

Analysis of original revenue optimization efforts (Study at Bangkalan Regency)

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Abstract: The purpose of this study is, to determine the strategy used by Bapenda Bangkalan District as an effort to optimize local revenue. This research uses descriptive method with qualitative approach that is, research that try to describe the object of research according to fact in field. By processing the data obtained from the informant as a source of data, make observations, interviews and literature study, which further analyzes the data using SWOT analysis. From the results of this study indicate, in the effort of optimizing PAD in Bangkalan District, as the manager of Bapenda's regional revenue has done the steps in the form of socialization and application of local regulations related to local taxes and levies, improve the quality of human resources, cooperate with other agencies and private parties.

Keywords: Strategic plan, Regional Income.

Introduction

New era in the management of the local government, both at the provincial or district/city levels, began with the enforced of law number 32 of 2004 about regional government and law number 33 of 2004 related to financial balance between central government and local government. The implementation of policy has caused changes in the relationship between center government and local government especially in the field of government's administration and finance. The autonomy has provided more space for local government to regulate and manage their own household. This granting of authority aims to enable the public to participate in monitoring and controlling the use of fund sourced from the regional budget and revenue, as well as providing better service to the community. Along with the issuance of this policy, it creates challenges and opportunities for local government to continue and innovate in exploring and managing their resources effectively and efficiently. The hope for local government to be able to explore financial resources to meet the need for government financing and development in their region through regional original income. Demands that local government and communities can work together in increasing regional original income. In the case of increasing regional finance in the implementation of regional autonomy.

The regional government is given the authority to collect local taxes and retribution in the hope that it can optimize revenue from regional original income. As an agency that manages regional revenue management and is expected to be spearhead in increasing regional revenue for the regional revenue agency of Bangkalan regency keep working to in increase regional revenue. In the last of five years, the contribution made by regional original income to the original budget and local revenue shows a large nominal value but in the percentage is still bellow twelve (12) percent of the total regional buget and financing. This is what makes it changelles for the regional revenue agency. Especially related to what effort will be used in increasing regional original income. It is not only the task of regional revenue agency in seeking to increase regional original income but it is a joint task of all stakeholders in the local government.

Review this condition, it is necessary to make efforts to increase regional revenue by formulating a strategy to increase regional original income from local taxes and regional levies. Strategy is a form of action that can help achieve goals. As stated by

Sofjan Assauri in his book entitled *Strategic Management Sustainable Competitive Advantages* (2011:3), namely strategies are formulated as objectives to be achieved, efforts to communicate what will be done, by who is doing it, how to do it and to anyone. These things are communicated, and why the performance results need to be assessed. If it is concluded from the above opinion, strategy is a plan in an organization to formulate what actions or efforts the organization will take to solve the problem faced while still paying attention to the internal and external conditions faced by the organization. So far in an effort to improve sourced from the regional budget and revenue and the provision of services to the community can be better. Along with the issuance of this policy, it creates challenges and opportunities for local government to continue to innovate in exploring and managing their resources effectively and efficiently. The hope for local government to be able to explore financial sources to meet the need for government financing and development in their region through regional original income, demands that local government and communities can work together in increasing regional original income.

In the case of increasing regional finances in the implementation of regional autonomy, regional government is given the authority to increase the regional revenue, Bangkalan regency regional revenue agency has prepared a vision and mission of the organization which is used as a guideline or objective in carrying out activities. Based on the description that has been presented above regarding the efforts made by regional revenue agency as the manager of regional income, the author wants to analyse the strategy to increase local revenue.

Method

In this research, the method used is qualitative with a descriptive approach. It is hoped that the use of this method can reveal various phenomena and facts in the field in a deep and comprehensive manner. While the data analysis technique used is SWOT (strength, weakness, opportunities and threats), which is the development of relationship or interactions between internal elements, in this case the strengths and weakness of external elements in the form of opportunities and threats. Mapping using the SWOT (strength, weakness, opportunities and threats) matrix is the initial stage in finding strategic issues that can later be used for finding the development of an income-increasing strategy in Bangkalan regency. From the mapping of internal and external elements, it can be seen several alternative strategies, including:

1. The strength and opportunity strategy in foreign terms is better known as strength opportunity, namely a strategy used to take advantage of opportunities originating from the external environment by optimizing the strength that the owned organization.
2. Weakness opportunity strategy or weakness and opportunities where this strategy is used to improve the weakness of the organization by taking advantage of opportunities from outside the environment.
3. Threat strategy, with strength owned by the organization is used to avoid threats that come from outside the environment.
4. Weakness threat strategy, minimizes all possibilities or in other words minimizes existing weakness within the organization by avoiding threats that come from outside.

The research was chosen at Bangkalan's regency for regional revenue agency, beside regional revenue agency is being a collection agency for 7 (seven) types of regional taxes out of 11 (eleven) types of local taxes collected in Bangkalan regency, Regional revenue agency also plays a role as the manager of local revenue. Optimization of regional income itself is one of the goals of regional revenue agency's work program by optimizing local revenue while still paying attention to the potential or

sources of income owned by the region. In data collection, the researcher divides the data source into two (2), namely primary data which is used. For data collection used in this study, primary data is used in this study as primary data by making observations and interviews which are considered quite effective when done to answer problems that are the topic of writing. Statistical data or documents in qualitative research are only supporting, because the main data of qualitative research are words and actions.

The main key of qualitative research besides observation and interview is the presence of informants. Moleong (2006:132) says that informants are peoples who are used to provide information about the situations and conditions of the research background, and the selected informants must have a lot of experience related to the research background. Sources of internal data in this study are structural officials who handle local tax management issues. While the external source is through literature study which is relevant to this research.

Findings

Internal Strenght

The existance of laws, government's and regional's regulations, especially regional's regulation number 8 of 2010 concerning regional taxes, has made it a legal force for regional revenue agency to collect local taxes and levies. Internally, with the existence of regional regulations related to dynamic regional taxes and levies, it will open more opportunities for regional revenue agency of Bangkalan Regency, to collect local taxes and collect localpayers according to the procedure in local regulation No 8/2010. Based on the results of observations that have been made, researcher still see that the implementation process of the regional's regulation number 8/2010 is still not optimal. Although in terms of regulations this regional's regulation is an internal strenght possessed by regional revenue agency in implementing local tax collection as a source of regional revenue, in practice regional revenue agency is still not free to apply regional regulations related to regional taxes and levies. This is because there are still many people or bussiness actors who are not aware of the local regulation that regulates local taxes and levies itself. They are not only ignorant of the regulations, on average they also do not know this local tax collection can be used as a force to collect local taxes and levies. So far, in increasing the realization target, regional revenue agency usually takes a persuasive approach and pick up the ball. This strategy is intended to be widely implemented and right on target. This is reinforced by the opinion of Wheelen and Hunger (2012:5), which defines strategic management as a solution to empower the entire organization to comprehensively and systematically realize the organization's vision and mission. To facilitate this, of course support from within the organization is needed. The focus of the strategy is on the process of setting organizational goals, developing policies and planning to achieve goals, as well as allocating resources to implement policies and plan to achieve organizational goals. Strategy is needed as an effort to apply the visions and missions that have been prepared by the relevant agencies represented in this case by the regional revenue agency.

Weaknesses in Efforts to Increase Income

Lack of the understanding and awareness of local regulations related to regional taxes and levies is a weakness that is often faced by regional revenue agency an achieving realization target. This is also often faced by regional revenue agency, especially in the collection sub sector, where when collecting taxpayers, they are often faced with a refusal attitude from taxpayers to pay their obligations. According to informants, only a small proportion of taxpayers want to report their local taxes independently, the rest is that there is still interference from regional revenue agency who goes directly to the field to collect. Although already armed with regional regulations

and a clear tax payment procedure system in realizing the realization target, but also it takes a personal approach to taxpayers so that they understand and are aware of local regulations related to local taxes and levies.

As a form of increasing regional financial capacity, optimization of locally generated revenue sources is needed. Until now, the opportunity to increase local revenue at Bangkalan regency is still very large. This can be seen from the existence of 11 types of regional taxes and 20 types of local levies managed by the regional government of Bangkalan regency. This means that for the local government itself, it is the tax and retribution sector that is quite dominant in contributing to the district Local generated revenue structure, as long as it is supported by all parties including the community. For Bangkalan regency itself, local taxes and regional levies are important sources of regional income to finance regional government administration and regional development, although the percentage of their contribution is still not optimal. This lack of optimism is not a matter of who should be responsible but how to optimize the tax reporting system and procedures. Researcher argues that improvement should be made in implementing a taxpayer reporting procedure system which can be started from :

1. Recording data on potential local taxes including the number of registered and unregistered taxpayers, so that more accurate data will be obtained.
2. Starting to implement taxation procedures in accordance with the rules in local regulation no 8 of 2010 on local taxes and can be started from registration, data collection, determination, deposit, bookkeeping and collection.
3. The availability of facilities and infrastructure for the smooth implementation of duties.

Not only the two things above are the weakness of regional revenue agency, the mastery and use of the technology are also part of the weakness still faced by regional revenue agency in realizing the vision and mission of the organization. This problem is reflected in the mastery and utilization of technology that is still conventional and there are still many systems that are partially running, so it is likely that the information submitted is inconsistent, different versions of data and data are not up to date (Khairunnisa, 2011). Technological advantages in this all digital era have not been accompanied by the development of adequate facilities and infrastructure. That is why, intensification and extensification of income subjects and objects are needed.

The reality in the field shows that there still a lack of cooperation between regional apparatus organizations which both have the duty to collect regional taxes and levies. If this continues, then coordination between regional apparatus organizations which have the authority to collect local taxes and levies will actually hamper the increase in regional original income. It is hoped that with clear regulations, especially those related to increasing regional original income, the performance of local governments and their agencies can achieve the targets set to meet all the needs and interests of all level of society at Bangkalan regency.

Based on the description related to this internal factors, it can be summarized several things that have a relationship in effort to increase income in Bangkalan regency, namely :

1. Strength
 - The existence of dynamic regional regulations
 - Adequate financing capacity
 - Clear systems and procedures
2. Weaknesses
 - Awareness of the public who don't understand the regional regulations

- Taxpayer reporting systems and procedures are not optimal
- Mastery and utilization of technology is not optimal
- Inadequate personnel competence

Assessing the External Environment

The enactment of law no 28 of 2009 for local government it self provides a breath of fresh air to be able to further adjust taxation policies that can be adjusted to the conditions of each region. Indirectly, this will create an atmosphere of the competition between regions and will further create a better investment climate in their respective regions. The partnership to take responsibility for development will be more real because it is supported by the clarity, certainty and simplicity of the various existing regulations. One of the missions of regional revenue agency is to explore sources of regional income and have the goal of increasing the economy and regional income. With the existence of regulations on local taxes and levies will have an impact on the regional revenue agency which is required to attract more taxpayers. Not only that, the increasing awareness of taxpayers of their obligations. in paying taxes needs to be nurtured in the hope that taxpayers are not in arrears for their obligations.

Bussiness development at Bangkalan regency is still wide open. How ever, so far there are still many bussines actors who are still hesitant to develop their bussines in this area. On average, they reasoned that investing in this district had to be faced with unclear licensing procedures, illegal fees and places to invest that were not yet located. From this experience, the regional government through Regional revenue agency in collaboration with other regional government agencies began to improve clear licensing procedures in accordance with the regional regulations that have been made. Cooperation and the availability of clear information related to the potential that exists in the regions are needed in an effort to increase local revenue.

It's a shame if the natural potential in this district can not be optimized and no private party want to develop their business here. In the absence of private parties who are willing to invest, it will close the opportunity to increase regional original revenue, especially from the regional tax and regional levies sector. So far, at Bangkalan regency shows that if there are taxpayers who are in arrears to pay their obligations, there has not been any firm action. Why it is difficult to implement ? all because of the many confusing regional regulations, especially those related to local taxes and levies.

The establishment of the law on number 19 of 2000 concerning billing by forced letters, for regional revenue agency can be used as a tool to force taxpayers who dont want to pay their bills. In the law, it is explained that the collection officer can collect the collection with the procedure of the providing a warning letter, warning letter and issuing a collection letter by force if the taxpayer has not been able to pay the bill until maturity/due date. So, tax collection by force letter, it is not something taboo, this action can be attempted as a deterrent effect for taxpayers to want to pay off the bill.

Challenge in the External Environment

The application of legal sanctions for taxpayers who are in arrears or collection officer who infringe on tax money, until now has not been able to take firm action. Eventhough there are rules related to forced billing, so far these rules are very difficult to apply to tax payers who do not fulfill their obligations. Lack of oversight on the implementation of local tax collection and regional levies is still far from adequate. This cannot be separated from the reality that exists in the field because the lack of supervision on the implementation of the collection of local levies and local taxes results in not optimal revenue to local revenue. The lack of support for the availability of competent human resources in the field of taxation for Bangkalan regency which has 18 sub-districts, because it is still not fully supported by the availability of human resources

who are competent enough in the field of taxation. This will indirectly lead to unwanted action in the carrying out their duties, such as fraud, collusion or discrimination when collecting local taxes or levies due to the lack of supervision. Can be exemplified related to the lack of supervision of the implementation of parking fees. So far, the problems that occur with parking fees are difficult to minimize. The frequent illegal parking spaces that should have been included in the regional treasury were not recorded. This is a challenge for the regional government, especially regional revenue agency, to try to improve the quality and capability of its employees. It is not only about the role of human resources who are not yet competent in increasing local revenue which come from local taxes and levies, but there is also a role for the awareness of taxpayers that needs to be improved.

On average, almost all district/ cities in Indonesia face the problem of taxpayers who do not want to pay taxes in an orderly manner. This problem is also faced by the regional revenue agency of Bangkalan regency, until now there are still many taxpayers who are always visited by collector officers to pay taxes. I dont know what is the obstacle for the taxpayers, whether it is due to ignorance and lack of understanding of the laws or regulations governing local taxes or because of unfriendly services and procedures that are too complicated so they dont want to pay taxes. Seeking to build taxpayer awareness seems to be a huge burden tough for tax collectors. Based on external conditions, opportunities and threats can be summarized which will then determine the strategy for increasing local revenue, namely :

1. OPPORTUNITY

- UU no. 28 of 2009 concerning local taxes and levies
- Business opportunities in various field continue to develop
- UU no. 19 of 2002 concerning collections with warrants

2. THREATS

- Lack of strict legal sanctions
- Lack of human resources
- Taxpayers awareness still needs to be improved

From combining strategic issues ranging from strenght, weakness, opportunities and threats, researchers can identify strategic issues that can be developed by Bangkalan regency's regional revenue agency as an effort to increase local revenue, as follows :

1. Strategy for the implementation of laws and regional regulations no. 8 of 2010 related to regional taxes and levies as a legal force to implement to tax collection system and can be used to expand the tax-base of local taxes and levies. Hold on this regional regulation, the collector officers can freely collect and expand tax objects without worrying about what has been done so far.
2. The tax registration and data collection strategy, with the expansion of tax objects is expected to attract new taxpayers, as well as open opportunities for cooperation with the private sector, as well as regional banks to invest in the regions. With a partnership with the private sector to share the responsibility for development together, it will be more real because it is supported by clarity and certainty of the various existing regulations. Regional economic growth will be faster because it is driven by sufficient funding sources to meet the needs for the development of economic facilities and infrastructure (BPKP's team, 2013).
3. Outreach strategy for the community regarding local taxes and levies regulations as an effort to intensify local taxes. Socialization also provides information regarding the ease of paying local taxes that can be done through te nearest UPTD. The enactment of law no. 28 Of 2009 concerning regional taxes and levies

which provide opportunities for regions to collect taxes other than central taxes is expected to boost regional revenues. By providing education related to local taxes and levies to the community, it is hoped that there will be no more doubts from the community at the local government, to comply with the provision of regional taxation and regional retribution.

4. Strategies for improving the management of local taxes and levies. By taking advantages of technological advances, applications that have been made regarding registration procedures to online local tax payments can be introduced to the wider community. It is hoped that from the application of this procedure system the community will know and feel easier. So that data collection on taxpayers and potential local taxes will be controlled and more accurate.
5. The strategy for the procurement of facilities and infrastructures as an effort to increase local taxes. In an effort to increase local revenue, it requires not only regulation, natural resources but also the fulfillment of facilities and infrastructure that can facilitate employee performance improvements, for example operational vehicles for tax collectors, computerization on-line, all of which are intended as motivation for employees who handle local tax management and local retribution.
6. The strategy of implementing sanctions for taxpayers, so far the application of sanctions for taxpayers who do not fulfill their obligations has not been explicitly implemented. The overhaul of the hesitation attitude should be eliminated as soon as possible, because tax collectors may take firm action against taxpayers who do not want to carry out their obligations. In this case, the government has regulated it by law number 19 of 2000 concerning collecting by force letter.
7. Strategy to increase understanding of the importance of taxes and levies, at least the local government of Bangkalan region is making efforts to introduce them to the community on a regular basis regarding local taxes and levies. With this introduction, it is hoped that the public will increasingly know and understand why there are tax collections and retribution payments, so that the hope is that public awareness will be more awakened and increase in regional original revenue/income can be achieved in all sectors.

Strategy for recruiting competent human resources in the field of taxation. Not only the fulfillment of the facilities and infrastructure that need to be fulfilled to support the increase in regional original revenue/income, but also the support of employees who have capabilities in the taxation sector. Improving the quality of understanding and ability of employees can be in the form of opportunities to continue their education to a higher level, following technical taxation guidance or trainings related to increasing regional original revenue/income.

Conclusion

Through a strategy plan, Regional revenue agency of Bangkalan regency can identify internal and external factors that are owned by the organization in managing and increasing revenue from the local tax and retribution sector. By knowing the issues strategic will be faced, the organization is expected to be able to formulate a strategy that is in accordance with the situation and condition owned by the organization, so that increases in taxes and levies can be realized by understanding the concept of the organization.

Researcher can identify strategic issues that can be developed by Regional revenue agency of Bangkalan Regency by assessing the internal and external environment, as a strategy to increase local revenue as follows :

1. Introduction of local laws and regulations governing local taxes and levies by means of regular outreach to the public. This socialization also explains how the system and procedure for registration, reporting, and tax payments. Supported by adequate financing, it is not impossible that this strategy will strengthen regional revenues.
2. Maximizing the role of collector officers, improving the quality of available human resources and maximizing coordination with other agencies in the context of intensification and extensification in optimizing revenue.

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