

Enhancing local revenue via tax incentives: a strategy to establish fair and balanced taxes



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Abstract

PBB-P2 tax (Land and Building Tax-Rural and Urban) and other valid sources provide local revenue. In article 10 of Regulation of the Minister of Finance of the Republic of Indonesia Number 208/PMK.07/2018 for the Assessment of Rural and Urban Land and Building Taxes, "The Regional Head determines the amount of NJOP (Tax Object Selling Value) of Land and Building every 3 (three) years, except for certain tax objects that can be determined annually in accordance with the development of the region." One technique to optimize PBB revenue is to update NJOP data. One way to enhance municipal revenue legally is with a tax stimulus. Empirical legal research uses induction reasoning to analyze primary and secondary data. The goal is to determine a lawful and compliant local tax optimisation policy. NJOP is significantly higher now. NJOP increases by 1–8 times. Through a mayoral regulation on PBB-P2 stimulus in 2023–2025, the Local Government hopes to reduce social turmoil by gradually increasing the value of the Land and Building Tax assessment.

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1. Introduction

The current focus for the region's development strategy should be primarily on fostering economic self-reliance. This autonomy encompasses the provision of funds for development.¹ The regulation of regional revenue sources in the implementation of decentralization is stipulated in Law Number 28 of 2009, specifically in the context of governing the Government. Every region has the authority and responsibility to control and oversee its governmental matters to enhance the efficiency and efficacy of government administration, and to deliver services to the community. Within the framework of implementing government administration, regions have the authority to

¹ Telly Sumbu, 'Hubungan Pemerintah Pusat Dengan Pemerintah Daerah Dalam Kerangka Pengelolaan Keuangan Negara Dan Daerah', *Jurnal Hukum Ius Quia Iustum*, 17.4 (2010), 567–88 <<https://doi.org/10.20885/iustum.vol17.iss4.art4>>.

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levy charges on the community.² According to the 1945 Constitution of the Republic of Indonesia, taxation is recognized as a fundamental aspect of the state. It affirms that the imposition of financial obligations on society, such as taxes and other mandatory fees, is legally regulated.³

One method of meeting the operational requirements of government administration can be achieved through the tax sector, as taxes serve as a crucial source of state money to fund development.⁴ Nevertheless, endeavors to acquire this revenue continue to confront numerous hindrances, including a lack of awareness among a significant portion of the population regarding their need to pay taxes, the advantages of taxes for progress, and the tendency to procrastinate until the payment deadline. Another factor contributing to taxpayer compliance is the prevailing bad perception of tax officials. To address this, it is imperative to enhance the quality of service provided, hence fostering happiness among taxpayers in the realm of taxation.⁵

The legal framework for the collection of Rural and Urban PBB in a Regency/City is established by Law Number 28 of 2009, which pertains to Regional Taxes and Regional Levies. Additionally, the collection is governed by Regency/City Regional Regulations that specifically address Rural and Urban PBB. The implementation of these regulations is further guided by Regent/Mayor Decrees, which serve as the operational rules for the local regulations on Rural and Urban PBB in the respective Regency/City. Law No. 28/2009 on Local Taxes and Local Levies was passed by the House of Representatives of the Republic of Indonesia.⁶ The Land and Building Tax, as stipulated in Law Number 28 of 2009 on Regional Taxes and Levies of the Republic of Indonesia, applies to both the Rural and Urban sectors. The outstanding amounts of Rural and Urban Land and Building Tax (PBB-P2) will be consistently documented if the taxpayer has not settled their arrears. Furthermore, the number of outstanding amounts will accumulate if the taxpayer fails to fulfill their tax obligations, including administrative penalties, in subsequent years. To prevent a substantial growth in the amount of Land and Building Rural and Urban Tax (PBB-P2) receivables, it is crucial to effectively manage the collection of Land and

² Fauzi Syam, Elita Rahmi, and Arsyad Arsyad, 'Eksistensi Dan Konstruksi Yuridis Badan Usaha Milik Daerah Pasca Undang-Undang Pemerintahan Daerah Tahun 2014', *Undang: Jurnal Hukum*, 1.2 (2019), 295–322 <<https://doi.org/10.22437/ujh.1.2.295-322>>.

³ M. Rendi Aridhayandi, 'Peran Pemerintah Daerah Dalam Pelaksanaan Pemerintahan Yang Baik (Good Governance) Dibidang Pembinaan Dan Pengawasan Indikasi Geografis', *Jurnal Hukum & Pembangunan*, 48.4 (2019), 9–25.

⁴ Ananda Prima Yurista, 'Politik Hukum Pertambangan Minyak Bumi Pada Sumur Tua Sebagai Strategi Menuju Ketahanan Energi Di Indonesia', *Jurnal Rechts Vinding: Media Pembinaan Hukum Nasional*, 4.2 (2015), 311 <<https://doi.org/10.33331/rechtsvinding.v4i2.26>>.

⁵ Diana Yusyanti, 'Aspek Perizinan Di Bidang Hukum Pertambangan Mineral Dan Batubara Pada Era Otonomi Daerah', *Jurnal Penelitian Hukum De Jure*, 16.3 (2016), 309–21.

⁶ Sulastriyono and Sandra Dini Febri Aristya, 'Penerapan Norma Dan Asas-Asas Hukum Adat Dalam Praktik Peradilan Perdata', *Mimbar Hukum - Fakultas Hukum Universitas Gadjah Mada*, 24.1 (2012), 25–40.

Building Tax (PBB-P2).⁷

To enhance the revenue of the PBB sector, it is imperative to promote heightened public awareness and solicitude. An example of a developed system is the PBB collecting system, which utilizes the Official Assessment System (OAA). In this system, the amount of tax that a taxpayer must pay or owe is calculated and established by the tax authority or tax officer. In this Optimal Asymmetric Adjustment (OAA) system, the taxpayer assumes a passive role while the Diskus takes an active role. Despite the diligent efforts of tax officials, the lack of taxpayer understanding of tax payments may lead to a decline in taxpayer compliance. Nevertheless, there is still a deficiency in the general populace's understanding of their responsibilities in fulfilling their tax commitments. Hence, it is imperative to devise a strategy to augment the money generated by land and construction taxes, ensuring consistent annual growth. This study seeks to determine the imperative nature of implementing stimulus measures to alleviate social unrest within the community resulting from emerging issues, and to mitigate the social repercussions experienced by the community.

2. Research Method

This study employs an empirical legal research approach, utilizing both primary and secondary data sources.⁸ Primary data refers to data that is collected directly from individuals or sources through interviews and observations.⁹ The secondary data consists of primary legal materials, secondary legal materials, and tertiary legal elements. Primary legal resources refer to legal materials that possess authoritative power. Primary legal materials encompass statutes, rules, and official records or minutes about legal matters under examination.¹⁰

3. Results and Discussion

The Impact of Local Taxes on Regional Development

The progress of a specific area is intricately linked to its Regional Original Revenue (PAD). To enhance Regional Original Revenue (PAD) to construct a city that is more developed and

⁷ Luthvi Febryka Nola, 'Implementasi Putusan Mahkamah Konstitusi Nomor 67/PUU-XI/2013 Terkait Kedudukan Upah Pekerja Dalam Kepailitan (Implementation of Constitutional Court Decision Number 67/PUU-XI/2013 Related to the Position of Workers' Wages in Bankruptcy)', *Negara Hukum: Membangun Hukum Untuk Keadilan Dan Kesejahteraan*, 10.2 (2020), 152.

⁸ Rian Saputra, 'Pergeseran Prinsip Hakim Pasif Ke Aktif Pada Praktek Peradilan Perdata Perspektif Hukum Progresif', *Wacana Hukum*, 25.1 (2019), 10–18.

⁹ Muhammad Asrul and Shilla Hasmara, 'Explaining Legal Implications: Ownership Analysis Of Intellectual Property Rights On Cryptokitties Platforms', *Wacana Hukum*, 29.1 (2023), 1–13.

¹⁰ Taufiq Yuli, Ramalina Ranaivo, and Mikea Manitra, 'The Proposal for the Implementation of Elections in Indonesia: A Framework Based on the Presidential System', *Wacana Hukum*, 29.2 (2023), 181–205 <<https://doi.org/10.33061/wh.v29i2.9815>>.

successful.¹¹ The community dynamics indicate that the land sale value in the area has undergone significant growth, parallel to the development of the region and the economic level within it. It is important to ensure that the NJOP land data is regularly updated to keep pace with market value and maintain a balanced approach. The deterioration in the quality of NJOP will significantly affect regional revenue, particularly PBB-P2 and/or BPHTB, as well as Income Tax related to the transfer of rights to land and structures. The rise in NJOP is once again intended to meet the demands of the residents of Solo. As the NJOP (Net Asset Value) rises, the PAD (Local Revenue) similarly increases, leading to a more expedited achievement of fair development.¹²

The Sales Value of Tax Objects (NJOP) is the mean price derived from natural buying and selling transactions. In the absence of such transactions, NJOP is determined by comparing prices with similar objects, or by considering the new acquisition value or the replacement NJOP. In the administration of Urban and Rural Land and Building Tax (PBB P2), in addition to establishing tax rates, the Regional Government also possesses the power to calculate the NJOP Tax Object Sales Value of land per square meter, which serves as the foundation for calculating the land NJOP for each parcel of land. The determination of NJOP is conducted by the utilization of the market data comparison method, also known as the market data approach.¹³

The survey results pertain to the NJOP Classification, which is determined by the Minister of Finance Regulation Number 150/Pmk.03/2010. This regulation establishes the criteria for classifying and determining the sales value of tax objects, which serves as the basis for imposing land and building tax. The Earth's NJOP per square meter is determined by converting the NIR per square meter into the Earth's NJOP classification. The selling price of land is significantly impacted by its location, with more strategically positioned land commanding a higher selling value. This neighborhood serves as a hub for trade and services, with proximity to offices and public service access. It offers a range of social and public facilities, as well as convenient metropolitan public transport, e-commerce, and internet services, which are more readily available compared to rural areas. The value is directly determined by the economic prosperity of a city. The early stages of the vigorous growth pattern aimed at promoting societal well-being and ensuring fair development are evident across all societal strata.¹⁴

The influence of municipal taxation on regional growth is an intricate and diverse matter,

¹¹ Imam Lukito, 'Peran Pemerintah Daerah Dalam Mendorong Potensi Indikasi Geografis (Studi Pada Provinsi Kepulauan Riau)', *Jurnal Ilmiah Kebijakan Hukum*, 12.3 (2018), 313 <<https://doi.org/10.30641/kebijakan.2018.v12.313-330>>.

¹² Suharyo, 'Otonomi Khusus Di Papua Dan Aceh Sebagai Perwujudan Implementasi Peranan Hukum Dalam Kesejahteraan Masyarakat', *Jurnal Rechtsvinding*, 5.1 (2016), 324.

¹³ Muhammad Ridwan Lubis, 'Analisis Yuridis Terhadap Kedudukan Keuangan Negara Dalam Penyertaan Modal Daerah Pada BUMD Berbadan Hukum Perseroan Terbatas', *Jurnal Hukum Kaidah Media Komunikasi Dan Informasi Hukum Dan Masyarakat*, 18.1 (2018), 83–102.

¹⁴ Tiara Oliviarizky Toersina Subadi, 'Perkembangan Konsep Atau Pemikiran Teoritik Tentang Diskresi Berbasis Percepatan Investasi Di Daerah', *Jurnal Mimbar Hukum*, 30.1 (2018), 17–31.

encompassing several economic, social, and political elements. Local taxes are essential in determining the economic environment of a certain area, impacting investment choices, company expansion, and overall progress. When analyzing the influence of municipal taxes on regional development, it is important to take into account the following crucial factors: Firstly, the objective is to allure and maintain businesses. Fiscal incentives: Local authorities frequently employ tax incentives as a means to entice enterprises to their neighborhood. Reducing corporation taxes, providing property tax discounts, or granting exemptions can incentivize enterprises to establish their presence in a certain region, hence fostering job creation and stimulating economic expansion. Competitive Advantage: Regions with lower tax burdens may possess a competitive edge in attracting enterprises compared to places with higher tax rates. This can lead to a more vibrant and prosperous company ecosystem.¹⁵

Additionally, infrastructure investment relies on tax revenue generated at the local level to finance crucial projects, like the construction and maintenance of roads, bridges, and public services. Optimal infrastructure may augment the appeal of a location for both enterprises and inhabitants, fostering comprehensive growth. Three, the topic of discussion is income distribution and inequality. Comparison of Progressive and Regressive Taxes: The selection of tax framework can have a significant influence on the distribution of income. Progressive taxes, which entail higher-income persons paying a greater proportion of their income, can help alleviate income disparity. Conversely, regressive taxes, which involve lower-income individuals paying a larger proportion, might worsen inequalities.¹⁶

In addition, the provision of local services and the overall quality of life: Provision of Services: The extent of local taxation frequently dictates the caliber and extent of public services accessible inside a certain area, encompassing education, healthcare, and public safety. These services enhance the overall quality of life and have the potential to attract inhabitants and companies. In addition, the housing market and affordability are influenced by property taxes, which have a direct impact on the expenses associated with owning a home. Elevated property taxes might dissuade individuals from purchasing residences in a certain locality, thus affecting the housing market and the general economic well-being of the region. In addition, the topic of discussion is migration patterns. The tax burden and migration: Individuals and enterprises have the option to move to a different location depending on the local tax conditions. places with high tax rates may see a decrease in population as people move away, whereas places with low tax rates may attract new residents. Such changes might result in population and economic activity fluctuations.¹⁷

Moreover, the factors of public perception and policy stability are also important to

¹⁵ Laurens Bakker, 'Custom and Violence in Indonesia's Protracted Land Conflict', *Social Sciences & Humanities Open*, 8.1 (2023), 100624 <<https://doi.org/https://doi.org/10.1016/j.ssaho.2023.100624>>.

¹⁶ Diane Kraal, 'Petroleum Industry Tax Incentives and Energy Policy Implications: A Comparison between Australia, Malaysia, Indonesia and Papua New Guinea', *Energy Policy*, 126 (2019), 212–22 <<https://doi.org/https://doi.org/10.1016/j.enpol.2018.11.011>>.

¹⁷ Ain Hajawiyah and others, 'Analysis of a Tax Amnesty's Effectiveness in Indonesia', *Journal of International Accounting, Auditing and Taxation*, 44 (2021), 100415 <<https://doi.org/https://doi.org/10.1016/j.intaccudtax.2021.100415>>.

consider. Anticipation and Consistency: The consistency and reliability of municipal tax regulations can impact the impression of an area among businesses and investors. Steadfast tax policies can foster assurance, whilst frequent alterations might generate ambiguity. The influence of municipal taxes on regional growth is contingent upon the unique circumstances, with additional factors such as the legal framework, labor accessibility, and geographical position all exerting substantial influence. Furthermore, the efficacy of tax policies in fostering growth is contingent upon their alignment with the overarching economic objectives and priorities of a given region.¹⁸

Land and Building Tax Stimulus in Indonesia: an endeavour to establish equitable tax policies

The Land and Building Tax is the focus of initiatives that arise from the City NJOP survey. Because the market value of the land is significantly different from its NJOP value. Undoubtedly, the market approach is quite remarkable. The analysis of the survey results' highest and lowest NJOP scores is consistent with this point.¹⁹ In contrast to the previous survey results, which recorded a minimum value of IDR 614,000 and a maximum value of IDR 15,105,000 for the 2018 NJOP determination, the present survey yields values of IDR 1,032,000 and IDR 36,705,000 for the same period. This results in a 1.68-fold increase for the least valuable land and a 2.42-fold increase for the most valuable land.²⁰

The Regulation of the Director General of Taxes Number 34/Pj/2008 regarding the Form and Contents of the Tax Notification Form for Land and Building Taxes defines SPPT as the Tax Notification Letter Due, which is a correspondence employed by the Directorate General of Taxes to inform taxpayers of the amount of tax owed on land and buildings. Upon examination of these circumstances, it becomes evident that as NJOP rises, individuals will become progressively less inclined to remit their tax obligations, resulting in an additional escalation of arrears.²¹

According to the study's findings, the NJOP experienced a substantial rise, with an increase ranging from 1.8% to 8% compared to its present value. The NJOP adjustment is implemented to augment or modify the Land Value Zone, which occurs when the NJOP fails to accurately represent the true worth of the property. In the future, this modification is anticipated to affect regional revenues, specifically PBB-P2 and/or BPHTB. As an update to the NJOP data utilized in the computation of Land and Building Tax and BPHTB tax, this NJOP increase is implemented. Nonetheless, as a result of the escalation in the value of the PBB-P2 Tax

¹⁸ Jan Halberda, 'The Principle of Good Faith and Fair Dealing in English Contract Law', *Pravovedenie*, 64.3 (2020), 312–25 <<https://doi.org/10.21638/spbu25.2020.301>>.

¹⁹ Triana Rejekiingsih, 'Asas Fungsi Sosial Hak Atas Tanah Pada Negara Hukum (Suatu Tinjauan Dari Teori, Yuridis Dan Penerapannya Di Indonesia)', *Yustisia Jurnal Hukum*, 5.2 (2016), 298–325.

²⁰ Elita Rahmi, 'Eksistensi Hak Pengelolaan Atas Tanah (Hpl) Dan Realitas Pembangunan Indonesia', *Jurnal Dinamika Hukum*, 10.3 (2010), 349–60 <<https://doi.org/10.20884/1.jdh.2010.10.3.104>>.

²¹ Upik Hamidah, 'Pembaharuan Standar Prosedure Operasi Pengaturan (SOP) Pelayanan Pendaftaran Peralihan Hak Milik Atas Tanah Karena Hibah Wasiat Berdasarkan Alat Bukti Peralihan Hak', *FIAT JUSTISIA: Jurnal Ilmu Hukum*, 6.2 (2014), 342–53 <<https://doi.org/10.25041/fiatjustisia.v6no2.79>>.

assessment, the NJOP increase will engender social unrest, particularly among taxpayers and society at large.

By issuing the PBB-P2 stimulus policy in stages beginning in 2023-2025 in the form of a Mayor's Regulation, which it is hoped will serve as the legal foundation for providing PBB-P2 Stimulus in the Regions, an effort is made to reduce social unrest in society caused by arising problems and to lessen the social impact of society by providing a stimulus to the value of the imposition of Land and Building Tax. The automatic provision of stimuli by PBB-P2 provisions. Employing a phased approach to stimulus administration spanning three years (2023-2025). The stimulus is computed using a comparison between the NJOP of the old and new Earth, which is categorized based on the findings of the NIR survey in conjunction with the 2022 NIR.²²

Regional Regulation Number 13 of 2011, titled "Rural and Urban Land and Building Taxes," serves as a guideline for implementing PBB-P2 in different regions. This regulation grants the Mayor the power to offer tax reductions, relief, and exemptions. The specific procedures for granting these benefits are further outlined by the Mayor. The Mayor's Regulation about the allocation of incentives for PBB-P2 for Taxpayers should be more precisely controlled to achieve the legal objectives of ensuring legal clarity, fairness, and advantageous outcomes.²³

According to Lawrence Meir Friedman, the effectiveness of a law or regulation is determined by three structures: According to Lawrence Meir Friedman's thesis, the concept of "Legal Substance" refers to the Substantial system that determines the feasibility of implementing a law.²⁴ Secondly, the legal structure or legal institutions, as described in Lawrence Meir Friedman's theory, are referred to as the structural system. This system plays a crucial role in determining the effectiveness of law implementation. The efficacy and legitimacy of the legal system are contingent upon the presence of trustworthy, proficient, and autonomous law enforcement personnel. Furthermore, legal culture has a strong correlation with the legal consciousness of a society. Enhancing the public's legal consciousness leads to the development of a more refined legal culture, which in turn has the potential to transform individuals' perspectives on the law. Put simply, the degree to which the general populace adheres to the law serves as a gauge of the effectiveness of the legal system.²⁵

According to Lawrence M. Friedman's perspective, it is crucial to carefully consider the

²² Imas Sholihah, 'Kebijakan Hukum Pembangunan Kawasan Perbatasan', *Rechtsvinding*, 5.3 (2016), 305–20 <<https://doi.org/10.33331/rechtsvinding.v5i3.147>>.

²³ Henry Dianto Pardamean Sinaga, 'The Criminal Liability of Corporate Taxpayer in the Perspective of Tax Law Reform in Indonesia', *Mimbar Hukum*, 29.3 (2017), 769–86 <<https://doi.org/10.1093/he/9780199646258.003.0013>>.

²⁴ Lawrence M. Friedman, *American Law : An Introduction*, 2nd edn (New York: New York : W.W. Norton, 1998, 1998).

²⁵ Gilang Prama Jasa and Ratna Herawati, 'Dinamika Relasi Antara Badan Pemeriksa Keuangan Dan Dewan Perwakilan Rakyat Dalam Sistem Audit Keuangan Negara', *Law Reform*, 13.2 (2017), 189 <<https://doi.org/10.14710/lr.v13i2.16155>>.

legal substance while creating a rule, such as the Mayor's rule on PBB-P2 stimulus for Taxpayers. Ensure that rules are not only created but also effectively enforced. Regarding the organizational structure and the individuals in charge, they must possess a profound dedication and comprehension of the mayor's regulations.²⁶ They must not just enforce these regulations without considering the social context and solely focusing on the requirements. This is because, when revisiting the aforementioned recapitulation table, it becomes evident that the general populace exhibits a significantly low inclination towards adhering to the practice of tax payment. Particularly if NJOP increases. Therefore, the mayor's ordinance on the PBB-P2 stimulus for taxpayers is of utmost importance. It is anticipated that this measure would enhance taxpayers' commitment to fulfilling their tax obligations. Regions must not just depend on central money but also strive to maximize their regional own-source revenue (PAD). Thus, when taxpayers demonstrate a strong inclination to fulfill their tax obligations, the regional own-source revenue (PAD) will experience a rise, leading to the smooth progress of development and the hopeful attainment of prosperity.²⁷

Hence, it is imperative that the procedures involved in policy implementation are quantifiable, purposeful, and focused. To comprehend the significance of the PBB's function in augmenting the Original Regional Income (PAD) for the overall well-being of society at all levels, it is crucial. However, it is crucial to prioritize attention and concern, particularly for financially disadvantaged areas. It is vital to conduct a careful analysis to determine if the implementation of fees can be accommodated or if relief from the burden of property taxes (PBB) can be provided.²⁸

As of my most recent update in January 2022, Indonesia has enacted a substantial tax reform regarding land and construction taxes. Nevertheless, it is important to acknowledge that there could have been particular particulars or alterations since that time, and it is recommended to consult the most recent sources for the most current information. The Land and Building Tax (Pajak Bumi dan Bangunan or PBB) in Indonesia is a municipal tax levied by local governments on land and structures. The primary objective of the Land and Building Tax stimulus, as well as any tax policy modifications, is often to accomplish many objectives, such as facilitating economic growth, advancing social fairness, and enhancing the entire tax framework. Here are a few factors that might help build a fair tax policy.²⁹

²⁶ Mohd Rizal Palil and others, 'Social Enterprise and Taxation Policy: A Systematic Literature Review', *Bestuur*, 9.2 (2021), 135 <<https://doi.org/10.20961/bestuur.v9i2.55569>>.

²⁷ Ni'matul Huda, 'Hubungan Pengawasan Produk Hukum Daerah Antara Pemerintah Dengan Pemerintah Daerah Dalam Negara Kesatuan Republik Indonesia', *Jurnal Hukum IUS QUIA IUSTUM*, 16.32 (2009), 83889 <<https://www.neliti.com/publications/83889/hubungan-pengawasan-produk-hukum-daerah-antara-pemerintah-dengan-pemerintah-daer>>.

²⁸ Khoirul Hidayah, Suhariningsih Suhariningsih, and Istislam Istislam, 'Mediation for Indonesian Tax Disputes: Is It Potential Alternative Strategy for Resolving Indonesian Tax Disputes?', *Indonesia Law Review*, 8.2 (2018) <<https://doi.org/10.15742/ilrev.v8n2.486>>.

²⁹ Rodrigo Ormeño-Pérez and Lynne Oats, 'The Making of Problematic Tax Regulation: A Bourdieusian Perspective', *Critical Perspectives on Accounting*, 2023, 102663 <<https://doi.org/https://doi.org/10.1016/j.cpa.2023.102663>>.

Progressivity in taxation is constructing the tax system in a way that ensures individuals with higher-value properties pay a bigger share of taxes, hence promoting fairness in taxation. Furthermore, implementing Tax Relief and Exemptions can improve fairness by granting tax relief or exemptions to specified types of properties, namely those held by those with low income or utilized for specific purposes such as agricultural or social services.³⁰ Moreover, it is imperative to have Fair Property Valuation to ensure that property values are assessed justly and precisely, which is essential for a tax system that is fair and unbiased. This may need periodic property evaluations and clear valuation techniques. In addition, Social Impact Assessment, Performing a social impact evaluation of tax policies aids in comprehending their effects on various demographic groups. This information can guide in making modifications to minimize the negative impact on vulnerable population.³¹

Moreover, engaging in community participation by including the community in the decision-making process and soliciting feedback on tax policies might result in the implementation of more comprehensive and socially agreeable taxing measures.³² In addition, the process of enhancing the capabilities of local government, Enhancing the competence of local governments to successfully manage and gather taxes is crucial for the successful execution of tax policy. This includes the provision of training to local authorities and the enhancement of the entire tax administration system. Moreover, Promoting Economic Growth and enacting tax policies that incentivize investment, job creation, and economic expansion can foster general prosperity, possibly benefiting a wider demographic.³³

In addition, the implementation of Monitoring and Evaluation systems enables the assessment of the effects of tax policies over time, enabling necessary modifications based on real results and ensuring continued fairness. It is important to acknowledge that the effectiveness of tax policies is contingent upon both their structure and the efficient execution and enforcement of these laws.³⁴ Furthermore, regular assessments and modifications in response to changing economic and social circumstances are essential for upholding the equity and applicability of tax policy. To get the most up-to-date and precise information on Indonesia's Land and Building Tax or any associated stimulus measures, it is advisable to consult official government sources, such as the Directorate General of Taxes in Indonesia or other pertinent agencies.

³⁰ Sugeng Wahyudi, 'Penal Policy on Assets Recovery on Corruption Cases in Indonesia', *JOURNAL of INDONESIAN LEGAL STUDIES*, 4.1 (2019), 104–15 <<https://doi.org/10.15294/jils.v4i01.28224>>.

³¹ Rohana Ria and others, 'Analysis of Factors of Land and Building Tax Revenue in Muara Lakitan District Musi Rawas Regency', *Proceedings International Conference on Business, Economics & Management*, 1, 2023, 68–72 <<https://doi.org/10.47747/icbem.v1i1.1299>>.

³² Kenneth C Johnson, 'Refunded Emission Taxes: A Resolution to the Cap-versus-Tax Dilemma for Greenhouse Gas Regulation', *Energy Policy*, 35.5 (2007), 3115–18 <<https://doi.org/https://doi.org/10.1016/j.enpol.2006.10.020>>.

³³ Kraal.

³⁴ Enrico Rubolino, 'Does Weak Enforcement Deter Tax Progressivity?', *Journal of Public Economics*, 219 (2023), 104833 <<https://doi.org/https://doi.org/10.1016/j.jpubeco.2023.104833>>.

4. Conclusion

NJOP rises 1.8 to 8 times. The NJOP increase adjusts the Land Value Zone where the Tax Object Sales Value (NJOP) no longer represents land value. Regional tax collections, notably PBB-P2 and BPHTB, will benefit from this NJOP change. The amount of Land and Building Tax and BPHTB tax can be adjusted to reflect social situations by updating NJOP data. The increase in NJOP may cause social dissatisfaction, especially among community taxpayers, due to the PBB-P2 Tax assessment's increased value. As an effort to reduce social unrest in the community, the Regional Government is providing stimulus to the assessment value of Land and Building Tax in stages over 2023-2025 through a mayoral regulation on PBB-P2 stimulus. 2023- 2025. After studying the results, the recommendations are: The Draft Mayor's Regulation Concerning PBB-P2 Stimulus for Taxpayers' legal and empirical requirements have been met, thus it should be issued promptly to provide legal clarity. The regional government and community must work together to build a fair and effective regional tax law system. After NJOP increases, the stimulus may raise taxpayer awareness of tax payments.

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