

ANALYSIS OF THE CONTRIBUTION OF LAND AND BUILDING TAX TO REGIONAL ORIGINAL INCOME IN BREBES REGENCY IN 2021–2023

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Abstract

The government uses PAD, which is an important revenue source to finance regional autonomy. Regional taxes, including the Rural and Urban Land and Building Tax (PBB-P2), are the main components of PAD. The main objective of this research is to evaluate the contribution of PBB revenue to PAD in Brebes Regency during the period 2021-2023. This study uses a descriptive quantitative approach, and secondary data were obtained through documentation of PBB and PAD revenue realization reports from Brebes Regency. The research results show that during the period, the average contribution of land and building tax (PBB) to local revenue (PAD) was only 10.08%, which is a very low contribution. This result indicates that to increase local revenue in the region, the management and collection of land and building tax (PBB) must be optimized.

Keywords: Land and Building Tax, Regional Original Revenue (PAD), contribution, Brebes Regency

1. INTRODUCTION

Based on Law Number 13 of 1950, Brebes Regency is one of the administrative regions in Central Java Province granted regional autonomy. This autonomy allows Brebes to independently manage its financial resources, one of which comes from Regional Original Revenue (PAD). PAD refers to income collected by regional governments based on local regulations, which is then used to fund governance and development activities within the region.

According to Law Number 28 of 2009 concerning Regional Taxes and Levies, regional taxes are mandatory contributions from the public to the local government, imposed without direct compensation. These taxes serve a critical function in enhancing the region's financial independence. Regional taxes are classified into two main types: provincial and regency/municipal taxes. Brebes Regency collects ten types of local taxes, including Hotel Tax, Restaurant Tax, Entertainment Tax, Advertisement Tax, Street Lighting Tax, Non-Metallic Minerals and Rocks Tax (Minerba), Parking Tax, Groundwater Tax, Rural and Urban Land and Building Tax (PBB-P2), and the Land and Building Rights Acquisition Fee (BPHTB).

Tabel 1. Brebes Regency Local Tax Revenue Data in 2023

No	Uraian	Anggaran	Realisasi
1	HOTEL TAX	550.000.000	568.617.536
2	RESTAURANT TAX	7.000.000.000	6.839.408.823
3	ENTERTAINMENT TAX	500.000.000	506.850.680
4	BILLBOARD TAX	4.200.000.000	4.086.338.840
5	STREET LIGHTING TAX	69.000.000.000	69.634.476.123
6	NON-METAL MINERAL AND ROCK TAX (MINERBA)	5.050.000.000	1.468.066.365
7	PARKING TAX	600.000.000	527.671.946
8	GROUNDWATER TAX	950.000.000	1.027.815.270
9	RURAL AND URBAN LAND AND BUILDING TAX (PBB-P2)	55.000.000.000	54.692.342.726
10	LAND AND BUILDING RIGHTS ACQUISITION FEE (BPHTB)	40.000.000.000	40.463.879.116
		182.850.000.000	179.815.467.425

Suource: BAPENDA Kabupaten Brebes (n.d.)

According to the Recapitulation Report on Regional Tax Revenue for the 2023 Fiscal Year from the Bapenda of Brebes Regency, the total realization of regional taxes reached Rp179.82 billion from a budget target of Rp182.85 billion. The Street Lighting Tax contributed the most with a realization of Rp69.63 billion from a budget target of Rp69 billion, followed by the Land and Building Tax in second place with a realization of Rp54.69 billion from a budget target of Rp55 billion. Although PBB contributes significantly to PAD in Brebes, the amount received still does not meet the target and varies each year.

PBB is levied on land and buildings that are owned, controlled, or utilized and which yield economic value to the user or owner. This tax supports public development and helps increase regional income. However, various factors affect how much PBB contributes to PAD, such as taxpayer compliance, the efficiency of tax services, and the effectiveness of government outreach and monitoring efforts (Briliany & Rohman, 2024).

Studies in various regions show varying results. For example, in Bandung Regency, PBB's contribution to the PAD is rated very strong (Sachintania et al., 2021), while in East Tanjung Jabung Regency, its contribution is considered quite good (Jumliadi et al., 2023). Conversely, the contribution of the PBB in Tangerang City, Ponorogo Regency, Southwest Maluku, and Probolinggo Regency is categorized as very low or insignificant to the PAD (Simbolon, 2021; Permatasari & Wicaksono, 2022; Litualy et al., 2023; Putri & Wicaksono, 2021).

Due to the lack of specific studies analyzing the contribution of PBB to PAD in Brebes Regency over the past three years, this research aims to fill that gap by assessing the role of PBB in generating local revenue during the 2021-2023 period

2. LITERATURE REVIEW

2.1. Land and Building Tax

Land and Building Tax (commonly referred to as PBB) is a form of taxation imposed on individuals or entities that own, manage, or utilized land and buildings. This tax is categorized as a regional tax and is classified as an object-based tax, meaning the rate is determined based on the physical characteristics and value of the taxed object rather than the taxpayer's identity. The objectives of the tax must be fair, real, and stable (Anggoro et al., 2023).

Among the objects of PBB are:

1. Land and buildings owned, controlled, or used by individuals or legal entities.
2. Buildings categorized as taxable objects include:
 - Neighborhood roads located within a complex of buildings consisting of hotels or factories
 - Main road
 - Hot spring
 - Beautiful fence
 - Sports facility
 - Dock and shipyard
 - High-class park
 - Storage of oil, water, gas, and oil pipes
 - Main tower

However, certain areas such as plantation, forestry, and mining zones that operate under land-use licenses like Right to Cultivate (HGU), Logging Concession (HPH), or mining effort area are typically exempt from this tax (Halim & Dara, 2022).

2.2. Regional Original Revenue

Regional Original Revenue (PAD) refers to the financial income generated by local governments under the authority of regional laws and policies. Because PAD comes from government activities and public services carried out by the local government, it can indicate the fiscal independence of the region. Regions with high PAD are considered advanced (Anggoro, 2017).

Sources of PAD include:

1. Regional Tax
Regional Tax is a tax established by regional law, and it does not provide direct compensation to taxpayers. Regional taxes consist of:
 - a. Provincial Tax: such as Motor Vehicle Tax.
 - b. County or City Tax: such as Land and Building Tax, Entertainment Tax.
2. Retributions
These are fees collected in exchange for certain local services:
 - a. Retribution of general service
 - b. Bussiness services fees
 - c. Licensing charges
 Example: parking fees, market fees.
3. Proceeds from Regional Government Enterprise
Income derived from the management of assets owned separately by the regional government through local enterprise or investment.
4. Other legitimate PAD
These include:
 - a. Sale of regional assets
 - b. Interest on deposits and giro services
 - c. Foreign exchange rate differences
 - d. Discounts, commissions, or profits from the procurement of goods or services.

3. METHODOLOGY

This research adopts a quantitative descriptive approach to systematically and objectively describe the relationship between Land and Building Tax (PBB) revenue and Regional Original Revenue (PAD) in Brebes Regency. The methodology focuses on numerical analysis and is intended to evaluate how PBB contributes to PAD within a defined period (Aslichati et al., 2022).

3.1. Place and Time of Research

The study was conducted in Brebes Regency, with the primary data sources being the official reports on the realization of PBB and PAD revenues for the fiscal years 2021, 2022, and 2023..

3.2. Techniques of Data Collections

This study relies on secondary data obtained through documentation techniques. The data were collected from the following sources::

- a. PPID Brebes Regency's website
- b. BAPENDA Brebes Regency's website

The secondary data reviewed included:

- a. Reports on the realization of PBB
- b. Report on the realization of PAD

3.3. Techniques of Data Analysis

The analysis involves calculating the contribution ratio between PBB and PAD to determine the extent to which PBB supports regional revenue. This is used with the following formula:

$$\text{Kontribusi PBB} = \frac{\text{realization of PBB revenue}}{\text{realizatin of PAD revenue}} \times 100\%$$

After being calculated, the resulting percentages are evaluated using this contribution classification:

Table 2. Criteria Ratio

Percentage (%)	Criteria
0% - 10%	Very Low Cotributing
10,1% - 20%	Low Contributing
20,1% - 30%	Moderately Contributing
30,1% - 40%	Contributing
40,1% - 50%	Very Contributing

Source: Depdagri, Kepmendagri No. 690.900.327

4. RESULTS AND DISCUSSION

4.1 Realization of PAD in Brebes Regency (2021-2023)

During period 2021-2023, the Original Regional Revenue (Brebes Regency) changed. The realization data of the revenue budget taken from the PPID of Brebes Regency:

Table 3. Realization of PAD in Brebes Regency (2021–2023)

Year	Target (Rp)	Realization (Rp)
2021	481.422.097.000	518.511.128.704
2022	428.736.313.711	419.385.481.540
2023	492.051.389.008	479.936.145.391

Source: PPID Kabupaten Brebes

ppid.brebeskab.go.id (Accessed on Mei, 7th 2025)

Table 3 shows that:

- The realization of PAD has exceeded the target set in 2021.
- In 2022, realization was lower compared to the previous year and did not meet the target.
- The year 2023 is better than 2022, but it still does not meet the target.

4.2 Realization of PBB in Brebes Regency (2021–2023)

Additionally, there is a different trend in the collection of PBB in Brebes Regency. The actual PBB collection data based on the BAPENDA Brebes Regency report is as follows:

Table 4. Realization of PBB in Brebes Regency (2021–2023)

Year	Target	Realization
2021	40.000.000.000	40.812.300.672
2022	45.000.000.000	46.081.576.289
2023	55.000.000.000	54.692.342.726

Sumber: BAPENDA Kabupaten Brebes

bapenda.brebeskab.go.id (Accessed on Mei, 7th 2025)

Table 4 shows:

- For the years 2021-2023, the realization of PBB increased.
- The nominal for 2023 increased from the previous year, but it still did not meet the set target.

4.3 Contribution of PBB to PAD of Brebes Regency for the Years 2021–2023

Percentage calculations were conducted as follows:

- Year 2021:
Contribution = $(Rp40,812,300,672 / Rp518,511,128,704) \times 100\% = 7.87\%$

- b. Year 2022:
Contribution = $(\text{Rp}46,081,576,289 / \text{Rp}419,385,481,540) \times 100\% = 10.99\%$
- c. Year 2023:
Contribution = $(\text{Rp}54,692,342,726 / \text{Rp}479,936,145,391) \times 100\% = 11.39\%$

The results of the contribution calculations are summarized in the following Table 5:

Table 5. Level of PBB Contribution to PAD in Brebes Regency for the Years 2021–2023

Year	PBB (Rp)	PAD (Rp)	Contribution (%)	Criteria
2021	40.812.300.672	518.511.128.704	7,87	Very Poorly Contributing
2022	46.081.576.289	419.385.481.540	10,99	Less Contributing
2023	54.692.342.726	479.936.145.391	11,39	Less Contributing
Average			10,08	Very Low Contributing

Source: Data processed, 2025

Summary of Table 5:

- a. In 2021 contibution was very small, only 7.87%.
- b. The contribution in 2022 and 2023 increased to 10.99% and 11.39%, but it is still classified as very low or less contributing.
- c. The contribution of PBB to PAD over the past three years averaged 10.08%, which is a very small overall contribution.

This result shows that although PBB revenue has increased nominally each year, its contribution to the PAD of Brebes Regency is still not optimal. Therefore, an approach is needed to improve the performance of PBB revenue by increasing and expanding the tax, updating the tax object database, and enhancing taxpayer compliance.

4.4 Discussion

According to the analysis results, it can be determined about:

1. Performance of PBB and PAD:
 - a. The realization of PBB from 2021 to 2023 shows a trend of nominal increase.
 - b. Only the year 2023 did not meet the PBB revenue target.
 - c. PAD has changed significantly, with the realization only exceeding the target in 2021.
2. Contribution of PBB to PAD:
 - a. The year 2021 showed the lowest contribution (7.87%) and is considered very insufficient in contributing to PAD.
 - b. The contribution in 2022 and 2023 increased but still fell short in contributing to PAD.
 - c. Over the past three years, the contribution of PBB to PAD averaged 10.08%, which is considered not a very significant contribution in this category.
3. Implication:

The amount of PBB revenue has increased, but its contribution to PAD is not yet optimal. This shows that the local revenue (PAD) of Brebes Regency is still dependent on external resources. The regional government must continue to enhance efforts to optimize the potential of PBB through the extensification and intensification of regional taxes, including updating tax object data, raising taxpayer awareness, and implementing a more efficient and transparent collection system.

5. CLOSURE

5.1 Conclusion

The analysis results show that the PBB provides the second-largest contribution to Regional Taxes after the Street Lighting Tax. However, the contribution of PBB to the PAD of Brebes Regency is still low. The details are as follows:

- a. Year 2021: 7.87% (this category contributes very little)

- b. Year 2022: 10.99% (category with less contribution)
- c. Year 2023: 11.39% (category of insufficient contribution)

For the period 2021–2023, the average contribution of 10.08% is classified in the very low category.

This very small contribution indicates that the PBB by the BAPENDA of Brebes Regency has not been managed well. The following factors may influence the low contribution of PBB, among others:

- a. Limited public awareness of tax obligation.
- b. Poor public service during the tax payment process
- c. The lack of efforts made by the local government to raise public awareness and compliance with taxes.

5.2 Suggestions

Based on the findings, here are some suggestions that can be recommended:

- a. Optimization of Data Collection and Management
The Brebes Regency Government needs to regularly conduct re-surveys and updates of the PBB object database to more accurately identify potential recipients.
- b. Improvement of Collection Effectiveness
In order for PBB revenue to exceed its target, local governments must actively collect PBB and ensure that all taxpayers fulfill their obligations on time.
- c. Improvement of Tax Service Quality
Fast, transparent, and technology-based tax services can help people pay taxes more easily and comfortably.
- d. Supervision and Law Enforcement
To ensure justice and accountability in the tax collection process, the government must take firm action against officials or tax collectors who do not perform their duties correctly.

These strategies, if properly implemented, can improve PBB performance and contribute to the financial independence of Brebes Regency.

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