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The overview of implementation of the vehicle tax collection in increasing revenue

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Abstract

The article aims to investigate the overview of the implementation of the vehicle tax collection in increasing revenue via a descriptive method of analysis. The results showed that the Revenue Service of West Java Province has carried out the collection of vehicle tax in accordance with Law No. 28 the Year 2009 on Regional Taxes and retribution using Official Assessment System. In conclusion, target and realization of the Vehicle Tax reception at the West Java Provincial Revenue Service shows that Vehicle Tax is a local tax which is a great potential for improving revenue.

Keywords: Tax, Vehicle Tax, Local Revenue.

La visión general de la aplicación de la recaudación de impuestos del vehículo en el aumento de los ingresos

Resumen

El objetivo del artículo es investigar la descripción general de la implementación de la recaudación de impuestos de vehículos para aumentar los ingresos mediante un método de análisis descriptivo. Los resultados mostraron que el Servicio de Ingresos de la Provincia de Java Occidental ha llevado a cabo la recaudación del impuesto a los vehículos de conformidad con la Ley Núm. 28 del Año 2009 sobre Impuestos Regionales y retribución utilizando el Sistema de

Evaluación Oficial. En conclusión, el objetivo y la realización de la recepción del Impuesto sobre Vehículos en el Servicio de Ingresos Provinciales de West Java muestra que el Impuesto sobre Vehículos es un impuesto local que ofrece un gran potencial para mejorar los ingresos.

Palabras clave: Impuesto, Impuesto de Vehículos, Ingresos Locales.

1. INTRODUCTION

Taxes are at the forefront of development in a country because the tax is a major source of state revenue. Payment of tax is the embodiment of the obligation of the state and the role of the taxpayer to directly and jointly carry out tax obligations for financing the state and national development. Taxes have a very important role in the life of the state, particularly in the implementation of development because the tax is a source of state revenue to finance all expenses including development expenditure and ensuring the welfare of its people, so the government keeps trying to increase state revenue from the tax sector. Mariot (2010) tax is a compulsory contribution to a country that is owned by an individual or a coercive body under the Act, by not obtaining direct remuneration and used for state purposes for the greatest possible prosperity of the people. According to the tax collection agency, the tax is divided into two namely the central tax and local taxes. Central tax is a tax collected by the central government and used for state households, such as Income Tax, Value Added Tax, Sales Tax on Luxury Goods, Land and Building Tax, and Stamp Duty.

While local taxes are taxes collected by local governments and used to finance local governments, for example, provincial taxes comprising Motor Vehicle Taxes, petrol taxes, Motor Vehicle Title Charges, Surface Water Taxes, and Cigarette Taxes (Giblin & McNabola, 2009).

Local tax is also very important as a source of regional income and as a support for regional development, because local taxes are one of the sources of local revenue. Regional Original Revenue is revenue derived by the region from sources within its own territory levied according to local regulations in accordance with applicable laws and regulations. Regional Original Revenue, among others in the form of Regional Tax and Local Retribution, becomes one of the financing sources in the implementation of government and regional development in order to improve and state the welfare of the community. Thus the region is able to implement its regional autonomy, which is able to arrange and manage their own household. In Law Number 32 Year 2004 about Regional Government and Law Number 33 Year 2004 about Financial Balance between Central Government and Local Government in the framework of the implementation of regional autonomy. Local governments are given flexibility in managing and utilizing their local revenue sources based on the aspirations of local communities. In an effort to increase the Regional Budget, among others from the Regional Original Revenue can be in the form of local taxes and regional charges, which requires awareness of all parties who have a very big share in the achievement of regional development. As we know the function of local taxes as one of the main sources of the financial reception area in the

components of revenue so that making it a very vital part. From the various types of local taxes receipt, which is given a significant contribution in order to increase the revenue of West Java province there are from vehicle taxation. Regional Revenue Office of West Java Province is implementing elements of the Government of West Java Province in which one of the main tasks is to carry out decentralized authorities in the field of regional income and are to pursue the achievement of targets and increased revenues on an ongoing basis in order to support the increase Regional Original Revenue (Shadbegian, 1999).

1.1. Problem Identification

1. How is the implementation of the vehicle tax collection at the Department of Revenue of West Java Province?
2. How is the targets and realization of revenue of vehicle tax at the Department of Revenue of West Java Province?
3. What efforts made by Department of Revenue Services of West Java province in order to improving vehicle tax?

2. LITERATURE REVIEW

2.1 Tax Function

Tax is a very important source of state income for the implementation and enhancement of national development to achieve the prosperity of the people. Tax revenues are derived from Income Tax, Value Added Tax, Sales Tax on Luxury Goods, Land and Building Tax, Motor Vehicle Tax, Acquisition of Land and Building Rights, excise revenue, disbursement of tax arrears, and other taxes. Waluyo the definition of taxes are as follows:

Taxes are dues to the (enforceable) state owned by those obliged to pay them according to the rules, with no reappraisal, directly eligible, and whose use is to finance public expenditures concerning the duty of the state to administer the government (2005: 22).

Waluyo the definition of tax is as follows: "Taxes are citizens' contributions to the state treasury under the law (which can be enforced) with no direct returns (contra) to be shown and which are used to pay public expenses" (Waluyo, 2005: 20). Teta the definition of tax is as follows: "Taxes are citizens' contributions to the state treasury under the law (which can be enforced) with no direct returns (contra) to be shown and which are used to pay public expenses"(Teta, 2015: 10). The above explanation can be interpreted that the contribution of a person who addressed to the state without any benefit specifically addressed to someone. From the definition, it can be concluded that the tax has elements attached to the definition of a tax, namely:

- 1) Contribution from the people to the state. The only tax collector is the state. The fee is in the form of money (not goods).

- 2) Under the Act. Taxes are levied on the basis of or with the strength of the Act and its implementation rules.

- 3) Tax collection can be imposed. Tax collection is the transfer of funds from Taxpayers as taxpayers (private sector) to tax collectors/tax managers (state/government).

- 4) Taxes have a budgetair function (filling state coffers/state budget) and regular functions (regulating state policies in social and economic fields).

- 5) Without reciprocal or counterfeiting services from a country which can be directly appointed. In the tax payment can not be shown any individual contracting by the government.

- 6) The results of tax revenues are used to finance state households, ie expenditures that benefit the wider community.

Waluyo (2005) tax functions are divided into 2 namely:

1. Reception function (Budgetair)

Taxes serve as a source of funds intended for financing government expenditures. For example, the inclusion of taxes in the state budget as domestic revenues.

2. Function set (Regular)

Taxes serve as a tool for organizing or implementing social and economic policies. For example, the tax imposed higher on luxury goods.

2.2 Local Tax

Local tax is a form of public participation in the implementation of regional enforcement. Motor vehicle tax is a tax on the ownership and/or control of a vehicle and a source of local income is vital to finance the implementation of local government which requires funding. Local tax is payment of contribution by the individual or entity to the state without a direct recompense, which can be done with compulsion based on law, which is used to finance the implementation of local government and regional development. Local taxes according to Siti states that:

Local Tax is a tax set by local governments with regional regulations, which authorize the implementation carried out by local government and the results are used to finance the expenditure of local government in implementing the

government administration and development in the region (2013: 19).

2.2.1. Tax Collection System

1) Official Assessment System

Is a collection system that gives authority to the government to determine the amount of tax payable by the taxpayer, the Characteristics is:

- a) The authority to determine the amount of tax owed to the tax authorities.
- b) Taxpayers are passive.
- c) Tax liability arises after the tax assessment letter issued by the tax authorities.

2) Self Assessment System

It is a tax collection system that authorizes taxpayers to determine for themselves the amount of tax payable, the Characteristics is:

- a) The authority to determine the amount of tax payable is on the taxpayers themselves.
- b) Active taxpayers, starting from counting, depositing and self-reported taxes owed.
- c) Fiskus did not intervene and just watched.

3) **With Holding System**

- a) Is a tax collection system that authorizes third parties (not tax authorities and taxpayers concerned) to determine the amount of tax payable by the taxpayer.
- b) Characteristics:
- c) The authority to determine the amount of tax payable is to a third party, a party other than tax authorities and taxpayers.

2.2.2. Vehicle Tax

According to West Java Governor Regulation No. 33 of 2013 in article 1 as Sugiyono follows: "Vehicle Tax is a tax on the ownership and/or control of a vehicle" (Sugiyono, 2013: 11). Vehicle is all-wheel drive vehicles which used in all types of road, and driven by technical equipment such as motors or other equipment that serves to transform a resource energy particular into kinetic energy of the relevant vehicles, including heavy equipment and big-tool is in operation using the wheels and motors and are not permanently attached and vehicles operated in water.

2.3 Legal Basis for Tax on Motor Vehicles

Mustika (2013) the legal basis for the collection of Motor Vehicle Tax and Vehicles on the Waterin a province is as follows: in the transition period of the enactment of Law No.28 of 2009, the

collection of Motor Vehicle Tax and Vehicles in Indonesia is currently based on clear and strong legal basis, so it must be obeyed by the community and related parties. The legal basis for collecting of Motor Vehicle Tax and Vehicles as follows:

1. Law No.28 of 2009 on Regional Taxes and regional retribution.
2. Law No.34 of 2000 which is the amendment to Law No.18 of 1997 on Regional Tax and Levy.
3. Government Regulation No.65 of 2001 on Regional Taxes.
4. Provincial Regulations governing the Tax on Vehicles and Vehicles on Water, but may also be made separately, namely the Local Regulation on motor vehicle tax and vehicle on the water.

3. METHODOLOGY

The method used in this research is descriptive method, a method that represent or describes in certain Mustika conditions regarding the object under study by way of collecting data, compiling, motor vehicle tax classification, and comparing with the known theories that can ultimately produced a conclusion (Bucovetsky & Smart, 2006).

4. FINDINGS

4.1 Implementation of the Vehicle Tax Collection

The implementation of collecting motor vehicle tax at the Department of Revenue of West Java Province using the official assessment system, a system that authorizes the government to determine the amount of tax payable. Based on the results of research that the Regional Revenue Service of West Java Province has implemented taxes on Motor Vehicles in increasing regional Revenue, well in accordance with Law No. 28 of 2009 about local taxes and levies using the official assessment system that gives authority to local government to determine the tax amount of taxpayer. The procedure of execution of Motor Vehicle Taxation which is executed by Regional Revenue Service of West Java Province is the work mechanism of service of Motor Vehicle Tax which includes registration, determination, payment and delivery. Here is the procedure for collecting of vehicle tax is done at the Department of Revenue West Java Province:

1. The procedure for registration and establishment
 - a. Identification and registration of vehicle
 - b. Authorization vehicle static data
 - c. Determination of the vehicle tax
 - d. Determination of the contribution fund a road traffic accident
 - e. Determination of the administrative costs of vehicle registration/number plate registration.
 - f. Services corrector
2. The procedure for payment and handover of document.
 - a. Receipt of payment

- b. Validation of vehicle registration/printing of vehicle registration, vehicle registration provision number plate registration and validation.
- c. Submission of registration, number plate registration.

Here are the procedures for the implementation of vehicle tax collection conducted at the Regional Income Service of West Java Province:

1. Registration and determination procedures
 - a. Research and registration identification
 - Receive and re-check the application file at the registration counter.
 - Check on the search list of police vehicle numbers and block listings.
 - Put paraf, cut and give receipt registration form to the applicant.
 - Receive and check results of physical inspection of motor vehicles.
 - Determine and write down the police number, Vehicle Owner's Book Number and put paraf on the Regional Income Annual Tax Return Form.
 - b. Authorize vehicle static data
 - Create a motorized parent card for a new one.
 - Provide vehicle card number systematically.

- Write the identification of ownership of the type, motor vehicle taxss, function of motor vehicle for the purposes of determining the amount of Motor Vehicle Tax, and Donation of Mandatory Road Traffic Accident Fund.
- Create a police vehicle numbers order for the printing process of police vehicle numbers for new vehicles, renewed vehicle registration and reimbursement of other vehicle numbers.
- Store and organize vehicle parent cards in accordance with the month and year of vehicle card issuance.
- Forwarding the application file to the establishment of and Donation of Road Traffic Accident Fund.

c. Determination of Motor Vehicle Tax

- Determine the amount of motor vehicle tax and penalty in the Decision Letter of Regional Tax.
- Provide Motor Vehicle Letters Number (SKUM) and Kohir Number.
- Books in tax production books.
- Completed in case of errors.
- Forwarded the signed motor vehicle tax file and the fine to the Donation of Road Traffic Accident Fund determination officer.

d. Determine of Mandatory Donation of Road Traffic Accident Fund

- Establish Donation of Road Traffic Accident Fund and penalties and put paraff to paper.

- Impose the assignment.

- Forwarding the files that have been set Donation of Road Traffic Accident Fund and penalties to the determination fee administration motor vehicle registration letter/ Donation of Road Traffic Accident Fund.

e. Administration Fee Designation of motor vehicle registration letter/ police vehicle numbers.

- Determine the cost of administration and cost police vehicle numbers and put paraf.

- Recording administrative costs.

- Submit the registration file to the corrector.

f. Corrective Services.

- Check the greatness of the determination and the fine.

- Provide paraff to Decision Letter of Regional Tax.

- Check the vehicle registration file.

- Submit original identity card, original BPKB and Decision Letter of Regional Taxoriginal to the applicant.

- Forwarding the file to the payment unit.

2. Payment and delivery procedures

a. Receipt of payment

- Receive payment, affix validation to Decision Letter of Regional Tax.

- Forwarding Decision Letter of Regional Taxfiles and copies to the printer officer.
- Submit original sheet of Decision Letter of Regional Taxthat has been validated to the applicant.
- Distributing Decision Letter of Regional Taxto Department of Revenue West Java Provinceand PT. Jasa Raharja (PERSERO).
- Deposit receipt money to the receiving agency no later than 1 time 24 hours.
- Recording in general and similar receipts, such as:
 - Motor Vehicle Tax
 - Donation of Road Traffic Accident Fund
 - Administration of motor vehicle registration letter/ police vehicle numbers

4.2 Target and Realization of Vehicle Revenue at the Department of Revenue West Java Province

Table 4.1. Target and Revenues of Vehicle Tax West Java Province Fiscal Year 2011-2015

Year	Target	Realization	Difference	%
2011	2,251,013,750,963.71	2,707,413,415,780.00	456,399,664,816.29	120%
2012	3,255,528,710,000.00	3,622,079,065,860.00	406,550,355,860.00	112%
2013	3,776,379,000,000.00	4,313,897,141,110.00	537,518,141,110.00	114%
2014	4,571,603,000,000.00	5,084,891,235,295.00	513,286,235,295.00	111%
2015	5,224,253,000,000.00	5,355,778,195,650.00	131,525,195,650.00	103%

Source: Annual Report of the Regional Income for Fiscal Year 2011-2015

Based on the above table it can be concluded that the realization of the vehicle tax acceptance is as follows:

1. The fiscal year 2011, the target set at Rp 2.251.013.750.963,71 vehicle tax and vehicle tax realization reached Rp 2.707.413.415.780,00, there is a difference of Rp 456.399.664.816,29 so that the level of achievement of 120%.
2. The fiscal year 2012, the target set at Rp 3.255.528.710.000,00 vehicle tax and vehicle tax realization reached Rp 3.622.079.065.860,00, there is a difference of Rp 406.550.355.860,00 so that the level of achievement of 112%.
3. The fiscal year 2013, the target set at Rp 3.776.379.000.000,00 vehicle tax and vehicle tax realization reached Rp 4.313.897.141.110,00, there is a difference of Rp 537.518.141.110,00 so that the level of achievement of 114%.
4. The fiscal year 2014, the target set at Rp 4.571.605.000.000,00 vehicle tax and vehicle tax realization reached Rp 5.084.891.235.295,00, there is a difference of Rp 513.286.235.295,00 so that the level of achievement of 111%.
5. The fiscal year 2015, the target set at Rp 5.224.253.000.000,00 vehicle tax and vehicle tax realization reached Rp 5.355.778.195.650,00, there is a difference of Rp 131.525.195.650,00 so that the level of achievement of 103%.

The following table describes the realization of revenue targets and Regional Revenue Office of West Java province fiscal year 2015:

Table 4.2. Target and Realization of Regional Revenue Office West Java Province Fiscal Year 2015

No	Type Local Tax	Target Acceptance	Revenues	Difference	%
1	Vehicle Tax	5.224.253.000.000	5.355.778.195.650	131.525.195.650	102,52%
2	Bea of Vehicle	4.441.202.000.000	4.662.471.061.900	221.269.061.900	104,98%
3	Vehicle Fuel Tax	2.258.981.957.000	2.377.653.955.364	118.671.998.364	105,25%
4	Water Tax	50.479.000.000	52.486.074.700	2.007.074.700	103,98%
5	Cigarette Tax	2.301.564.370.000	2.168.682.105.546	-132.882.264.454	94,23%
	Amount	14.276.480.327.000	14.617.071.393.160	340.591.066.160	102,39%

Source: Annual Report of the Regional Income for Fiscal Year 2015

Based on the realization of West Java Province in 2015 budget year, it can be seen that the vehicle tax has a considerable contribution in local tax revenue. That is because the increasing number of vehicles in the Province of West Java. But when calculated acceptance realization percentage of the total local tax revenue is $(Rp5.355.778.195.650 : Rp5.224.253.000.000) \times 100\% = 103\%$.

4.3 Efforts by the Department of Revenue Services of West Java Province into Increase Vehicle Tax

As it is known that Motor Vehicle Tax is part of local taxes managed by West Java Province, but in an effort to increase revenues from Motor Vehicle Tax there are still obstacles faced in doing his levies. Constraints encountered include:

- a) Lack of awareness of the taxpayer in paying or depositing the tax payable, so that it hampers local revenue.

- b) There are still many people who are not yet aware of the law, do not understand that their tax payments aim to fill the local treasury that will be used to finance the development of its own region.

- c) The number of vehicles that are still in the credit period has been traded or there are still many vehicles traded but not yet reversed the name according to the identity of the new owner.

- d) A number of vehicles in a damaged condition or has not been used but the taxpayer did not report to the SAMSAT Office.

To overcome these obstacles then the Revenue Service Efforts are being made in the Department of Revenue West Java Province to improve the original income from Vehicle Tax which is :

1. Installation of banners on the highway so that people can know and understand the taxation, either directly or indirectly and make taxpayers aware of their tax obligations.
2. Performing periodic inspection in particular and by way of joint operations in cooperation with the police.

3. Improving the ability or quality of employee at the Department of Revenue of West Java Province in a manner in upgrading courses, conduct education and training, and conducting guidance to the employees in order to improve the performance of duties and obligations.

4. Improving the taxation system, especially in the vehicle tax to achieve the vision and mission of the Department of Revenue West Java Province

5. Examine the Vehicles that Not Doing Registration via invoice or notification letter

6. Notification by SMS of West Java Province tax info to inform maturing liabilities registration and payment of vehicle tax.

7. Developing SAMSAT featured services, including:

a. SAMSAT Outlet

There is a service provided to the peoples / tax payer where the payment place is placed in crowded places by the public such as malls and other public places so that people can pay motor vehicle taxes easily.

b. SAMSAT Drive Thru

It is an innovation service performed by the West Java provincial revenue agency where the people who will pay motor vehicle taxes do not have to get out of the vehicle and just queue from the vehicle they are traveling to make it easier for people who will pay motor vehicle taxes, because they do not have to

seek a place for parking and can go straight away once payment has been done.

c. **SAMSAT Car**

Another innovation provided by West Java provincial revenue agency is to make mobile samsat where the payment process is done in a special car provided to make motor vehicle payments and the place can be moved to everywhere that the schedules have been determined there are include a small area where the distance between the house and its samsat is too far to visit.

d. **SAMSAT NITE (Samsat in The night)**

Another type of service is samsat nite where this samsat performs service from the afternoon until the evening so that taxpayers who work during the day and do not have time to pay taxes can be done at the service easily.

e. **SAMSAT 3 Provinsi (West Java, Banten, Capital Region of Jakarta)**

This type of service is presented specifically for the taxpayer with a residence in the jurisdiction of the Jakarta regional police and domiciled in the province of western Java can make payments in the province of Jakarta.

f. **SAMSAT Backpack**

Is the latest service type from revenue agency of west java province where the service of motor vehicle tax payment is done

by using motorcycle whose purpose to go to visit areas far enough like rural and mountains which success 4 wheel vehicle difficult to enter because of limitation of road infrastrucur.

g. E-Samsat West Java Province.

e-samsat is a leading innovation in the province of west Java where people who will pay the annual motor vehicle tax can be done at the ATM machine of a national bank that has cooperated with the province of western Java where the public can make his tax payments throughout the territory of Indonesia as long as there is a machine ATM.

5. CONCLUSION

Based on the results of research and discussion, the authors concluded as follows:

- 1) The departement of Revenue in West Java Province has carried out of a collection of the vehicle tax revenue in accordance with Law No. 28 the Year 2009 on Regional Taxes and Retribution using official assessment system.
- 2) Vehicle Tax is a local tax which is a great potential for increasing revenue by the percentage of realization of its acceptance by 103% of the total tax revenue of other areas.

3) The departement of revenue in West Java Province still have problems in the collection of vehicle tax, but these obstacles can be surmounted with the efforts made, so that each year can reach and even exceed the targets set.

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