

Analysis of the Impact of Motor Vehicle Tax Collection Option on Regional Revenue

Motor Vehicle Tax
Collection

Annisa Fitriana

Politeknik Negeri Malang; Malang, Indonesia

E-Mail: annisa.fitriana@polinema.ac.id

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ABSTRACT

This study analyzes the impact of implementing motor vehicle tax and motor vehicle title transfer tax on the regional revenue of districts/cities in East Java. Using a quantitative approach and comparative analysis method, the study compares revenue-sharing schemes based on the 2023 realization data for motor vehicle tax and title transfer tax. Simulation results indicate that the implementation of surcharges (Opsen) increases the aggregate revenue of districts/cities by 10.08% but decreases provincial revenue by IDR 0.41 trillion. Surabaya City experiences the highest revenue increase of 73.25%, while Pacitan suffers the deepest decline. These differences are due to the number of registered motor vehicles in each region. This situation has the potential to create horizontal revenue disparities among regions. Nevertheless, the results align with the objectives of fiscal decentralization, which aim to strengthen local taxing power. However, an appropriate cost-sharing mechanism is needed to maintain the quality of motor vehicle tax and title transfer tax collection services.

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Keywords: Profit Sharing, Motor Vehicle Tax, Local Taxing Power, Regional Revenue

ABSTRAK

Penelitian ini menganalisis dampak penerapan pajak kendaraan bermotor dan bea balik nama kendaraan bermotor terhadap pendapatan daerah kabupaten/kota di Jawa Timur. Dengan pendekatan kuantitatif dan metode analisis komparatif, penelitian ini membandingkan skema bagi hasil berdasarkan data realisasi pajak kendaraan bermotor dan bea balik nama kendaraan bermotor tahun 2023. Hasil simulasi menunjukkan bahwa penerapan Opsen meningkatkan pendapatan kabupaten/kota secara agregat sebesar 10,08%, namun menurunkan pendapatan provinsi sebesar IDR 0,41 triliun. Kota Surabaya memperoleh peningkatan pendapatan tertinggi, yaitu sebesar 73,25%, sementara Pacitan mengalami penurunan terdalam. Perbedaan ini disebabkan oleh jumlah kendaraan bermotor yang terdaftar di masing-masing wilayah. Hal tersebut berpotensi menimbulkan ketimpangan pendapatan horizontal antar daerah. Meski demikian, hasil ini sejalan dengan tujuan desentralisasi fiskal, yaitu memperkuat local taxing power. Namun, diperlukan mekanisme pembagian biaya yang tepat untuk menjaga kualitas layanan pemungutan pajak kendaraan bermotor dan bea balik nama kendaraan bermotor.

Kata kunci: Bagi Hasil, Pajak Kendaraan Bermotor, Kewenangan Pemungutan Pajak Daerah, Pendapatan Asli Daerah

INTRODUCTION

One of the objectives of implementing fiscal decentralization is regional taxation authority. This policy is implemented through policy refinement by issuing Law Number 1 of 2002 concerning Central and Regional Financial Relations (*Hubungan Keuangan Pusat dan Daerah/HKPD*), where the law mandates the implementation of Motor Vehicle Tax (*Pajak Kendaraan Bermotor/PKB*) and Motor Vehicle Transfer Fee (*Bea Balik Nama Kendaraan Bermotor/BBNKBP*) options as well as Non-Metal and Rock

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Mineral Tax (*Mineral Bukan Logam dan Batuan*/MBLB) (Subki & Martiningsih, 2024). In this case, Opsen is interpreted as an additional tax levy based on a certain percentage. The meaning of Opsen also refers to Todaro (1977), that Opsen or piggyback tax is a way for local governments to increase local tax rates as part of the authority of the region (subnational level government) (Singh, 2019).

Moreover, Yusuf (2008) state that opsen expands the synergy of collection and accelerates the distribution of previously shared taxes. So that in the long term it is expected to achieve an increase in tax revenue. Opsen is an additional tax levy according to a certain percentage. There are 3 types of regional taxes that are subject to opsen, namely Motor Vehicle Tax (*Pajak Kendaraan Bermotor*/PKB) option, Motor Vehicle Transfer Fee (*Bea Balik Nama Kendaraan Bermotor*/BBNKB) option, and Non-Metal and Rock Mineral Tax (*Mineral Bukan Logam dan Batuan*/MBLB) option. Opsen generally does not increase the administrative burden of taxpayers' taxes. PKB Opsen is Opsen imposed by the district/city on the principal of PKB in accordance with the provisions of laws and regulations. BBNKB Opsen is Opsen imposed by the district/city on the principal of BBNKB in accordance with the provisions of laws and regulations. MBLB Tax Opsen is Opsen imposed by the province on the principal of MBLB Tax in accordance with the provisions of laws and regulations.

The Opsen rate is set for these types of taxes with details of PKB Opsen of 66%, BBNKB Opsen of 66%, and MBLB Tax Opsen of 25%, which are collected together with the principal tax payable. The implementation of this Opsen will be effective in 2025, this has an impact on adjusting Locally-generated revenue (*Pendapatan Asli Daerah/PAD*) for local governments, both provincial and district/city, including East Java Province. PKB Opsen and BBNKB Opsen are income rights for the Regency/City Government. The implementation of Open can have a simultaneous impact on the income of the Provincial Government and Regency/City Government in East Java.

Local Original Income (*Pendapatan Asli Daerah/PAD*) of East Java Province has so far been supported by PKB revenue of an average of 43.40% and BBNKB of 23.31%. In other words, more than 60% of the PAD of East Java Province is contributed by these two taxes. The implementation of Opsen has consequences for the rationalization of PKB and BBNKB revenues so that PAD of East Java Province will experience a decline which is projected to reach 22% or around IDR 4 trillion. However, the implementation of Opsen has the potential to increase district/city revenue. This is shown by research by Rachmawati et al. (2023) and Sari (2024) which states that the process of formulating the Opsen PKB policy is designed for district/city governments to provide efficiency in revenue allocation and as a form of strengthening local taxing power. The results of the study by Faiq et al. (2023) further strengthen this argument, where the results of their research show that the Opsen tax policy brings benefits, such as providing certainty of revenue in the regions, increasing PAD in districts/cities, and encouraging synergy between levels of government.

In line with the results of the study, research by Hilmiyyah et al. (2023) and Lasnawati et al. (2023), shows that the potential for implementing Motor Vehicle Tax Opsen generates 10% higher revenue compared to the Revenue Sharing Scheme (*Dana Bagi Hasil/DBH*). Meanwhile, in the alignment of the academic manuscript of the Draft Law on Financial Relations between the Central Government and Regional Governments (*Hubungan Keuangan antara Pemerintah Pusat dan Pemerintahan Daerah/HKPD*) released by Nasional (2021) shows that with the change in Regional Taxes and Regional Levies (*Pajak Daerah dan Retribusi Daerah/PDRD*) regulations, the increase in PAD increased by an average of 7.56%. Regencies experienced a higher increase of 22.72%, followed by cities at 16.27%, and a decrease in provincial PAD of -2.05%. The decrease in provincial PAD is a decrease in gross PAD due to changes in the mechanism of several types of provincial tax sharing to regencies/cities to Opsen, but in net provincial PAD will still increase. Based on the results of these studies, Opsen has a positive impact on strengthening local taxing power by increasing PAD revenue

from Opsen PKB and BBNKB. Therefore, this study attempts to see the impact of Opsen on district/city revenue. This research takes case studies in districts/cities in East Java.

LITERATURE REVIEW

Yusuf (2008) stated that Opsen or piggyback tax is a way for local governments to increase local tax rates as part of the authority of the region subnational level government. This argument is supported by Hyman (1999), who stated that the division of tax authority between the central and regional governments allows both levels of government to have authority over the subject, object, type, and tax rate. Open or piggyback tax rates have several characteristics explained by Keuangan (2014), local governments are given the authority to add additional tax burdens to taxes that have been set by the central government in their jurisdiction. Second, local governments do not have the authority to determine the tax base independently, so the tax base at the regional level must be the same as that applied at the central level (Todaro, 1977). Third, tax administration and collection are fully managed by the central government, which then distributes the results to local governments.

The imposition of Opsen rates focuses on how local governments can increase revenue by adding local tax rates to taxes already collected by the central government (Sidik, 2002). According to Bird (2011) and Bahl & Cyan (2011), Opsen is a mechanism where local governments set additional rates on top of national taxes collected by the central authority, allowing regions to earn additional revenue without having to manage a separate tax collection system. This is in line with the opinions of McLure (2001) and Aaron & Boskin (2011) who stated that Opsen can increase fiscal flexibility for local governments while maintaining the efficiency of tax administration managed by the central government. Furthermore, Battersby et al. (2013); Cepiku et al. (2016) stated that the imposition of Opsen helps reduce local government dependence on fiscal transfers from the central government, increasing fiscal accountability and responsibility at the local level. Therefore, the Opsen rate provides a balance between local fiscal autonomy and efficiency in tax administration.

This is in line with research by Soemiarsono et al. (2018); Chattha et al. (2023) which states that the Opsen approach is able to improve vertical imbalance. In addition, this Opsen model affects social and political stability, the financial condition of the central government, and the efforts of local governments to achieve optimal levels. In this study, the Opsen reformulation had quite positive results as indicated by the increasing value of revenue sharing. Thus, the Opsen model affects social and political stability, the financial condition of the central government, and efforts to increase the fiscal capacity of local governments. Law 1/2022 Opsen is imposed on PKB, BBNKB and MBLB Tax. The Opsen rate is set for these types of taxes with details of PKB Opsen of 66%, BBNKB Opsen of 66%, and MBLB Tax Opsen of 25% which are collected together with the principal tax payable. Furthermore, in Government Regulation (PP) 35 of 2023, Opsen PKB and Opsen BBNKB are based on the name, population registration number, and/or address of the owner of the Motor Vehicle in the district/city area. The collection of Opsen imposed on the principal Tax owed is carried out simultaneously with the Collection of Tax owed from PKB, BBNKB, and MBLB Tax (Syafei et al., 2024). The amount of the principal Opsen PKB and Opsen BBNKB owed is determined by the governor in the district/city area where the area is located and is stated in the Regional Work Unit (*Satuan Kerja Perangkat Daerah/SKPD*).

Based on a legal review of the East Java Provincial Regulation Number 9 of 2010 concerning Regional Taxes, the East Java Governor Regulation Number 13 of 2021 concerning the Calculation of the Motor Vehicle Tax Base and Motor Vehicle Transfer Fees in 2021, and the East Java Provincial Regulation Number 8 of 2023 concerning Regional Taxes and Regional Retributions, there are significant differences in the PKB and BBNKB collection and tariff systems (Wiranata, 2024). Before the HKPD Law was enacted, the East Java Provincial Government through East Java Regional Regulation

Number 9 of 2010 and East Java Governor Regulation Number 13 of 2021 set the PKB rate at 1.5% for the first ownership of private and corporate motor vehicles. Meanwhile, the BBNKB rate is set at 12.5% for the first delivery. The results of the PKB and BBNKB are then distributed with the composition of the East Java Provincial Government's rights at 70% and the Regency/City Government's rights at 30%.

Tariff changes occurred along with the issuance of the HKPD Law. The East Java Provincial Government through East Java Regional Regulation Number 8 of 2023 set the PKB rate at 1.2% for the first ownership of private or corporate motor vehicles as PKB tax payable, and PKB Opsen (additional) of 66% of the tax payable. Meanwhile, the BBNKB rate was set at 12% as tax payable and BBNKB Opsen (additional) of 66% of the tax payable. The results of PKB and BBNKB are no longer distributed through a profit-sharing scheme, but with direct separate receipts where PKB and BBNKB tax payable become the rights of the East Java Provincial Government and PKB Opsen and BBNKB Opsen become the rights of the Regency/City Government.

METHODS

This study uses a quantitative approach with a comparative analysis method of PKB and BBNKB income with a profit-sharing scheme and an Opsen scheme (Riyanto & Hatmawan, 2020). The calculation of the profit-sharing scheme refers to the provisions contained in the Regional Regulation of East Java Province Number 9 of 2010 concerning Regional Taxes and the Regulation of the Governor of East Java Number 13 of 2021 concerning the Calculation of the Taxable Base for Motor Vehicles and Motor Vehicle Transfer Fees in 2021. Meanwhile, the calculation of the Opsen scheme refers to the provisions contained in the Regional Regulation of East Java Province Number 8 of 2023. The basic data used as a reference for the simulation is the results of the realization of PKB and BBNKB in 2023 as a database. The East Java Provincial Government's revenue from the 2023 PKB results is IDR 7,782,571,000,310 (IDR 7,78 trillion) and the 2023 BBNKB results are IDR 4,166,317,985,200 (IDR 4,17 trillion) before being distributed to the Regency/City Government. The realization of PKB and BBNKB in 2023 was then simulated to determine the assumption/potential of the Motor Vehicle Sales Value (*Nilai Jual Kendaraan Bermotor/NJKB*) of all motor vehicles registered in East Java. From the NJKB assumption, it can then be seen how the simulation results compare when PKB and BBNKB apply a profit-sharing system and an Opsen system with the assumption that the final PKB and BBNKB targets are considered *ceteris paribus* (constant).

RESULTS

The simulation results show differences in the PKB and BBNKB results between the old rates (revenue sharing system) referring to East Java Regional Regulation Number 9 of 2010 with the Opsen system referring to East Java Regional Regulation Number 8 of 2023. The simulation results with the revenue sharing system show that in aggregate the PKB received is IDR 7,78 trillion. The revenue sharing received by the East Java Provincial Government is around IDR 5,45 trillion and the Regency/City Government in aggregate receives PKB of around IDR 2,33 trillion. Different results are shown from the calculation with the new PKB rates which include Opsen PKB, where the East Java Provincial Government receives PKB of around IDR 4,69 trillion and the Regency/City Government in aggregate receives 3,09 trillion. The PKB that is the right of the East Java Provincial Government decreased by around 13.94%, while that which is the right of the Regency/City Government increased by around 32.53%.

Table 1. Results of Simulation Comparison of PKB Revenue with Profit Sharing and Opsen System (in IDR Trillion)

| Description | PKB Profit sharing | PKB Opsen | PKB Change | BBNKB Profit sharing | BBNKB Opsen | BBNKB Change |
|----------------------|--------------------|-----------|------------|----------------------|-------------|--------------|
| Provincial Rights | 5,45 | 4,69 | -0,76 | 2,92 | 2,51 | -0,41 |
| District/City Rights | 2,33 | 3,09 | 0,76 | 1,25 | 1,66 | 0,41 |
| Amount | 7,78 | 7,78 | 0,00 | 4,17 | 4,17 | 0,00 |

In line with the results of the PKB simulation, the calculation of BBNKB also showed the same results (Rosdiana, 2011). The results of BBNKB with the old tariff collected amounted to 4,17 trillion. With the profit-sharing system, the East Java Provincial Government received BBNKB of IDR 2,92 trillion and the Regency/City Government received BBNKB of IDR 1,25 trillion. The results of the BBNKB calculation with the Opsen system showed that the results received by the East Java Provincial Government collected around IDR 2,51 trillion and those received by the Regency/City Government in aggregate reached IDR 1,66 trillion. The BBNKB tax received by the East Java Provincial Government decreased by around 13.94% in contrast to the results received by the Regency/City Government which increased by 32.53%. The results of the simulation were then determined again to determine the simulation of estimated PKB and BBNKB revenues according to regencies/cities in East Java.

Table 2. Results of Simulation of PKB and BBNKB Receipt with Profit Sharing and Opsen System According to Regency/City (IDR Billion)

| Regency/City | Profit sharing | | | Opsen | | | Change | | |
|------------------|----------------|---------|-----------------|---------|---------|-----------------|--------|-------|-------------------|
| | PKB | BBNKB | Amount | PKB | BBNKB | Amount | PKB | BBNKB | Amount |
| 2 | 3 | 4 | (5) = (3) + (4) | 6 | 7 | (8) = (6) + (7) | 9 | 10 | (11) = (9) + (10) |
| Bangkalan | 32,7 | 18,0 | 50,6 | 27,0 | 18,9 | 45,8 | -5,7 | 0,9 | -4,8 |
| Banyuwangi | 75,5 | 40,9 | 116,4 | 108,1 | 56,9 | 165,0 | 32,6 | 16,0 | 48,5 |
| Blitar | 61,6 | 24,4 | 86,0 | 81,8 | 29,5 | 111,2 | 20,1 | 5,1 | 25,2 |
| Bojonegoro | 49,8 | 27,0 | 76,8 | 59,3 | 33,9 | 93,2 | 9,5 | 6,8 | 16,4 |
| Bondowoso | 29,7 | 13,8 | 43,5 | 21,2 | 12,0 | 33,2 | -8,4 | -1,8 | -10,2 |
| Gresik | 87,1 | 49,5 | 136,5 | 130,0 | 71,0 | 201,0 | 42,9 | 21,6 | 64,5 |
| Jember | 66,6 | 38,3 | 104,9 | 91,2 | 52,5 | 143,7 | 24,6 | 14,2 | 38,8 |
| Jombang | 58,8 | 30,5 | 89,3 | 76,4 | 39,7 | 116,1 | 17,6 | 9,1 | 26,8 |
| Kediri | 72,9 | 32,6 | 105,4 | 103,1 | 43,0 | 146,1 | 30,2 | 10,5 | 40,7 |
| Lamongan | 52,7 | 27,1 | 79,7 | 64,8 | 33,9 | 98,8 | 12,2 | 6,9 | 19,0 |
| Lumajang | 39,5 | 16,9 | 56,5 | 40,0 | 17,1 | 57,1 | 0,4 | 0,2 | 0,6 |
| Madiun | 41,7 | 17,2 | 58,9 | 44,1 | 17,7 | 61,7 | 2,4 | 0,4 | 2,8 |
| Magetan | 42,8 | 16,0 | 58,8 | 46,2 | 15,6 | 61,8 | 3,4 | -0,4 | 3,0 |
| Malang | 100,5 | 53,4 | 154,0 | 155,5 | 77,6 | 233,1 | 54,9 | 24,2 | 79,1 |
| Mojokerto | 66,8 | 31,6 | 98,4 | 91,6 | 41,4 | 133,1 | 24,8 | 9,8 | 34,6 |
| Nganjuk | 51,8 | 25,0 | 76,8 | 63,1 | 30,6 | 93,7 | 11,4 | 5,5 | 16,9 |
| Ngawi | 42,2 | 17,0 | 59,2 | 45,0 | 17,2 | 62,2 | 2,8 | 0,2 | 3,1 |
| Pacitan | 27,1 | 10,6 | 37,7 | 16,4 | 6,7 | 23,1 | -10,7 | -3,9 | -14,6 |
| Pamekasan | 34,3 | 18,7 | 52,9 | 30,0 | 20,1 | 50,0 | -4,3 | 1,4 | -2,9 |
| Pasuruan | 60,5 | 36,9 | 97,5 | 79,7 | 50,3 | 130,0 | 19,2 | 13,4 | 32,5 |
| Ponorogo | 50,9 | 18,5 | 69,4 | 61,5 | 19,7 | 81,2 | 10,6 | 1,2 | 11,8 |
| Probolinggo | 38,4 | 19,5 | 57,9 | 37,8 | 21,4 | 59,2 | -0,6 | 1,9 | 1,3 |
| Sampang | 26,2 | 14,0 | 40,2 | 14,8 | 12,3 | 27,1 | -11,5 | -1,7 | -13,2 |
| Sidoarjo | 173,7 | 104,9 | 278,6 | 293,9 | 163,0 | 456,9 | 120,2 | 58,0 | 178,3 |
| Situbondo | 29,5 | 14,1 | 43,7 | 21,0 | 12,5 | 33,5 | -8,5 | -1,6 | -10,1 |
| Sumenep | 31,6 | 18,2 | 49,7 | 24,9 | 19,2 | 44,0 | -6,7 | 1,0 | -5,7 |
| Trenggalek | 38,9 | 14,3 | 53,2 | 38,8 | 12,7 | 51,5 | -0,1 | -1,5 | -1,7 |
| Tuban | 53,6 | 26,2 | 79,8 | 66,5 | 32,6 | 99,1 | 12,9 | 6,3 | 19,3 |
| Tulungagung | 66,7 | 27,7 | 94,5 | 91,5 | 35,1 | 126,5 | 24,7 | 7,3 | 32,0 |
| Batu City | 32,5 | 14,0 | 46,5 | 26,6 | 12,3 | 39,0 | -5,9 | -1,7 | -7,6 |
| Blitar City | 27,2 | 11,3 | 38,5 | 16,6 | 7,9 | 24,5 | -10,6 | -3,5 | -14,0 |
| Kediri City | 38,9 | 16,3 | 55,2 | 38,8 | 16,1 | 54,9 | -0,1 | -0,2 | -0,3 |
| Madiun City | 32,0 | 14,0 | 46,0 | 25,6 | 12,4 | 38,0 | -6,4 | -1,7 | -8,0 |
| Malang City | 88,6 | 53,1 | 141,7 | 132,9 | 77,1 | 210,0 | 44,3 | 24,0 | 68,2 |
| Mojokerto City | 26,8 | 12,0 | 38,8 | 15,9 | 9,0 | 24,9 | -10,9 | -3,0 | -13,9 |
| Pasuruan City | 27,2 | 12,6 | 39,8 | 16,6 | 10,0 | 26,6 | -10,6 | -2,6 | -13,2 |
| Probolinggo City | 31,1 | 14,1 | 45,2 | 24,0 | 12,5 | 36,5 | -7,1 | -1,6 | -8,7 |
| Surabaya City | 426,2 | 299,6 | 725,8 | 772,0 | 485,4 | 1.257,4 | 345,8 | 185,8 | 531,6 |
| Amount | 2,334,8 | 1,249,9 | 3,584,7 | 3,094,3 | 1,656,5 | 4,750,8 | 759,5 | 406,6 | 1,166,1 |

Significant differences in the PKB and BBNKB results received by each Regency/City Government in East Java. The increase in PKB received by Regency/City Governments increased by an average of around 9.25%. The highest increase was received by the Surabaya City Government which increased by 81.14% when the acquisition from the profit-sharing system was compared to the Opsen system. This is relatively reasonable considering that the City of Surabaya has the largest PKB potential compared to other regions in East Java. Overall, there were 22 (twenty-two) regencies/cities that experienced an increase in PKB. On the other hand, there were 16 (sixteen) regencies/cities that actually experienced a decrease when the Opsen system was implemented when compared to the profit-sharing system that accommodates elements of equality in it. The highest decrease occurred in Sampang Regency which fell by -43.74%.

The relatively same condition also occurred in the BBNKB simulation results. The increase in BBNKB when the Opsen system was implemented averaged 11.59% compared to the profit-sharing system. The highest increase in BBNKB occurred in Surabaya City, which increased by around 62.02%. Overall, there were 25 (twenty-five) regencies/cities that experienced an increase. Meanwhile, 13 (thirteen) other regencies/cities experienced a decrease. The highest decrease occurred in Pacitan Regency, around 36.87% compared to revenue from the profit-sharing system.

Table 3. Recapitulation of Simulation Results of Opsen System on PKB and BBNKB Receipts by Regency/City in East Java

| Description | Opsen PKB | Opsen BBNKB | Aggregate Amount |
|--|---------------------------|---------------------------|---------------------------|
| Average Change | 9.25% | 11.59% | 10.08% |
| Number of Regions with Increase in Revenue | 22 | 25 | 23 |
| Highest Increase | Surabaya City (81.14%) | Surabaya City (62.02%) | Surabaya City (73.25%) |
| Number of Regions with Declining Revenue | 16 | 13 | 15 |
| Highest Drop | Pacitan Regency (-43.74%) | Pacitan Regency (-36.87%) | Pacitan Regency (-38.77%) |

Changes in income during the implementation of Opsen occurred at the East Java Province level, where there was a decrease in income of IDR 0.41 trillion. Meanwhile, regencies/cities in aggregate received an increase of 10.08% during the implementation of Opsen. This is in line with the objective of fiscal decentralization, namely local taxing power (Tirtosuharto & Adiwilaga, 2013). With the reduction in income of the East Java Provincial Government while regencies/cities experienced an increase in income, it is hoped that there will be a synergy in funding (cost sharing) for PKB and BBNKB collection. This is based on the burden of operational financing for PKB and BBNKB collection services using Provincial resources (Rengkung & Ngangi, 2018). Therefore, the right amount of cost sharing is needed so that the objective of local taxing power and the space for improving the quality of PKB and BBNKB tax collection services are maintained. In this case, all infrastructure facilities, human resources, and equipment in PKB and BBNKB collection services have been invested in and are under the control of the East Java Provincial Government (Soesastro & Atje, 2005).

Meanwhile, at the district/city level, there is a difference in revenue from Opsen PKB and BBNKB. This is due to the number of motorized vehicle objects registered in the district/city. The number of motorized vehicles in East Java reaches around 25 million units and around 15% of them are registered in the city of Surabaya. Thus, the city of Surabaya received an increase in revenue from Opsen PKB and BBNKB of 73.25% compared to the profit sharing scheme. Meanwhile, Pacitan is less than 1% of the total motorized vehicles in East Java registered in that area. So, with the implementation of Opsen, Pacitan experienced the deepest decline. With the increase and decrease in district/city income after the implementation of Opsen, this resulted in different findings and contradicted the results of previous studies, which in essence Opsen can increase regional income (Rachmawati et al., 2023; Sari, 2024; Faiq et al.,

2023). The results of this study are also different from the research of Hilmiyyah et al. (2023), which shows that the potential for implementing the Motor Vehicle Tax Opsen (PKB) generates 10% higher revenue compared to the profit-sharing scheme. This fact has the potential to cause income inequality between districts/cities or has the potential to cause horizontal fiscal inequality.

CONCLUSION

The results of this study indicate that the provincial government experienced a decrease in revenue with the implementation of Opsen PKB and BBNKB with a decrease in revenue of IDR 0,41 trillion. While at the district/city level, the implementation of Opsen in aggregate experienced an increase in revenue of around 10.08%. However, if observed more deeply, there was a reduction and the highest increase in revenue at the district/city level. The city of Surabaya experienced a very high increase in revenue due to the number of motorized vehicles registered in the city of Surabaya. Meanwhile, districts/cities with a small number of vehicles experienced a decrease in revenue. Thus, Opsen reformulation is needed so that the purpose of local taxing power can be enjoyed by all regions so that the potential for inequality between regions can be minimized. In addition, with the decrease in revenue of the East Java Provincial Government and on the other hand, districts/cities experiencing an increase in revenue, it is hoped that there will be a synergy in funding (cost sharing) for collecting PKB and BBNKB through revenue clustering.

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