

# Analysis of Efficiency, Effectiveness of Land and Building Tax Revenue (PBB) and Its Contribution to Regional Original Revenue (PAD) of Mataram City in 2018-2022

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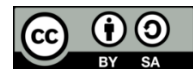
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## ABSTRACT

This research aims to determine and analyze the level of efficiency and effectiveness of Mataram City's land and building tax (PBB) revenue, as well as analyzing the contribution of land and building tax (PBB) to Mataram City's local revenue (PAD) in 2018-2022. The type of research used in this research is quantitative descriptive. The results of this research show that the efficiency of Mataram City's land and building tax (PBB) revenue shows a large efficiency ratio in the last 5 years, namely 2018-2022, which has an average ratio of 1.18% with very efficient criteria. The effectiveness of Mataram City's land and building tax (PBB) revenue shows that in the last 5 years, namely 2018-2022, the average effectiveness ratio of land and building tax (PBB) was 102.39% with very effective criteria. The contribution of land and building taxes (PBB) to Mataram City's original regional income (PAD) in the last 5 years 2018-2022 has an average ratio of 6.46% with the criteria of very little contribution.

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## 1. INTRODUCTION

Regional development is part of national development, so in this case, of course, funds are needed to finance development in realizing regional independence in terms of development. Local governments must be able to take advantage of the potentials that exist in a region so that they can become a source of regional revenue which is basically specifically focused on regional autonomy which is given greater power in regional financial management (Marbun, ddk. 2021).

Regional original revenue is one of the sources of support for government

implementation that can be used for operational expenditure and other development programs. The income that most often supports and contributes quite high to the region's original income through the regional taxes and levies themselves (Herman, et al. 2022). One of the main components of Regional Original Revenue (PAD) that has a big role in supporting development and public services is the land and building tax (PBB), this is because the potential for PBB revenue in Mataram City is quite large considering the development of development in the property sector which continues to increase in line with population

growth and economic activity (Putra, et al. 2023).

Taxes in the Great Indonesian Dictionary (KBBI) are a mandatory levy. In general, the tax is in the form of money that must be spent by all citizens as a form of mandatory donation to the state or government related to ownership, income, buying and selling prices of goods, and so on. According to Syarifudin (2018), taxes are one of the sources of state revenue for the cost of government administration and development. Currently, tax contribution to the state budget in Indonesia is still the mainstay.

With the existence of land and building tax revenues, it is able to increase and encourage equitable development. For the realization of development goals related to the role of taxation in the economy, it is necessary to have the role of the community in paying taxes, and the role of the government as the one who manages taxes is needed. Regardless of whether the development process will be successful or not, it is also inseparable from the role of the local government as the tax manager. Every year, the local government has set a target to

determine the collection of land and building taxes that are used as a source of regional revenue. However, the setting of these targets is not always achieved as previously set. The realization of land and building tax revenues is also sometimes lower or below the target set by the previous local government (Ningsih, 2021).

West Nusa Tenggara (NTB) is one of the provinces in Indonesia that gets the right to manage its own region as stated in Law Number 64 of 1958 concerning the Establishment of Level 1 Regions of Bali, West Nusa Tenggara and East Nusa Tenggara. The capital city of West Nusa Tenggara is Mataram City, where Mataram City as the center of government certainly requires large financing or expenditure (Mustiani, et al. 2022). Mataram City as an urban area has a higher NJOP compared to Regencies/Cities in West Nusa Tenggara Province. Mataram City is also dominated by commercial and residential properties which can cause higher Land and Building Tax revenues.

The following is target data and realization of Mataram City PBB revenue for the 2018-2022 fiscal year.

Table 1.1 Target and Realization of Mataram City PBB Revenue for Fiscal Year 2018-2022 (Rupiah)

Year	Target	Realization
2018	26.000.000.000	24.857.066.814
2019	26.000.000.000	26.393.047.641
2020	18.000.000.000	20.560.149.726
2021	25.000.000.000	24.050.707.236
2022	28.000.000.000	29.239.610.930

Source: Mataram City Regional Finance Agency

Based on the table above, the realization of Land and Building Tax (PBB) revenue in Mataram City over the past few years has not been optimal. There is a fairly large picture between the UN revenue target and its realization. This identifies a problem with the effectiveness of the collection of Land and Building Tax (PBB) in Mataram City. In addition, the costs incurred to collect the Land and Building Tax (PBB) also need to be evaluated to ensure the efficiency of this tax collection.

By calculating the efficiency, effectiveness and contribution of regional tax collection, this can help local governments in measuring the success of their regional tax collection. According to Panawan (2023), efficiency is how a system is run using all available resources to the maximum. Effectiveness is basically an outcome achieved that is in line with the expected objectives. According to Wicaksono (2022), effectiveness itself can be interpreted as successful or effective. According to Kamala (2023), the contribution of taxes in regional development

is evident from every development carried out by the government, it is always said that the development uses funds from taxes that have been collected from the community.

Based on what has been described above, the researcher is interested in conducting research on the Analysis of Efficiency, Effectiveness of Land and Building Tax Collection (PBB) and its Contribution to the Original Regional Revenue of Mataram City in 2018-2022.

## 2. LITERATURE REVIEW

### 2.1 Tax

Taxes in the Great Indonesian Dictionary (KBBI) are a mandatory levy. In general, the tax is in the form of money that must be spent by all citizens as a form of mandatory donation to the state or government related to ownership, income, buying and selling prices of goods, and so on.

In Law Number 28 of 2007 concerning General Provisions and Taxation Procedures (KUP Law) Article 1 paragraph 1 states that taxes are mandatory contributions to the state that are owed by individuals or entities that are coercive based on the Law, by not getting direct rewards and are used for state purposes for the greatest possible prosperity of the people.

There are several types of taxes collected by the government from the public or taxpayers, which can be classified based on their nature, collecting agency, tax object and tax subject. Based on its nature, taxes are classified into 2 types, namely: indirect taxes (sales tax on luxury goods) and direct taxes (land and building taxes and income taxes), based on the collecting agencies, taxes are classified into 2 types, namely: regional taxes (hotel taxes, entertainment taxes, and restaurant taxes) and state taxes (value exchange taxes, income taxes, and land and building taxes), Based on the object and subject, taxes are classified into 2 types, namely: objective taxes (import tax, motor vehicle tax, stamp duty, and import duty) and subjective taxes (wealth tax and income tax).

According to Salim (2019) in Indonesia there are 3 types of tax systems, the tax collection system in Indonesia in accordance with the principles of tax collection adheres to the self assessment system, official assessment system and withholding system. Sihombing (2020) said that tax collection in order not to cause various obstacles or resistance from the party being collected, must meet several conditions, namely: collection must be fair (fairness requirements), tax collection must be based on the law (juridical requirements), tax collection does not interfere with the economy (economic conditions), tax collection must be efficient (financial requirements), tax collection must be simple (simple requirements).

### 2.2 District Original Revenue (PAD)

In Law Number 33 of 2004 concerning Regional Government, it is stated that regional original revenue is income obtained by the region from sources within its own territory and collected based on regional regulations in accordance with laws and regulations. The sources of local original income are divided into: regional tax revenues, regional levies, separated regional wealth management results, and other legitimate regional original income.

### 2.3 Efficiency

Abdullah (2020) said that efficiency can be said to be a saving in the use of resources in organizational activities, where efficiency is useful. Efficiency is meant to use fewer resources to achieve the same results.

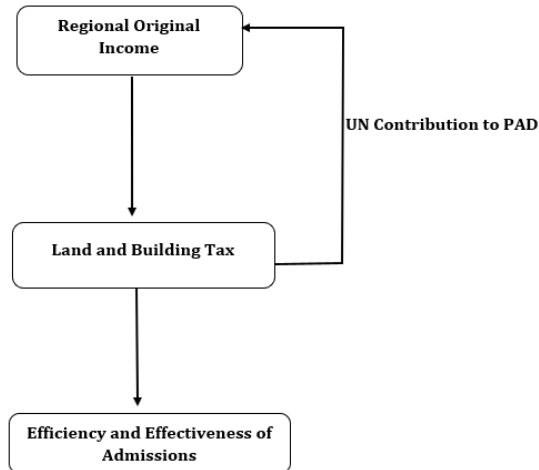
### 2.4 Effectiveness

According to Wicaksono (2022), effectiveness itself can be interpreted as successful or effective. In addition, effectiveness can be interpreted as the suitability or harmony between the program that has been previously determined and the goals achieved from the implementation of the program by paying attention to the output of the organization.

### 2.5 Contribution

Contribution according to T Guritno's economic dictionary is something that is given jointly with other parties for the

purpose of costs, or certain or joint losses (Kamaroellah, A. 2021). So that the contribution in question can be interpreted as a contribution made by the Land and Building Tax (PBB) to the amount of Regional Original Revenue (PAD).



### 3. METHODS

The type of research used in this study is a descriptive research method with a quantitative approach, which aims to find out the value of independent variables without making comparisons or connecting with other variables (Sugiyono, 2022).

This research was conducted in Mataram City. Data collection techniques

include documentation, which includes books, archives, and related documents, as well as interviews to get in-depth information from various related parties. The data used is secondary data, obtained from the Regional Finance Agency (BKD) of Mataram City.

The variables identified include the realization of local original revenue (PAD), the cost of collecting land and building tax (PBB), and the target and realization of land and building tax (PBB). The operational definition of variables includes an understanding of local original revenue (PAD), land and building tax (PBB), efficiency, effectiveness, and contribution. The data analysis procedure includes an analysis of efficiency, effectiveness, and contribution, each of which has a calculation formula presented in equation 1, equation 2, and equation 3. The evaluation criteria are separate to produce a deep understanding of the performance and contribution of land and building tax (PBB) in the context of the region studied.

To calculate the efficiency of land and building tax collection (PBB) in Mataram City, the following formula is used (Setiawati, N, et al. 2021):

$$Efisiensi\ PBB = \frac{Biaya\ Pemungutan\ PBB}{Realisasi\ Penerimaan\ PBB} \times 100\%$$

The scale of measuring the efficiency of land and building tax

collection (PBB) is based on the criteria arranged in the following table 1:

Table 3.1 Efficiency Criteria

Presented (%)	Criterion
> 100	Inefficient
90 – 100	Less Efficient
80 – 90	Quite Efficient
70 – 80	Efficient
< 60	Highly Efficient

Source: Ministry of Home Affairs No.690.900.327, 1996

To calculate the effectiveness of the collection of land and building tax (PBB) in

Mataram City, the following formula is used (Setiawati, N, et al. 2021):

$$Efektivitas\ PBB = \frac{Realisasi\ Penerimaan\ PBB}{Target\ Penerimaan\ PBB} \times 100\%$$

The scale of measuring the effectiveness of land and building tax

collection (PBB) is based on the criteria compiled in the following table 2:

**Table 3.2 Effectiveness Criteria**

Presented (%)	Criterion
> 100	Highly Effective
90 – 100	Effective
80 – 90	Quite Effective
70 – 80	Less Effective
< 60	Ineffective

Source: Ministry of Home Affairs No.690.900.327, 1996

To calculate the contribution of land and building tax (PBB) to the local original income (PAD) of Mataram City, use the following formula (Setiawati, N, et al. 2021):

$$\text{Kontribusi PBB} = \frac{\text{Realisasi Penerimaan PBB}}{\text{Realisasi Penerimaan PAD}} \times 100\%$$

The scale of measuring the contribution of land and building tax (PBB) to the original regional income (PAD) of Mataram City is based on the criteria compiled in the following table 3:

**Table 3.3 Contribution Criteria**

Presented (%)	Criterion
< 10	Very Less
10,10–20	Less
20,1030–	Enough
30,1040–	Keep
40,1050–	Good
> 50	Excellent

Source: R&D Team of the Ministry of Home Affairs of the Faculty of Home Affairs of UGM, 1991

## 4. RESULTS AND DISCUSSION

### 4.1 Analysis of Land and Building Tax Efficiency Land and Building Tax (PBB) Mataram City in 2018-2022

Efficiency describes how well the Mataram City Government performs in collecting/collecting land and building taxes (PBB) from taxpayers in one period to the next. Indicators to measure whether the collection of land and building tax (PBB) has reached the level of success or failure require two components, namely the cost of collecting land and building tax (PBB) and the

realization of land and building tax (PBB) revenue. If the smaller the efficient ratio, the better the performance of the Government and vice versa, if the larger the efficient ratio, the worse the Government's performance or in other words, if the realization of land and building tax (PBB) revenues is higher than the cost of collecting land and building tax (PBB), then the more efficient the cost of collecting land and building tax (PBB) is incurred. The following are the results of the calculation of the efficiency level of land and building tax revenue (PBB) in Mataram City in 2018-2022 as shown in table 4.1

**Table 4.1 Results of the Calculation of Land and Building Tax Efficiency (PBB) of Mataram City in 2018-2022**

Year	UN Filing Fees	Realization of UN Revenue	Efficiency (%)	Kriteria
2018	265.536.000	24.857.066.814	1,06	Highly Efficient
2019	347.034.000	26.393.047.641	1,31	Highly Efficient

2020	278.088.000	20.560.149.726	1,35	Highly Efficient
2021	289.050.000	24.050.707.236	1,20	Highly Efficient
2022	283.098.000	29.239.610.930	0,96	Highly Efficient
<b>Average</b>			<b>1,18</b>	<b>Highly Efficient</b>

Based on table 4.1 above, it shows that the efficiency ratio of collection costs or costs incurred to realize (realization of UN revenue costs) in Mataram City in 2018 is an efficiency ratio of 1.06% with very efficient criteria. In 2019 the efficiency rate was 1.31% with the rate being very efficient. The year 2020 shows an efficiency level of 1.35% with very efficient criteria. The year 2021 shows an efficiency level of 1.20% with very efficient criteria. And in 2022 the efficiency rate is 0.96% with the criteria of being very efficient. Meanwhile, the average efficiency of land and building tax collection (PBB) in Mataram City from 2018-2022 is 1.18%, this result is included in the very efficient criteria.

From the explanation above, it can be concluded that the level of efficiency ratio of the comparison between the costs incurred to realize land and building tax revenues from 2018-2022 shows significant results between the expenditure incurred and the realization of the United Nations. Collection fees incurred by officials or officers can be reduced to the minimum, and balanced by programs that can attract taxpayers to pay in an orderly

manner and programs for officials or collecting officers to be more disciplined in carrying out their duties in the field.

#### ***4.2 Analysis of the Effectiveness of Land and Building Tax Revenue (PBB) in Mataram City in 2018-2022***

The ratio of land and building tax (PBB) effectiveness shows the performance of the Mataram City Government in realizing land and building tax (PBB) revenue in accordance with the revenue target that has been set. Indicators to measure whether the collection of land and building tax (PBB) has reached an effective level or not require two components, including the target and realization of land and building tax (PBB) revenue. If the higher the effectiveness percentage level of the land and building tax (PBB), the better the effectiveness level and vice versa, the lower the effectiveness percentage level achieved, the worse the effectiveness level. The following are the results of the calculation of the effectiveness level of land and building tax revenue (PBB) in Mataram City in 2018-2022 as shown in table 4.2.

**Table 4.2 Results of the Calculation of the Effectiveness of Land and Building Tax (PBB) in Mataram City for 2018-2022**

Year	UN Revenue Target	Realization of UN Revenue	Effectiveness (%)	Criterion
2018	26.000.000.000	24.857.066.814	95,60	Effective
2019	26.000.000.000	26.393.047.641	101,51	Highly Effective
2020	18.000.000.000	20.560.149.726	114,22	Highly Effective
2021	25.000.000.000	24.050.707.236	96,20	Effective
2022	28.000.000.000	29.239.610.930	104,42	Highly effective
<b>Average</b>			<b>102,39</b>	<b>Highly Effective</b>

Table 4.5 above shows that the ratio of land and building tax revenue effectiveness in

Mataram City in 2018-2022 is in the very effective criteria, because the percentage is in

the range of 90-100% and above. In 2018, the effectiveness rate was 95.60% with effective criteria. In 2019 the effectiveness rate was 101.51% with very effective criteria. In 2020, it showed an effectiveness rate of 114.22% with very effective criteria. However, in 2021 there was a decrease or the level of effectiveness decreased compared to 2020 with the effectiveness rate in 2021 of 96.20%, but it is still included in the effective criteria. In 2022, the effectiveness rate is 102.39% with the level of criteria being very effective.

From the explanation above, it can be concluded that the level of effectiveness ratio of land and building tax (PBB) revenue from 2018-2022 shows a significant increase where the effectiveness criteria show that it is very effective. However, in 2018 and 2021 it shows that there is a decrease in one level of criteria from very effective to effective because in 2018 and 2021 land and building tax revenues in

Mataram City could not reach the target that had been set.

#### **4.3 Analysis of the Contribution of Land and Building Tax (PBB) to Regional Original Revenue (PAD) of Mataram City in 2018-2022**

The contribution ratio is used to find out how much the role of land and building tax (PBB) in Mataram City's original regional revenue (PAD) in 2018-2022. So that the data can provide an overview of what the Mataram City Government must do for the next year. Calculating the contribution of land and building tax (PBB) to PAD requires two components, namely, the realization of land and building tax revenue (PBB) and the realization of local original revenue (PAD) revenue for the year in question. The following is the ratio of land and building tax (PBB) contribution to Mataram City's original regional revenue (PAD) in 2018-2022 as shown in table 4.3.

**Table 4.3 Results of the calculation of the Contribution of Land and Building Tax (PBB) to Regional Original Revenue (PAD) in 2018-2022**

Year	Realization of UN Reception	Realization of PAD Receipts	Contribution (%)	Criterion
2018	24.857.066.814	358.825.822.208	6,92	Very Poorly Contributing
2019	26.393.047.641	373.951.422.339	7,05	Very Poorly Contributing
2020	20.560,149.726	363.165.361.010	5,66	Very Poorly Contributing
2021	24.050,707.236	392.556.124.241	6,11	Very Poorly Contributing
2022	29.239.610,930	445.802.830.180	6,55	Very Poorly Contributing
<b>Average</b>			<b>6,45</b>	<b>Very Poorly Contributing</b>

The existence of buildings in Mataram City provides benefits for the local government, namely through land and building tax (PBB) revenue. The contribution made by regional taxes in this case, namely the land and building tax (PAD) from 2018-2022 in Mataram City, makes a very insufficient contribution to the original regional revenue (PAD).

Table 4.6 shows that the contribution of land and building taxes (PAD) to the

original regional revenue (PAD) of Mataram City, fluctuated in the period 2018-2022. The contribution of land and building tax (PAD) to the original regional revenue (PAD) of Mataram City in 2018-2022 is only in the range of 5.66% to 7.05% and is in the very low contribution criteria. The highest contribution of land and building tax (PBB) in the last 5 years was in 2019 which was 7.05% (very under-contributing), while the lowest contribution of land and building tax was in

2020 which was 5.66% (very under-contributing), with the average contribution for the last 5 years only at 5.45% with the criterion of very under-contributing.

The criterion is very low contribution because the contribution of local original revenue (PAD) does not only come from land and building tax (PAD) revenues because there are still many other regional taxes as well as levies and other legitimate income. In addition, the lack of contribution of land and building tax (PAD) to local original revenue (PAD) in Mataram City is caused by inhibiting factors in tax collection. These factors include the existence of taxpayers who do not comply in paying land and building taxes (PBB), lack of opportunities to socialize the public related to the management of local original revenue (PAD), the existence of new taxpayer candidates who have not been registered and lack of supervision from tax collectors. Apart from these factors, with the occurrence of natural disaster symptoms that occurred on the island of Lombok in 2018, namely the earthquake and the symptoms of the Covid-19 pandemic, of course, the contribution of land and building tax (PBB) will be reduced, which makes land and building tax (PBB) revenue less.

## 5. CONCLUSIONS

### 5.1 Conclusion

Based on the discussion above, the following conclusions can be drawn:

- a. The results of the analysis of the efficiency of land and building taxes in Mataram City from 2018 to 2022 were obtained by an average of 1.18% so that it meets the criteria of being

very efficient. The average ratio of the effectiveness of land and building tax revenues in Mataram City from 2018 to 2022 is 102.39% with very effective criteria.

- b. Land and building taxes are very insufficient in contributing to the original revenue of Mataram City from 2018 to 2022, with an average contribution value of 6.45% (very under-contributing).

### 5.2 Suggestion

For the Mataram City government, it is expected to:

- a. In the collection of land and building taxes, local governments, especially the Mataram City Regional Finance Agency, can explore the potentials in the collection of land and building taxes so that the revenue or realization can exceed the targets that have been set in the collection of land and building taxes to be able to contribute to the Original Revenue of the Mataram City Region in terms of land and building taxes.
- b. The Mataram City Regional Finance Agency also needs to socialize to the public about tax payment compliance or taxpayers (WP) and provide information to social media or mass media to increase land and building tax revenues.
- c. Optimizing Employees or Officers in improving performance in terms of tax collection in the field in order to realize land and building tax revenues in Mataram City.

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