THE POLICY IMPLEMENTATION OF THE TAX REGIONAL OPTIMIZATION IN THE CITY OF KEDIRI
(Case Study in the Local Office of Revenue, Finance Management and Asset in the City of Kediri)

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Abstract: The Policy Implementation of The Tax Regional Optimization in The City Kediri (Case Study in the Local Office of Revenue, Finance Management and Asset in The City of Kediri). Tax is an important source of revenue for the state. The kind of study use descriptive method with qualitative approach. The focuses to increase the obedient of Taxpayer, The descriptions of taxpayers compliance in paying local taxes. The supporting and constraining factors in payments of local taxes which correlation between the taxpayers and the department. The research is the analysis of an interactive model developed by Miles and Huberman. Implementation by the law in Kediri no. 6 year 2010 about local tax have a good execute, this can see from accuracy payment by taxpayers and almost of tax implementation appropriate target. Recommendations offered to the problems included the self-assessment system improvement and the socialization of new type of tax requiring.

Keyword: implementation policy, local taxation, local revenue.

Introduction
Tax is an important source of revenue for the state treasury because taxes are a source of funding that can not be compromised and it is the requirement for every citizen to fulfill it. These needs include for public facilities and financing viability of the state. All in all, this scenario will ultimately lead in to one goal which is improving better welfare of the community. Therefore, taxation is indeed, need good mechanism to improve taxpayer compliance.

In article 1, paragraph 1 of Law No. 6 of 1983 on General Provisions and Tax Procedures (GPT) as already amended that the latest by Law No. 28 Year 2007 on the definition of the tax is mandatory contribution to the state that are owed by individuals or entities that are enforceable under the Act, to not get rewarded directly used for the purpose of fulfilling the needs of the country for all people's welfare. Taxation issues in Indonesia are not only an issue for central government but also for the local government (LG), especially since the enactment of Law No. 32 Year 2004 on Regional Government. At this time, the principle of local autonomy is large, realistic, and responsible government in financing the local development from revenue needs to be increased.

Tax is divided into two parts, namely State Tax and Local Tax, local tax and then divided into two parts which are Provincial Tax and District Tax or City tax. Implementation of the state tax withholding is done by the central government, as opposed to local tax withholding is done by the regional (provincial and district or city) government.
According to the types of local taxes under the Law No.28 of 2009.

The legal basis for local taxation and levies are under Law No. 28 year of 2009 on regional taxes and levies. The government of Kediri issued a policy in the form Kediri district regulation No. 6 of 2010 on local taxes in Kediri, in which it consists of controlling various taxes unless Non-Metal Mineral and Rock Tax. That local regulation deals with governing levies, systems, procedures, objection appeals, rectification cancellation, penalties, penal provisions, investigation, as well as procedure charges. All of them are directed for the civil authorities and tax payers in the city of Kediri to set the tax levy in complying applicable regulations.

Every problems about tax happen in Kediri City need good relations between government and taxpayers, so that it will be success policy implementation based on the Law no. 6 of 2010 Kediri Local Regulation. Tax optimalisation happen when taxpayer pay on time and base on regulation from government law. Beside that government must give feedback with good service so it gives impact to release by every tax payers. This condition can hope to support tax optimalization in Kediri.

Governments of Kediri assign tasks and responsibilities of the local tax to the Department of Finance and Asset Management Revenue Kediri. Department of Finance and Asset Management Revenue Kediri has the authority to regulate and manage each local revenue include local taxes. Setting Local Taxes Kediri city it self is set in the Local Regulation No. 6 of 2010 on regional taxes. Each year The Local Office of Finance and Asset Management Revenue in Kediri have a target to optimize revenue Kediri.

In general, local tax retribution has withdrawal implementation process which consists of two factors, namely intensification and extensification factors. The intensification factors include problems that arise and occur in organizations where the Tax Office of Kediri Regional Taxpayers already known but not yet paid retribution or taxes on time. Then, the extrinsic factors are the problems arising from the outside, such as home industries are not paying taxes because the industry has not been registered in the name of the taxpayer. The next problem is to expand the tax object is unknown. The researcher is interested in discussing compliance issues Taxpayer which entitled "THE POLICY IMPLEMENTATION OF THE TAX REGIONAL OPTIMIZATION IN THE CITY OF KEDIRI."

Theoretical Review
1. Policy Implementation

Whereas Mazmanian and Sabitier (1983, h.4) explained by Widodo (2009, h.87) the meaning of implementation by saying that, “To understand what actually happens after a program is enacted or formulated is the subject of policy implementation. Those events and activities that occur after the issuing of authoritative public policy directives, which included both the effort to administer and the substantive impacts on people and events.”

2. Policy Implementation Models Policy implementation models by

Framework for implementation analysis which Mazmanian and Sabitier (1983) developed. It is placed in the “pressure mechanism” rather than in the “market mechanism”. Both Mazmanian and Sabitier classify the implementation process into three variables, independent, intervening, and dependent.

Tractability of the problems
1. The availability of the valid technical theory and technology
2. The diversity of the target group behavior
3. The extent of the behavior change required

Ability of Statute to Structure Implementation
1. Clear and consistent objectives
2. Incorporation of adequate causal theory.
3. Financial resources.
4. Hierarchical integration with other programs/agencies.
5. Decision-rules of implementing agencies.
6. Recruitment of implementing official(s).
7. Formal access by out sides.

Non-statutory Variables Affecting Implementation
1. Socio economic conditions and technology.
2. Media attention to the problem.
3. Public Support
4. Attitudes and resources of constituency groups.
5. Support from sovereigns.
6. Commitment and leadership skill of implementing officials.
Implementation policy Process begin in the statutory Output of the implementing officials, The target group compliance with the statutory output, The actual outcome of the statutory output, The acceptance of the outcome, The revising of the laws.

3. Regional Decentralization and Autonomy

Maddick cited by Kuncoro (2004: h.3) defines decentralization as “a process of deconcentration and devolution (Nugroho, 2000, h.46) gives explanation about autonomy which comes from Greek *autos* and *nomos*, the first word means “alone” and the second word means “government”. So autonomy means “self-govern”.

4. Regional Finance

Djumhana (2005, h.1) explains that regional finance has a meaning of “all regional rights and obligations to conduct regional governance that can be valued with money, including all kind of assets which are related to regional rights and obligations”.

5. Tax

Taxation is the transfer of public wealth into the state treasury for regular expenditure public saving, and public investment after every use and need is satisfied and surplus remains by Soemitro (2009, h.1).

6. Taxpayers

Taxpayers are individuals or statutory bodies which according to provisions of taxation laws, are stipulated to perform taxation obligations, including certain tax collectors or withholders.

7. Local Tax

Pahala (2010, h.9) defined the local tax really well as an enforceable contribution imposed on all Indonesian individuals or entity based on the laws in order to finance the local development and administration.

Research Methods

The researcher uses descriptive method with qualitative approach have discuss or explain the events and occurrences which exist in the present and cannot be proved with numbers but with description. The focus which is used in this study is: the implementation policy of the regional tax optimalization in Kediri. The first the effort taken by the Department of Revenue, Finance Management and Asset Kediri to increase the obedient of Taxpayer, include: a) The general working description of the Department of Revenue, Finance Management and Asset Kediri. b) The objectives of implementing Kediri Local Government Regulation No. 6 of 2010 on local taxes in Kediri. c) The efforts of the Department of Revenue, Finance Management and Asset Kediri especially about service so the tax payers can pay tax on time. Secondly the descriptions of taxpayers compliance in paying local tax. Only consist of the accuracy and timely of taxpayers number to regional tax of Kediri. The third is supporting and constraining factors in payments or delays of local taxes in Kediri which are balancing the correlation between the taxpayers and the Department of Revenue, Finance Management and Asset Kediri, including: a) The supporting factor in implementing policies in Kediri regional tax. b) The constraining factors in implementing policies in Kediri regional tax.

Discussion

Tax collection system was made by the Local Office of Revenue, Finance and Asset Management (LORFA) based on regulation no. 91 of 2010 concerning the tax collection system that is divided into two parts the self-assessment and official assessment.

Tax revenue of Kediri is increasingly imposed on each object despite its incompatible enactment with the prescribed targets. The Local Office of Revenue, Finance and Asset Management have made best efforts in optimally collecting and managing the ten taxes. The taxes greatly account for the increase in local revenue of Kediri and decrease in aid dependency from the central government. Out of the ten taxes, three potentially engender problems worth studying: street lighting tax, tax on acquisition of land and building, land and building tax.
Table 11: The Development of Local Revenue in The Year 2010 – 2011

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target</td>
<td>Realized amount until September</td>
<td>%</td>
</tr>
<tr>
<td>Local tax outcomes</td>
<td>15,558,998.59</td>
<td>12,593,882.62</td>
<td>107.73%</td>
</tr>
<tr>
<td>Hotel tax</td>
<td>1,319,044.594</td>
<td>1,111,933.987</td>
<td>108.22%</td>
</tr>
<tr>
<td>Restaurant tax</td>
<td>1,600,714.000</td>
<td>1,609,117.498</td>
<td>135.98%</td>
</tr>
<tr>
<td>Entertainment tax</td>
<td>445,600.000</td>
<td>322,373.925</td>
<td>109.61%</td>
</tr>
<tr>
<td>Advertisement tax</td>
<td>1,120,000.000</td>
<td>994,443.727</td>
<td>116.08%</td>
</tr>
<tr>
<td>Street lighting tax</td>
<td>10,937,000.00</td>
<td>8,450,879.491</td>
<td>104.15%</td>
</tr>
<tr>
<td>Parking tax</td>
<td>136,640.000</td>
<td>105,134.000</td>
<td>101.97%</td>
</tr>
<tr>
<td>Water land tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tax on the acquisition of land and building</td>
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</tr>
</tbody>
</table>

Source: Local Office of Revenue, Finance and Asset Management
Maximized tax collection is evidenced by the target and the realized outcome conducted by Local Office of Revenue, Finance and Asset Management. In 2011 it is less than expected because the taxes going beyond the prescribed amount include tax on the acquisition of land and building, Hotel Tax, and water tax. Others do not meet the expectation. The maximized collection in 2012 shows four taxes exceeding the expectation including tax on the acquisition of land and building, Hotel tax, and water tax and Restaurant tax. The realized outcome is attributable to the efforts made by Local office of Revenue, Finance and Asset Management.

There are eight types of tax imposed in Kediri. The writer intends to select them based on certain indicators: the punctual tax payment, and the problem-related taxes including street lighting tax, tax on acquisition of Land and Building and the Land and Building tax. The Regional Regulation No. 6 of 2010 on local taxes in Kediri have been properly carried out for three years according to the statement of the head of Department of Revenue, Finance and Asset Management recorded in an interview on March 25, 2013;

"Local Taxes encompass the tax imposed on the hotel to the acquisition of land and building. Prior to the regional regulation issued in 2010 each tax is addressed separately in a regulation. Each regulation elucidates the details of a tax. Regulation issued in 2010 deals with 7 types of tax simultaneously including the Acquisition Duty of Land and Building (BPHTB), whereas the Land and Building tax is separately treated according to the mandate of the Directorate General of Taxes because of its complexity compared to others. Tax has its own level of complexity compared to other types of taxes. It comes into effect on January 1, 2014 despite the issuance of Regulation in 2009. Kediri is ready to implement these regulations in 2013, a year earlier than the decreed year of implementation."

The street lighting tax is very potential because of its common use in Kediri. Electricity is a major necessity for the society which is linear to the number of consumers and is expected to increase each year. The second most potential tax is the tax on Acquisition Duty of Land and Building (BPHTB). It is commensurate with the increasing transaction between buyers and the owners of the land. The increasing transactions will be directly proportional to the amount of tax on land and building title transfer duty.

The Notice of Acquisition Duty of Land and Building Collections are administered by local governments in 2011. Collection regulation is similar to the one stipulated by Directorate General of Tax (DGT). Tax rate of 5% imposed on the revenue obtained from transactions in accordance with tax object sales value provisions. Acquisition Duty of Land and Building tax starts with the transaction between the seller and the buyer until the agreement is finalized and a deed made to determine the Calculation note. The tax payer remits the tax on Acquisition Duty of Land and Building to the local treasury office and the final tax will be remitted to central office. Payment is made at National Land Agency (BPN). The amount of Acquisition Duty of Land and Building tax depends on frequency of transactions carried out each year and is expected to rise to Rp 9 billion in 2013.

The third is the land and building tax whose ‘control shift’ from central government commences in 2014. The land and building tax implemented in Kediri a year earlier than the stipulated effective date in 2013 is targeted at 13 billion. PBB (the Land and Building tax) is predicted to be potentially increasing.

The Land and Building Tax is a newly passed tax provision which has problems in the execution. Many people are not familiar with the new regulations in terms of the payment mechanism. The problems that arise are due to lack of socialization. The tax is no longer administered by Directorate General of Taxes but it has been made over to the Local Government. The frequent problem deals with the double name of the tax payers which presents LORFMA more problems with the management. On the other hand, taxpayers would also suffer huge losses because they have to pay twice. Misunderstanding between the taxpayer and LORFMA needs to be clarified in order to avoid the nagging problems; taxpayers must register and straighten out any problems in order to avoid the same name listed on the return. LORFMA is obligated to examine each name to avoid mistakes and repeated names. The third problem is a matter of low awareness that affect the reduced revenue of pre-determined targets to be incorporated into the local treasury. The last problem is the error...
discovered in the record which affects the stipulation of the tax amount. Keeping the data and record accurate would be extremely important because it affects the stipulated amount that the taxpayer is required to pay. It is not easy to do since it is more often now that taxpayers divide his bequeathed land among his children. For example, a man has 4 sons that will receive a part of his land. The stipulation will change accordingly.

The number of PBB taxpayers in 2013 is 85,000 with a potential aggregate of Rp 8.3 billion and this year will be estimated to Rp 17.1 billion. It is predicted to be increasing in line with the increasing sale value. There are strength and weaknesses of the local government’s administration of PBB. The positive side is the increasing revenue will reduce the aid dependence granted by the central government.

LORFMA should step up its efforts to improve its services so that taxpayers would be encouraged to pay on time. Based on the data derived from an interview on March 26, 2013 with the leadership of the data collection division, LORFMA has made efforts including:

"LORFMA is trying to improve the service by establishing constructive communication with the government, companies and society, strengthening the cooperation between sectors, enforcement of regulations (regulatory function), and revenue management (budgetary function), constantly exercising the laws, keeping the accuracy, revamping and conducting internal organizations development to attain the specified target. The benchmark and global efforts are essential to ensuring a better and more specific performance in the field."

He went on to explain how to discipline those who are behind in payments of the taxes, this interview was conducted on March 26, 2013: "Every tax has its due time and differs in the collection. For example, the collection of taxes using self-assessment include PPJ (Street lighting tax) and PBHTH (the Acquisition Duty of Lands and Buildings. When the payment is behind the time, on the spot investigation is made ensure that it is still in effect or the taxpayers encounter some constraints (not familiar with the mechanism or payment procedure in using self-assessment system. Failure to pay their liabilities, the tax

payers are penalized according to the applicable laws."

Services provided are guided by a motto (smile, greet and salute) to condition and boost the taxpayers’ confidence. The infrastructure needed is prepared to facilitate the service. LORFMA uses information system data base. Taxpayer should have a tax history that would render things in terms of administration easier. The online system is developed in the future to speed up the tax management and payment. Highly educated human resources fitting the work will step up performance. The mastery of science and technology will enable the existing personnel to perform the complex task of computerized calculating taxes with ease. The human resource and technology utilization combined will certainly be able to improve the performance of LORFMA.

Problems faced by LORFMA can generally be classified into intensification and extensification factors. Intensification factors occur when taxpayer has been registered but not yet paid their liabilities. Solution to this problem is collecting the payment due, and conducting the renewal of the database through the revision of the registered taxpayers.

Extensification factor occurs when taxpayers are unregistered. Renewing registration of the taxable objects following the registration of the taxable people is important to keep the database up to date. The next step is devising ways to list taxable income sources. The last step would be to explore the potential that has not been stipulated by laws as long as it does not transgress the laws applicable.

The policy implementation model of Local Regulation No 6 of 2010 on local taxes can be assessed through the implementation model proposed by Daniel Mazmanian and Paul A. Sabitier. Stages in the implementation process according to this model consist of five programs: the output of the executing agency policies, compliance with the policy output, acceptance of the results and revision of laws. The first stage is concerned with the policy the mayor establishes to be implemented by the Department of Revenue, Finance and Asset Management. Secondly, the policy output can be viewed from any interviews disclosing the payment of the tax in compliance with regulations. The PBB tax payers demonstrate no objection to punctual payment of the tax.
Since there is the lack of respondents for interview concerning the Acquisition Duty of Land and Building the results need corroborations. Thirdly, the tangible results of the policy output are included in Local Government Revenue in Kediri. Fourthly, the public receive the results as the local budget is used to undertake the development of a better society in Kediri. Finally, a revision is conducted of the law to be performed by the local government resulting in further policy improvements.

The first taxpayers of street lighting tax consist of PLN and electrical power producers. PLN is the most obedient taxpayer that remits taxes to the local government through the Local Office of Revenue, Finance and Asset Management in Kediri. We do not know the actual number of street lighting taxpayers unless what is reported by PLN. Yet the target remains high that is expected to be at Rp.13 billion. The interview with one of PLN employees in the commercial section conducted on March 28, 2013 goes this way.

The tax payer is aware of responsibility to pay the tax on time and the consequences. The awareness is embodied in the compliance with the provision. This helps LORFMA greatly as the society consciously sees its way to pay the tax. Despite the difficulty to have the precision of the exact number of the tax payers, the high compliance rate with the provision represents the regular payment of the tax that will not pose any problems.

The Supporting Factors Implementation Kediri Regional Regulation no.10 of 2010 on Local Taxes make use of every available opportunity to increase revenue, PAD has a role an important in the framework of financing the construction of area. Based on potency who are owned respective - respective regions, an increase within acceptance PAD. This will be able increase the local financial capabilities. The economic developments elapsed areas who shrub connected with national economy and international, then the regional capability in optimizing the utilization of sources - reception sources PAD become very important. Sources of - source acceptance of PAD such can be described again in the form of receipts from local tax and retribution regions. Then the inhibiting Factors Implementation Kediri Regional Regulation no.10 of 2010 on Local Taxes.

Organization, Organization requires good management to organize and manage even overcome any problems that arise. If LORFMA as an organization designated by the local government does not socialize optimally in society, especially in relation to society Regulation it self, would make the barrier. Public awareness about the matter as a taxpayer of the obligation to pay the levy or taxation. Most of the people know that tax is the duty as a citizen to pay, but people tend to stay away to pay their taxes. The control fiscus, Human resources as a public service how mastery of the material in the settings area. As a servant to master every skill related to taxes, ranging from harvesting to management. LORFMA also requires enough education in order to know what should be done to improve services for junior fashion. Adequate human resources can not be separated from the support by adequate infrastructure. Infrastructures are developed in accordance with the existing science and technology will further improve services for the better.

**Conclusion**

Tax collection in Kota Kediri is conducted in three ways: firstly the tax payers pay it on self-assessment that gives the people greater control and responsibility over the tax affairs such as calculating, paying and notifying the tax payable through the Local Notice of Tax Due (SPTPD). Secondly, the tax stipulated by the Local Government which is an official assessment conducted by obligating the tax payers to pay certain amount of tax specified in the Local Tax Stipulation or other documentation. The writer chose to take three types of taxes proportionally, 2 of which are the most potential taxes and 1 most problematic one. Those taxes are street lighting tax, the Acquisition Duty of Land and Buildings, and the Land and Building tax. The first tax is street lighting tax whose tax payers consist of PLN (The State owned Electricity Company) and people generating electricity as prescribed in the Local Government Provision.

This tax is potentially increasing because the whole community uses it on daily life and thus is obligated to pay the bill to PLN. 10% of the total revenue is remitted to Local Government through LORFMA. PLN is required to pay the tax to LORFMA punctually. The compliance with the obligation expected has a positive
The Street Lighting Tax comes into effect after the stipulation of Local Government taxation in Kediri. The Street Lighting Tax stands at Rp 9,051,789,757.00 in 2008 or 109.76% in percentage terms. It rises to Rp 1,589,682,993.00 in 2009 or 119.04%. In 2010 it is estimated at Rp 454,401,260.00, or 104.15% and 2,409,816,138.20 in 2011 or 106.86% and goes up to Rp 763,260,715 or 120.49% in percentage terms. The highest amount is received from the Street Lighting Tax in 2012. Although the increase does not mark each year of taxation, the Street Lighting Tax remains potential and punctual in terms of its payment.

The second type of tax is the Acquisition Duty of Land and Building. This tax is linear with the rate of transaction between the seller and purchaser. This tax need envisages potential future since 2011 with the final received amount of Rp 6,334,072,861.00 or 174.64%, realized in the following year, an estimated It amount Rp 4,839,378,571.39 or 160.49% . It is projected to be at 9 billion in 2013 depending on selling and buying transaction in Kediri.

The third tax is the Land and Building Tax stipulated by the Central Government but changed in 2014. The Municipal Government of Kediri carried this out a year earlier toward a target sum of no less than 13 billion. This tax constitutes a new provision that is likely to encounter problems. The society is not familiar with the mechanism of payment due to the lack of socialization. This tax has been given over from the directorate General of Taxes to the Local Government. The double name problem often occurs. The low awareness of the tax payers compounds the problem that hinders the LORFMA from achieving the specified target. Problem associated with data collection in establishing correct amount is referred to as decision error. The implementation process of the Local Regulation No. 6 of 2010 concerning the local taxes has seen strengths and weaknesses. The strengths will involve many opportunities to maximize and boost the credible implementation to achieve the desired target. The weaknesses lean toward the effective administration and management to anticipate the problems arising. When LORFMA authorized by the Local Government fails to socialize the society, the reluctance and ignorance of the law will be logical consequence. Thirdly, the awareness of the tax payers is low in respect of the tax payment obligation. Fourthly, the fiscal mastery skill in conjunction with the service provided and regional administration is related to the infrastructure support and human resource quality. The limitations in tax administration constrain tax performance. Hence the use of adequate technology will improve and facilitate the service. At any given level of administrative capacity, more can be done better with appropriate advanced technology, often by complementing and increasing the productivity of skilled staff. Apart from the strengths and weaknesses mentioned above, the implementation of local regulation no. 6 of 2010 concerning the local tax is realized with the provisions specified.

References

The Regional Regulation No. 6 of 2010 about local taxes in Kediri