (Regional Revenue Agency) and BPN (National Land Agency), plays a key role in formulating policies, regulations, and ensuring the collection of BPHTB. Their responsibility lies in ensuring the tax system is transparent and that accurate data is used for setting and collecting taxes (Wahyuni, 2021). Taxpayers, particularly property buyers, are directly impacted as they are required to pay BPHTB based on the acquisition value. Ensuring they are well-informed about their obligations helps improve compliance (Sari, 2020). The PPAT (Land Deed Officials) are crucial intermediaries who handle the legal documentation and ensure taxes are calculated and reported correctly (Setiawan, 2022). Lastly, BPD, as the oversight body, works to enhance the efficiency and coordination among stakeholders, improving BPHTB revenue collection (Hidayati, 2020). The public, including property developers, also contributes indirectly, as their understanding and compliance can influence tax revenue and regional development. By addressing the interests of all stakeholders, BPHTB administration can be optimized for better fiscal management and transparency.

Signalling Theory can be applied to BPHTB tax management, highlighting the role of communication between government bodies, taxpayers, and other stakeholders. According to Signalling Theory, one party (the sender) conveys information to another (the receiver) in a way that helps reduce uncertainty and signal its intentions or quality. In the context of BPHTB, the government uses clear communication of tax policies, deadlines, and requirements to signal the legitimacy and transparency of the tax system (Johnson & Smith, 2020). The taxpayers respond by adjusting their behavior according to the signals they receive, such as the introduction of new tax rates or changes in property valuation thresholds. For instance, signaling clear and fair tax rates and practices helps ensure higher compliance from property buyers and sellers (Setiawan, 2021). Additionally, PPATs (Land Deed Officials) act as intermediaries that pass on accurate information regarding tax liabilities to the buyers, helping in reducing information asymmetry and signaling transparency in land transactions (Sari, 2020). By using Signalling Theory, stakeholders can more effectively communicate, reducing misinterpretations and fostering a more cooperative environment for tax compliance and optimal revenue collection.

Taxes and tax law. Taxes are mandatory contributions made by individuals or business entities to the state to finance state expenditures, which are used for various public interests, such as infrastructure development, health services, and education. Taxes are the main source of state revenue that supports the continuity of government and state development. In practice, every taxpayer has an obligation to pay taxes in accordance with applicable provisions, which are calculated based on income, profits, or transactions made. Tax law regulates the obligations and rights of taxpayers, including provisions on tax collection, payment, and supervision. This law also establishes a mechanism for determining the type of tax to be paid, the calculation method, and the

payment deadline. In addition, tax law contains sanctions for taxpayers who do not fulfill their obligations, both in the form of administrative and criminal sanctions. These sanctions aim to encourage taxpayer compliance and create justice in the tax system. Tax law plays an important role in ensuring an even distribution of the tax burden, creating fiscal justice, and supporting the stability of the country's economy. Compliance with tax law will increase the effectiveness of state budget management, which in turn will accelerate economic development and public welfare.

The Land and Building Acquisition Fee (BPHTB) is governed by Article 1, number 41 of Law No. 28 of 2009 on Regional Taxes and Regional Levies, as well as Article 1 of Law No. 20 of 2000. BPHTB is a tax imposed on the acquisition of land and/or building rights. The acquisition of land and/or building rights refers to any action or legal event leading to the transfer of these rights by individuals or entities. These rights include land rights, such as management rights, as well as the buildings situated on them, as defined by land and building law. The legal foundation for BPHTB is outlined in Law No. 28 of 2009 on Regional Taxes and Regional Levies, Law No. 20 of 2000 on Land and Building Acquisition Fees, and the Sumedang Regent Regulation No. 72 of 2018, which details the systems, procedures for managing and collecting BPHTB, and reporting requirements. Tax collection. Pancasila is the source of national basic law that inspires legislation in the field of taxation. Pancasila has a position as a testing tool for written legal sources, whether they are in accordance with or even contradict Pancasila. Pancasila is a benchmark for determining the truth of the legal substance contained in each Tax Law. Before the amendment to the 1945 Constitution, provisions regarding taxes were regulated in Article 23 paragraph (2) of the 1945 Constitution which reads "all taxes for state purposes must be based on law." This provision contains the principle of legality which places the authority on the state to collect taxes if the state needs it, but with the condition that it must be based on law. There is no tax without the consent of the people through their representatives in the People's Representative Council and the Government which is regulated by law or "No taxation without representation". After the 1945 Constitution was amended, it turned out that the provisions regarding taxes underwent a very principal change. This can be seen in Article 23A of the 1945 Constitution which reads "taxes and levies that are mandatory for state purposes are regulated by law." There is a fundamental change because not only taxes, but also compulsory levies must be regulated by law. This is a positive development so that there is no arbitrariness in imposing compulsory levies on citizens.

Tax Collection System, First, the Self-Assessment System focuses on the autonomy of taxpayers in determining their tax obligations. In this system, taxpayers are responsible for calculating, recording, paying, and reporting their taxes independently. Specifically, taxpayers calculate their liabilities and submit payments through the online payment system available at the tax service office (KPP). The tax authority's role is limited to supervision, auditing, and conducting tax investigations. This system is commonly used for taxes such as income tax (PPh) and value-added tax (PPN). This independent tax collection system by taxpayers will certainly make it easier for the tax authorities but still focus on supervising the collection. The role of supervision is very important considering the weakness of this system is full trust in taxpayers. It is not uncommon for taxpayers to pay less tax than they should. Second Official Assessment System, Unlike the Self-Assessment System, the Official Assessment System focuses more on tax

collection institution officers to determine the amount of tax that must be paid by taxpayers. Of course, in this system, the nominal tax payable will be more accurate without any intention to reduce or increase the tax payable. The Official Assessment System is applied to regional taxes such as Land and Building Tax (PBB) and other types of regional taxes. In general, there are several characteristics of the Official Assessment System, namely, first, taxpayers will be passive because they will be fully assisted by the tax authorities appointed to manage taxes. Second, the tax payable will appear after the calculation is carried out by the tax authorities which is issued through a Tax Assessment Letter. Finally, with passive taxpayers, the government through tax collection institutions will have full rights to determine the amount of tax that must be paid by taxpayers. Third Withholding Assessment System, the last system of the tax collection system in Indonesia is the Withholding Assessment System. In the Self-Assessment System and Official Assessment System, we have known that the active roles are taxpayers and tax officers. In contrast, the Withholding Assessment System places the responsibility on a third party, which plays the most active role and has the authority to determine the amount of tax payments due from taxpayers. These third parties are usually treasurers or tax divisions of companies that deduct employee income for tax payments. The types of taxes themselves are Income Tax Article 21, 22, 23, Final Income Tax Article 4 paragraph (2) and VAT. In the deduction, a withholding certificate will be made which is attached to the annual Tax Return (SPT) of the relevant taxpayer.

Conceptual Propositions And Model Synthesis

The conceptual model of BPHTB tax optimization emphasizes the need to align tax policy with real economic conditions, ensuring that BPHTB targets are realistic and achievable. Accurate economic indicators, such as property market trends and economic growth, should guide target-setting to prevent revenue shortfalls. The involvement of Land Deed Officials (PPAT) is critical in ensuring compliance with BPHTB regulations. Strengthening their technical capacity and knowledge of current regulations improves the accuracy of tax reporting and minimizes errors in the process.

Improving coordination between key stakeholders, including the National Land Agency (BPN), PPAT, and the Regional Revenue Agency (BPD), is essential to optimizing BPHTB collection. Effective collaboration among these entities facilitates better data integration, enhances tax collection efficiency, and improves taxpayer compliance. Additionally, the model stresses the importance of taxpayer education and transparency. By raising awareness through socialization programs and providing clear information on tax obligations, compliance rates can improve, leading to more stable revenue streams.

Technological integration is another crucial element in the model. Digital platforms for tax reporting and data sharing can streamline administrative processes, improve transparency, and enhance the overall efficiency of the BPHTB system. The conceptual model, therefore, demonstrates that a holistic approach — addressing policy alignment, stakeholder coordination, education, and technological advancements — is necessary to optimize BPHTB revenue and create a more effective tax environment in Sumedang Regency.
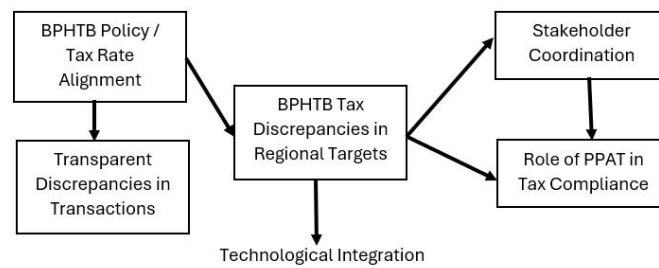
Fig 1. Conceptual Model

3. RESEARCH METHODS

The research method used in this study is a qualitative approach with a case study design. This approach was chosen because it enables the researcher to deeply explore the management of the Land and Building Rights Acquisition Fee (BPHTB) in Sumedang Regency and to understand the social and cultural contexts influencing the implementation of tax policies (Creswell, 2013). The case study allows a holistic analysis of interactions among stakeholders such as BAPENDA, PPAT, and the community in managing BPHTB. Data collection was conducted through several complementary techniques, namely in-depth interviews, direct observation, and document study (Sugiyono, 2021). In-depth interviews were conducted to obtain subjective and detailed information from key informants regarding their experiences and challenges in managing BPHTB (Kvale, 2007; Creswell, 2017). Observations were performed descriptively, focused, and selectively to record administrative practices and interactions in the field (Angrosino, 2007). Document study was used to analyze policy documents, tax revenue reports, and related statistical data.

The study population included taxpayers involved in land and building transactions as well as tax officials, with purposive sampling employed to select informants with in-depth knowledge about BPHTB (Sugiyono, 2021). This approach ensures that the data collected are relevant and representative. The research employed three main data collection techniques: first, in-depth interviews with BAPENDA officials, PPAT, and community representatives to explore experiences and challenges in BPHTB management; second, document study of local regulations, tax reports, and statistical data to understand policy contexts and identify BPHTB revenue trends; and third, direct field observations to monitor registration, payment processes, and interactions between PPAT and taxpayers. The combination of these three methods is expected to yield comprehensive data supporting a holistic analysis of BPHTB management in Sumedang Regency. The data analysis method used in this study is thematic analysis, a common qualitative approach that enables identification, analysis, and reporting of patterns or themes from the collected data (Braun & Clarke, 2021). The process begins with data coding, marking specific parts with thematic labels to systematically organize data and identify relevant patterns (Denscombe, 2017). Subsequently, data are categorized into themes that aid in understanding broader contexts and formulating evidence-based conclusions and recommendations (Creswell & Poth, 2018). To ensure validity and reliability, the study applies data triangulation by combining information from interviews, observations, and documents (Flick, 2018). Triangulation reduces bias and improves accuracy by comparing data from various

sources, ensuring the analysis reflects a comprehensive reality and avoids single-perspective influence (Denzin, 2017). This approach allows researchers to obtain a thorough and trustworthy understanding of the phenomenon studied.

The analysis results are presented systematically to support more effective policymaking in BPHTB management in Sumedang Regency (Yin, 2018). This approach is expected to significantly contribute to increasing regional revenue and fiscal independence.

4. RESULTS AND DISCUSSION

Strategic Position of Sumedang Regency To implement strategies to increase PAD potential in Sumedang Regency, it is necessary to conduct an in-depth analysis of the potential and challenges faced. Among them are 1) developing the tourism sector, with its rich natural and cultural potential, Sumedang Regency can develop the tourism sector as a potential source of PAD. 2) Increasing agricultural productivity by increasing agricultural productivity, the selling value of agricultural products will increase and have a positive impact on PAD from the tax and retribution sector. 3) Developing MSMEs by providing support to MSMEs to develop so that they can contribute to increasing PAD through taxes and retributions. 4) Building industrial areas that attract investors to build industrial areas in Sumedang Regency so that they can increase PAD from the tax and retribution sector. It is important to remember that success in increasing PAD requires commitment and cooperation from all parties, both government, society, and business actors.
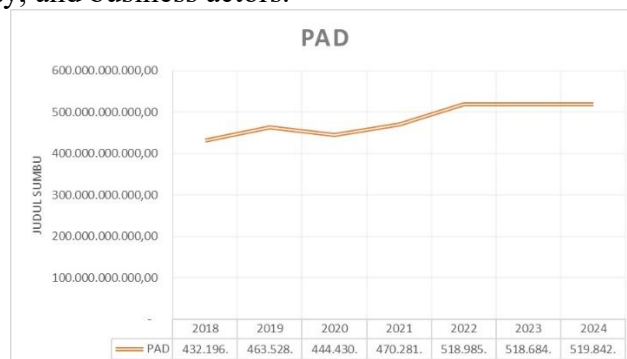

Figure 1. Growth trend of Sumedang Regency's
Original Regional Income (PAD) from 2018 to 2024
Note: PAD realization for 2024 until Dec 10, 2024

The data above shows the growth trend of Sumedang Regency's Original Regional Income (PAD) from 2018 to 2024. PAD is a source of regional income that comes from sources within the region itself, such as regional taxes, regional levies, and the results of managing separated regional assets. PAD Growth Trend Based on existing data, it can be seen that Fluctuation: There is a significant fluctuation in the growth of Sumedang Regency's PAD from year to year. Increasing Trend: In general, there is an increasing trend in PAD from 2018 to 2022, indicating that there have been quite good efforts in optimizing regional income potential. The PAD potential of Sumedang Regency in the coming year will be very promising, but it needs to be accompanied by serious and measurable efforts. With the right strategy and support from various parties, Sumedang Regency can achieve the target of increasing PAD and

improving community welfare. The role of the Land Deed Making Officer (PPAT) or Notary in the collection of Land and Building Acquisition Tax (BPHTB) is crucial. As noted by Chairunis and Badriyah (2024), in land sale and purchase transactions, the PPAT is tasked with creating a valid and official deed of sale, which serves as the basis for registering land rights at the National Land Agency (BPN). Furthermore, the PPAT is responsible for calculating and confirming the BPHTB amount that the buyer must pay.

Although the law does not explicitly regulate the authority to collect taxes, it is common practice that many taxpayers rely on PPAT (Land Deed Officials) for the calculation and payment of this tax, due to their limited understanding of the tax process. Gupito (2020) argues that PPATs or notaries play a vital role in the collection of Land and Building Acquisition Tax (BPHTB) to optimize regional tax revenue. In a self-assessment system, where taxpayers are responsible for calculating their own tax liabilities, PPATs are frequently called upon to help taxpayers accurately understand the BPHTB calculation. Furthermore, PPATs are responsible for validating documents and providing accurate information to relevant parties regarding the procedures and consequences of tax collection. In performing this role, PPATs not only help ensure taxpayer compliance but also guarantee that the BPHTB collection process operates efficiently, thereby effectively contributing to the increase of regional tax revenue.

The implementation of BPHTB collection in the regions still faces a number of significant obstacles. One of the main obstacles is the inconsistency of revenue targets with objective economic indicators such as real economic growth and Taxable Object Sales Value (NJOP), which reflects the weak integration of data in fiscal planning and the influence of politics in determining targets (Junaidi, 2013). Determining targets that are more based on decisions of limited leadership meetings (ratas) without technical analysis also worsens the situation, because it produces subjective estimates and risks reducing regional fiscal credibility. In addition, BPHTB targets often do not reflect actual economic conditions, which causes regional revenue plans to be unrealistic and has an impact on low accountability (Suryanto, 2018).

On the other hand, the lack of transparency in reporting transaction values by PPAT/Notaries, due to weak supervision and coordination, causes the potential for BPHTB revenue to be less than optimal. Efforts that can be made to overcome this are through system digitalization, information integration, and increased supervision (Zaimah, 2016). The lack of socialization to PPATS/Notaries, especially due to job rotation and lack of provision of the latest regulations, is also the cause of low technical understanding and reporting errors. Therefore, a periodic socialization program and technical education are needed so that all parties involved have a harmonious understanding of the provisions of BPHTB and can support regional tax management more effectively and accountably (Mardiasmo, 2023).

Reading the BPHTB Receipt Pattern then evaluates the Policy and Trends of Land and Building Acquisition Fee (BPHTB) which is a tax on the acquisition of land and/or building rights which is legally regulated in Law No. 21 of 1997 in conjunction with Law No. 20 of 2000, and since January 1, 2010 its management has been transferred to the district/city government through Law No. 28 of 2009 concerning

Regional Taxes and Regional Retributions. This transfer aims to strengthen regional revenues and support the fiscal independence of regional governments (Junaidi, 2013). As a tax collected from the community, BPHTB also has great potential to improve the quality of regional spending and equitable development. Thus, the regional government holds full responsibility for the formulation of policies, implementation of collection, and utilization of its revenues. As a source of Regional Original Income (PAD), BPHTB is considered potential because of its stable characteristics and relevance to the economic activities of the community (Mardiasmo, 2018). However, in practice, the implementation of BPHTB collection faces various challenges. One of the main obstacles is the low level of public awareness in carrying out tax obligations (Ispriyaso B, 2005).

This awareness is crucial, particularly because BPHTB implements a self-assessment system, where taxpayers are entrusted with the responsibility of calculating their own tax liabilities. This system, although it encourages participation, also opens up loopholes for data manipulation, such as reporting lower transaction values   to reduce the tax burden (Suryanto, 2018).

In addition to the awareness factor, technical obstacles are also a problem in the implementation of BPHTB. According to Zaimah (2016), limited inspection facilities and the geographical distance between the taxpayer's domicile and the payment location also hamper the accuracy and effectiveness of collection. Research by Cintia et al. (2016) also identified a number of obstacles such as reporting of inappropriate transaction prices, difficulties for verification officers in obtaining valid evidence, and the absence of restitution provisions for BPHTB in Law No. 28 of 2009. In addition, the lack of transparency in land market prices and the low level of public understanding of tax procedures have exacerbated administrative problems, which have an impact on suboptimal regional tax revenues.

In general, BPHTB objects include every acquisition of rights to land and buildings, either through transfer of rights such as sale and purchase, grants, inheritance, or granting of new rights based on legal decisions or business mergers. The determination of the tax is calculated based on the Taxable Object Acquisition Value (NPOP), which can come from the actual transaction value or market value. However, the discrepancy between the two often occurs due to the lack of supervision and transparency in reporting. Therefore, optimizing BPHTB management requires a transparent system, process digitization, increased taxpayer education, and strengthened coordination between local governments and notaries/PPATs. This step is important to ensure that the potential for regional revenue from the BPHTB sector can be maximized fairly, accountably, and sustainably

Additionally, the granting of new rights can occur either as a result of the continuation of the release of rights or through other methods outside of the release of rights. Land and/or building sale and purchase transactions are community activities that generate substantial tax revenue for the region. The basis for imposing BPHTB is the NPOP (Non-Tax Object Selling Price), and the BPHTB becomes payable on the date the rights are transferred, in accordance with the following provisions:

1. The value used to determine NPOP and NPOP-TKP (Non-Taxable NPOP) and the

time when BPHTB is due for various rights transfer transactions are summarized in Figure 3

2. If NPOP is unknown or lower than NJOP-PBB (Taxable Object Sales Value used as the basis for calculating Land and Building Tax), the basis for imposing BPHTB is NJOP-PBB.

Table 2. NPOP, NPOPTKP and Time of BPHTB Owed

No.	Transfer of Rights in the Case	Acquisition Value	Minimum NPOP – Non-Taxable Threshold (TKP)	Tax Due Date
1.	Purchase and Sale	Transaction Price	IDR 80 million	Date of signing the deed
2	Exchange	Market Value	IDR 80 million	
3	Grant	Market Value	IDR 80 million	
4	Grant by Will	Market Value	IDR 320 million	
5	Inheritance	Market Value	IDR 320 million	Date of registering the transfer of rights at land office
6	Capital Contribution	Market Value	IDR 80 million	Date of signing the deed
7	Division of Rights	Market Value	IDR 80 million	
8	Execution of Court Ruling	Market Value	IDR 80 million	Date of final and binding court decision
9	Granting of new land rights after release of rights	Market Value	IDR 80 million	Date of issuance of land rights decree
10	Granting of new land rights outside the release of rights	Market Value	IDR 80 million	
11	Business Merger	Market Value	IDR 80 million	Date of signing the deed
12	Business Consolidation	Market Value	IDR 80 million	
13	Business Expansion	Market Value	IDR 80 million	
14	Prize or Gift	Market Value	IDR 80 million	
15	Auction Buyer Appointment	Transaction Price	IDR 80 million	Date of winner appointment in auction

Source: Law No. 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments

The Sumedang Regency Government has been collecting BPHTB since fiscal year 2011 until now. The development of BPHTB revenue realization and targets for the last 5 (five) years is described as follows:

Table 3. Targets and Realization of BPHTB Revenue in Sumedang Regency

Target Year	Target	Realization	Achievement
2018	43.500.000.000,00	49.724.924.345,00	114,31
2019	52.236.033.024,42	33.075.987.775,00	63%
2020	32.391.314.828,06	24.819.183.533,00	77%
2021	24.305.426.433,87	32.723.978.038,00	135%
2022	33.931.492.827,60	35.952.990.533,00	106%
2023	37.862.094.330,30	37.131.397.428,00	98%
2024	39.103.074.631,43	44.276.872.814,00	113%

Note: Realization for the year 2024 up to December 10, 2024.

Based on the data on the realization of BPHTB in Sumedang Regency from 2018 to 2023, there are fluctuations that reflect instability in the management of regional tax revenues. 2018 showed very good performance with an achievement of 114.31% of the target, reflecting the effectiveness of the collection strategy at that time. However, in 2019 there was a sharp decline, where the realization only reached 63%, indicating serious obstacles in the property sector or weak tax intensification efforts. In 2020, the realization increased slightly to 77%, although it was still far from the target set. The decline in performance in 2019 and 2020 was most likely influenced by the national economic slowdown and the impact of the COVID-19 pandemic which suppressed property transactions and caused a decrease in the selling value of taxable objects (Zaimah, 2016). 2021 was a positive turning point with a realization of 135%, indicating a significant economic recovery post-pandemic and the possibility of increasing the effectiveness of collection administration. However, this success did not continue in 2022, which again experienced a decline in achievement to 77%. The causal factors are thought to have come from global economic dynamics and local policies that limit property development (Cintia et al., 2016). In 2023, the achievement of 98% reflects almost optimal performance and shows the stability that is starting to form in the management of BPHTB. However, the inconsistent trend from year to year indicates the need for a comprehensive evaluation of the target planning strategy and tax collection mechanisms to ensure the sustainability of regional income optimally and accountably (Mardiasmo, 2009).
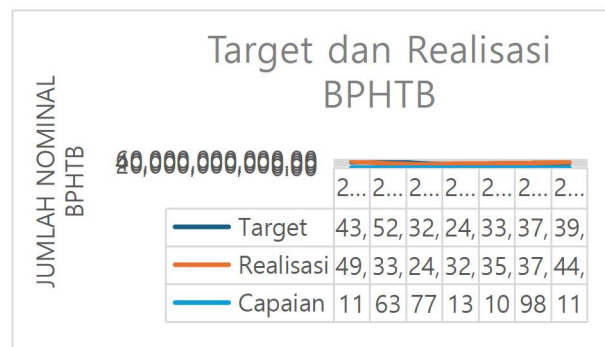
Figure 2. Graph of BPHTB Achievement of Sumedang Regency in 2018 - 2024
Based on BPHTB data from Sumedang Regency between 2018 and 2024, a

fluctuating pattern in tax revenue performance is evident, reflecting the sector's sensitivity to economic dynamics and local policy shifts. The highest achievement occurred in 2021, with revenue realization reaching 135% of the target, marking a strong recovery momentum following the COVID-19 pandemic. In contrast, 2019 and 2020 saw significant declines at 63% and 77%, respectively—likely due to economic slowdowns and the pandemic's direct impact on property activity (Suryanto, 2017; Zaimah, 2016). Despite these external pressures, BPHTB revenue showed strong rebound potential, as seen again in 2024 with a 113% realization rate. Key influencing factors include macroeconomic conditions, such as crises and declining purchasing power, local policies affecting property transactions, and fluctuations in property supply and demand driven by urbanization and infrastructure development (Cintia et al., 2016). Given these historical patterns, future projections suggest that optimizing BPHTB revenue will depend heavily on economic stability, adaptive fiscal policy support at the local level, and the sustainable development of the property sector.

From these historical trends and contributing factors, future predictions can be outlined as follows:

1. Optimistic Scenario (Stable Economy and Infrastructure Recovery):
   a) *Revenue Growth Potential:* Should the property sector in Sumedang experience robust economic recovery and rising demand—spurred by infrastructure projects such as transportation systems or industrial zones—BPHTB revenues are likely to increase significantly.
   b) *Projected Performance:* With improved economic conditions and growing land demand, BPHTB revenue could reach 95% to 120% of the annual target in the coming years, potentially mirroring the 114% achievement seen in 2018, albeit with more moderate surpluses compared to 2021.

   c) *Cumulative Achievement:* With better fiscal management and economic stability, cumulative revenue is expected to consistently exceed 100% of the target, despite occasional fluctuations.
   d) *BPHTB Target Achievement Strategy for Sumedang Regency:* BPHTB revenue is largely dependent on economic and industrial zones, as well as the growth of subsidized housing—particularly in industrial areas like Cimanggung and Jatinangor sub-districts. Therefore, to consistently meet BPHTB targets, Sumedang must accelerate the development of new economic areas, including the proposed Special Economic Zone (SEZ) and the new economic hub of Butom Gede. Key strategic steps include:
      1) Creating a conducive business climate to attract investment;
      2) Establishing partnerships with the Jatigede Dam management authority;
      3) Implementing incentive and disincentive policies for developers;
      4) Leveraging regional potential as a leading tourism destination;
      5) Positioning the region as a national and international tourist attraction;
      6) Mitigating the environmental impacts of development; and
      7) Streamlining the business licensing process.

Supporting strategic steps to accelerate the formation of these new areas include:
      1) Enhancing connectivity and accessibility;

2) Upgrading the status and quality of local roads;
3) Aligning development with neighboring regional plans;
4) Promoting regional economic potential;
5) Managing growth and spatial development effectively;
6) Driving economic development through the utilization of buffer zones as supply chain hubs; and
7) Ensuring environmentally sustainable growth.

2. Projection of BPHTB Potential

Prediction Based on Recent Achievement (Year 2025), In 2024, BPHTB realization exceeded the target, reaching 113%, indicating a stable trend in tax performance. The average realization over the past seven years is approximately 100.1%, with fluctuations observed between years that exceeded and fell short of the target. This suggests that in 2025, if there are no major changes in the economy or policy, BPHTB realization is likely to fall within the range of 95% to 120% of the target, with minimal likelihood of significant fluctuations.

3. Factors That May Increase BPHTB Potential
   a) Infrastructure Development: Continuous expansion of infrastructure such as toll roads, transportation networks, and industrial zones in Sumedang may stimulate property activity and subsequently increase BPHTB revenue.
   b)
   c) Rising Property Demand: Stable economic growth in industrial, commercial, and housing sectors will drive demand for land and property, thereby increasing BPHTB transactions.
   d) Government Incentives: Local governments may offer incentives or implement policies that support property transactions, which would have a positive impact on the increase of BPHTB revenue.

Discussion

With economic recovery and infrastructure development in Sumedang, BPHTB is expected to increase in the coming years, with projected achievements ranging from 95% to 120% of the target. Overall, optimistic forecasts indicate a stable rise in BPHTB performance, provided that positive factors support this trend. The tax potential, as described by Alfirman (2003), refers to the tax ratio that would occur if the economy utilized all available resources and capabilities to collect the full tax revenue derived from regional outcomes. To assess the potential for tax collection, BPHTB is commonly measured using the tax coverage ratio, which compares the actual taxes collected to the potential taxes in the economy. The tax coverage ratio method involves a key factor: the approach used to measure potential tax. Additionally, BPHTB tax potential can be analyzed using overlay analysis, which helps determine BPHTB potential based on growth and contribution criteria. This analysis utilizes a matrix graph of BPHTB revenue composition and growth (Jaya, 1996).

Table 3. Criteria for Tax Potential

contribution Growth	$w(Xi) \geq 1$ *(high)*	$w(Xi) < 1$ *(low)*
$g(Xi) \geq 1$ *(high)*	Prime	Developing
$g(Xi) < 1$ *(low)*	Potential	Underdeveloped

The BPHTB collected by the Sumedang Regency Government in 2024 amounted to Rp. 44,276,872,814.00. For 2025, considering Sumedang's economic growth rate of 4.91%, the BPHTB target is projected to reach a significant potential of Rp. 46,450,867,269.17. Based on overlay analysis, BPHTB continues to grow, and its contribution to regional taxes remains relatively high, indicating that BPHTB has strong growth potential. The potential for BPHTB to increase will contribute even more in the future through the implementation of a collection system that utilizes land price references issued by the National Land Agency. Meanwhile, to estimate the projected BPHTB potential, it is calculated using the following formula:

$$Pt = Po . (1 + r)^t$$

Information :
Po : initial year tax revenue
Pt : tax revenue in year t
r : growth rate
t : time/year

Based on the formula above with an average annual growth rate of 5%, the projection of the potential for BPHTB in Sumedang Regency in the future is as follows:

Table 4. Potential Revenue from BPHTB in Sumedang Regency

Years	BPHTB Potential (Rp)
2025	46.450.867.269,17
2026	48.773.410.632,63
2027	51.212.081.164,26
2028	53.772.685.222,47
2029	56.461.319.483,59

The potential for revenue from the BPHTB sector will also be negatively affected by the issuance of Joint Decree of the Minister of Housing and Settlement Areas, Public Works and the Minister of Home Affairs Number 03.HK/KPTS/Mn/2024, Number 3015/KPTS/M/2024, Number 600.10-4849 of 2024 concerning Support for the Acceleration of the Implementation of the Three Million Home Development Program, which regulates the amount of income for low-income people (MBR) and the

limitations on the floor area of   public houses and self-help houses, can have an impact on the potential for regional revenue from Land and Building Acquisition Fees (BPHTB) which will experience a Decrease in Potential BPHTB Revenue by the contribution of the subsidized housing sector and self-help public housing based on the classification of the three Ministerial Decrees. With the limitations on MBR income and house floor area, houses that meet these criteria may receive BPHTB exemption or reduction facilities as part of the government's policy to support low-income people.

This can reduce regional revenue from BPHTB, especially in areas with high MBR populations. The strategy of increasing source of Local Original Income from the Land and Building Acquisition Fee (BPHTB) sector is one of the crucial steps in strengthening the fiscal capacity of local governments, especially in the era of regional autonomy. Given that BPHTB is a type of local tax that has great potential and is directly related to the economic activities of the community, systematic and measurable efforts are needed to optimize its receipts. Here are the strategies we recommend.

1. Target Determination According to Economic Formula

    The determination of BPHTB targets should follow the formula from Bank Indonesia (BI) or DJA, which refers to real economic growth of around 5%. This approach ensures more accurate revenue planning and is in accordance with actual conditions (Junaidi, 2013). A data-based planning system is needed such as transaction volume, NJOP, and market trends to improve accuracy and transparency.

2. Examination of Receivables and Administration

    Examination of BPHTB receivables is important to ensure data validity and prevent loss of potential revenue. This process includes document verification, clarification to taxpayers/PPAT, and system validation. Technological support such as SMS Gateway is recommended to improve communication efficiency and compliance (Zaimah, 2016).

3. Handling of Unrealized Transactions

    Transactions that are not completed by taxpayers will be followed up with a warning letter. If there is no response, the data will be deleted in order to maintain the accuracy of administrative records and avoid fictitious receivables (Suryanto, 2018).

4. Reward & Punishment System

    An incentive system is implemented in the form of collection wages for tax collectors who achieve targets, and sanctions for those who violate them. This approach aims to increase motivation, accountability, and professionalism in regional tax management (Mardiasmo, 2023).

5. Adjustment of Transaction Value

    The local government recommends that taxpayers report the sale and purchase value at least twice the NJOP to approach the real market value. The goal is to reduce underreporting and increase the validity of tax calculations (Cintia et al., 2016).

6. Transparency and Supervision

    Routine audits are carried out on transaction reporting and NJOP to detect data manipulation. Supervision of PPAT/Notaries is increased so that transaction reports are accurate. Intensive socialization is also needed to increase public awareness and compliance with appropriate tax reporting (Palil & Mustapha, 2011).

7. Adjustment of NJOP

    Periodic evaluation of NJOP is needed to be in line with the dynamics of the property market. It is recommended that taxpayers report transaction values close to market prices in order to optimize revenue and ensure fairness (Zaimah, 2016).

8. Strengthening Inter-Institutional Collaboration

    Regular training is needed for PPAT/Notaries to ensure reporting is in accordance with the provisions. Cooperation with property developers is also important to increase transparency of transaction data and optimize regional income (Suryanto, 2018).

9. Public Socialization and Education

    Tax campaigns through media and consultation services aim to increase public understanding of the importance of BPHTB for development. This education creates a healthy tax culture and supports regional economic growth (Mardiasmo, 2018).

4. CONCLUSION

Conclusions Rights on Land and Buildings (BPHTB) in Sumedang Regency is essential for strengthening local own-source revenue (PAD) and achieving fiscal independence. However, target setting has not fully aligned with macroeconomic-based formulas, such as those applied by Bank Indonesia (BI) or the Directorate General of Budget (DJA), which use real economic growth—typically around 5%—as a benchmark. Therefore, more accurate and integrated data-based planning is required. This study also identifies several key challenges, including limited human resources, low technological adoption, weak inter-agency coordination, and insufficient taxpayer awareness. To address these issues, the implementation of a technology-based tax administration system, intensified public outreach, and harmonized fiscal policies are necessary to improve transparency and compliance. Another critical strategy includes periodic adjustments to tax rates and non-taxable acquisition thresholds (NPOPTKP) to remain responsive to economic and property market conditions. With appropriate policy reinforcement and an integrated system, BPHTB is expected not only to increase local revenue but also to support inclusive and sustainable regional development in economic, social, and environmental terms.

Based on the policy analysis results, several strategic recommendations have been proposed to enhance the effectiveness of managing the Acquisition Duty of Rights on Land and Buildings (BPHTB) in Sumedang Regency. Key suggested measures include the periodic adjustment of tax rates and Non-Taxable Acquisition Value (NPOPTKP) to align with local economic conditions and property market developments, as well as setting revenue targets based on real economic growth formulas, such as those used by Bank Indonesia (BI) or the Directorate General of Budget (DJA), typically around 5%. Additionally, strengthening a technology-based administrative system-including the use of SMS Gateway is essential to improve efficiency and transparency. Other efforts involve intensifying public outreach, enhancing coordination among institutions (BPN, PPAT, and the Regional Revenue Agency), and enforcing legal sanctions for underreported transactions that do not reflect market values. The provision of tax incentives, improving human resource capacity through technical training, and developing an integrated property database are also vital to ensuring accuracy, fairness,

and optimal revenue collection. With comprehensive and consistent implementation of these strategies, BPHTB management is expected to contribute significantly to increasing Local Own-Source Revenue (PAD) and supporting inclusive regional development.

This study has several limitations that need to be acknowledged for a more comprehensive understanding and interpretation of the findings. First, the research is limited to the administrative area of Sumedang Regency, so the conclusions and policy recommendations may not be directly generalizable to other regions with different economic, demographic, or regulatory characteristics. Second, the analysis heavily relies on secondary data such as BPHTB revenue realization reports, local government policy documents, and macroeconomic indicators; therefore, the accuracy of the findings depends on the completeness and reliability of the available data. Third, while the study identifies key institutional and administrative challenges, it does not quantitatively assess the causal impact of each policy variable (e.g., tax rate adjustment, technological adoption, or inter-agency coordination) on BPHTB revenue performance. Fourth, interviews or primary data from stakeholders such as taxpayers, PPATs, or local officials were not extensively explored, which limits the depth of behavioral insights. Future research is encouraged to include comparative case studies, econometric modeling, and stakeholder perceptions to enrich the empirical foundation and strengthen the formulation of more robust, scalable policy solutions for BPHTB optimization.

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