

RURAL AND URBAN LAND AND BUILDING TAXES IN THE SPOTLIGHT: AN ANALYSIS OF DETERMINATION AND REALIZATION IN LUMAJANG REGENCY

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Abstract: Revenue from the Rural and Urban Land and Building Tax (PBB P2) is a significant source of local government revenue for Lumajang Regency, along with the increase in development activities and the property sector. This study aims to analyze the report on the realization of Rural and Urban Land and Building Tax revenues against the targets set by the Regional Government. This study uses a qualitative descriptive method with a case study approach, because it is considered to be able to provide a deep understanding of factual conditions in the field. The population and sampling for this study are reports on the realization of Rural and Urban Land and Building Tax revenues at the Lumajang Regency Regional Tax and Levy Agency for the period 2020 to 2024, using primary data as the main source. The data collection method used in this study is observation. The findings show that the revenue of Rural and Urban Land and Building Tax in Lumajang Regency has not fully reached the set target. This condition is influenced by external and internal factors. External factors include the COVID-19 pandemic and the eruption of Mount Semeru, which resulted in a decrease in taxpayers' ability, especially from 2021 to 2022. Meanwhile, internal factors include: (1) the policy of increasing the Value of Tax Object Sales (NJOP), which initially caused rejection and decreased compliance, but after further socialization and community adaptation, compliance gradually improved, which led to an increase in revenue in the following period; (2) administrative constraints and limited human resources, especially the absence of tax bailiffs and limited capacity of officials at the Lumajang Regency Regional Tax and Levy Agency in enforcing active collection; and (3) innovation through the digitization of payment systems, simplification of procedures, and intensification of socialization efforts, which have proven effective in boosting revenue, especially from 2023 to 2024.

Keywords: Rural and Urban Land and Building Taxes, Realization Reports, Land and Urban and Building Tax Revenues

1. Introduction

In the Unitary State of the Republic of Indonesia (NKRI), the earth and the waters and natural resources contained in it have an important role to realize a just and prosperous society in accordance with Pancasila and the 1945 Constitution. Therefore, every party who benefits from the use of the earth and natural resources through the rights granted by the state, is considered reasonable to set aside part of the profits they receive in the form of tax payments, Tobing and Farman (2015). In the context of Indonesia, more than twenty years have passed since the enactment of the era of regional autonomy accompanied by fiscal decentralization as the main foundation of the regional tax system. The fiscal decentralization policy is not only intended to improve the

efficiency of public services, but also to encourage the achievement of local government independence, Oates (1999). In addition to being a tangible reflection of the level of regional independence in exercising autonomy, the quality of Fiscal Decentralization is also closely related to the capacity of local governments to collect various sources of financing to support the implementation of regional development (*capital investment*) Blochliger and Petzold (2009).

In accordance with Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments (HKPD Law) which regulates financial relations between the central and regional governments is part of efforts to improve the fiscal decentralization system in Indonesia, ensure a fairer division of fiscal authority and resources, and strengthen regional fiscal independence. Regional Taxes also play an important role in developing the local economy and supporting infrastructure development. With the revenue obtained from Regional Taxes optimally, local governments have better fiscal independence and can improve the quality of public services. It can also be an attraction for investors to invest in the area, which in turn encourages the region's economic growth. This can be illustrated during the period from 2019 to 2023 the economy of Lumajang Regency showed signs of increasing from 4.61% to 5.00%. This can be seen from its economic growth which shows a positive direction and continues to increase even though it decreased slightly in 2020 at -2.79% due to the COVID 19 pandemic (RPJMD for 2025-2029).

This condition affects one of the sources of regional revenue that has great potential in supporting regional tax revenue. Therefore, the government is required to optimize through strategic steps to increase the realization of regional tax revenues, especially from the Rural and Urban Land and Building Tax sectors in Lumajang Regency. According to the statement of the Head of Data Collection and Assessment of the Lumajang Regency Regional Tax and Levy Agency, Catur. P, currently hundreds of new tax objects have been identified as a result of data collection activities. However, the comprehensive update of the Rural and Urban Land and Building Tax data is not yet fully reachable. He also added that the process of updating the Rural and Urban Land and Building Tax in 47 villages is estimated to take several years to complete. Despite facing various obstacles, the Regional Tax and Levy Agency emphasized that it remains committed to carrying out its duties to increase the potential of Regional Original Revenue (PAD) in the future, (East Java Today 2024). Head of the Collection Division of the Lumajang Regency Regional Tax and Levy Agency Aziz also said that currently the Lumajang Regency Government prioritizes updating data on Rural and Urban Land and Building Tax objects. This is due to the large number of vacant land that has now been turned into land with buildings on it. This condition makes taxpayers previously only subject to land tax rates. Therefore, after there is a building, it is necessary to update the data so that the building tax can also be collected. This policy has the potential to increase the number of tax payment obligations for taxpayers. (East Java News 2025).

Based on information from the media, the challenge of the Lumajang Regency Regional Tax and Levy Agency in optimizing regional taxes, especially Rural and Urban Land and Building Taxes, must be increased again because for the last 5 years it has never achieved the determination that have been set. The following is the realization of Lumajang Regency's Rural and Urban Land and Building Tax revenue from 2020 to 2024.

Table 1: Determination and Realization of Rural and Urban Land and Building Tax in Lumajang Regency

Year	Ordinances	Realization
2020	IDR 14,670,368,902	IDR 11.015.295.662
2021	IDR 21,114,739,283	IDR 14,300,893,803
2022	IDR 20,693,419,203	IDR 13,227,986,626
2023	IDR 21,225,505,238	IDR 15,774,863,178
2024	IDR 21,500,000,000	IDR 19,422,783,911

Source : Lumajang Regency Regional Tax and Levy Agency, 2025

In table 1 above during the period 2020 to 2024, the realization of Rural and Urban Land and Building Tax revenues in Lumajang Regency shows a fluctuating trend. In 2020, the achievement was still quite good at 75.09%, but it decreased due to the COVID 19 pandemic in 2021 and 2022 only reached 67.73% and 63.92%

respectively, which was the lowest point in the last five years. Entering 2023, achievements began to improve with a percentage of 74.32%, until finally in 2024 there was a significant surge with the realization reaching 90.34% or close to the determination. This development shows an increase in the effectiveness and performance of collection, one of which is supported by more intensive efforts to update tax object data. According to the deputy commissariat of the Indonesian Real Estate Association (REI) Lumajang, Jember, and Bondowso Branches, the property business is currently still struggling, even housing developers are currently increasing and competing to meet the needs of residents for decent housing. Like in Lumajang Regency, the trend is also increasing. People can get a livable house, and the price is also affordable. Adjusting to the type of income, for now what Lumajang residents are interested in is the type of Subsidized Housing, Radar Jember (2023). In this case, the revenue of the Rural and Urban Land and Building Tax in Lumajang Regency should have a positive impact, especially in increasing the determination and achieving realization. Even so, there are still a lot of people who have not complied with paying taxes. In line with previous research that has been conducted by Patriandari & Amalia (2022), taxpayer awareness can significantly affect the realization of Rural and Urban Land and Building Tax revenues.

Previous research by Lindiani and Ilham (2022) said that the implementation of standard operating procedures should be carried out according to procedures, but the collection system for Rural and Urban Land and Building Taxes in Merauke Regency is still not optimal. Obstacles that arise include the limited competence of the Regional Revenue Agency's human resources in understanding regulations, the tendency of taxpayers to avoid obligations, applications that are not fully supportive, socialization that is not optimal, and a repayment mechanism that can only be done at the Regional Revenue Agency office. These factors affect the instability of the achievement of determination and the realization of Rural and Urban Land and Building Tax revenues in Merauke Regency. Based on the results of the study by Afandi et al. (2024), the implementation of QRIS in the Rural and Urban Land and Building Tax payment system at the Regional Revenue Agency Region XI Technical Service Unit Kulo District is considered very effective. The use of the Quick Response Code Indonesian Standard (QRIS) has been proven to significantly shorten transaction time, from an average of 15 minutes to only 5 minutes. This has a positive impact on efficiency, accuracy, and reduces the potential for errors in payments. Although some employees and taxpayers have a good understanding of the QRIS mechanism, intensive efforts are still needed in the form of socialization and routine training, especially for taxpayers who are not familiar with digital-based services. In Nugrahadi, (2018) the findings of this study show that the Blora Regency Government has not been able to manage the Rural and Urban Land and Building Tax optimally. This condition is reflected in the existence of only one appraiser who must handle the analysis of the Selling Value of Tax Objects (NJOP) for more than 500 thousand Rural and Urban Land and Building Tax objects in the Blora area. This limitation has an impact on the results of Rural and Urban Land and Building Tax revenues which do not reflect the real potential that should be achieved.

According to the publication Kompas.com (2025), it is known that a number of regions have taken action to reject the increase in Rural and Urban Land and Building Taxes. The areas in question include Pati Regency, Cirebon City, Semarang Regency, Jombang Regency, and Bone Regency. Therefore, Regional Governments are expected to strive to maximize their tax revenues in a fair and transparent manner through various innovations in management, reporting, payment and supervision. This makes it necessary for researchers to develop further research, especially in Lumajang Regency with the aim of finding out the achievement of the realization of the determination of Rural and Urban Land and Building Tax revenues at the Lumajang Regency Regional Tax and Levy Agency for the period of 2020 to 2024, as well as to understand the implementation of the collection technique for Rural and Urban Land and Building Taxes has been carried out in accordance with the standards applicable to the Rural and Urban Land and Building Tax Collection Sector. Finally, the researcher delved into the factors that affect the achievement of the determination of Rural and Urban Land and Building Tax revenues in Lumajang Regency. Based on this background description, the researcher is interested in researching, knowing and analyzing more deeply by using a descriptive qualitative research method using a case study method entitled **"Rural and Urban Land and Building Tax in the Spotlight: Analysis of Determination and Realization in Lumajang Regency (Case Study on the Regional Tax and Levy Agency of Lumajang Regency)."** That is why

2. Problem Formulation

The formulation of the problem has a difference with the definition of the problem itself. Problems can be understood as the existence of a mismatch between the expected conditions (*das sollen*) and the ongoing reality (*das sein*). Meanwhile, problem formulation is a form of question whose answers are sought through the process of data collection and analysis. By referring to the description in the background, the formulation of the problem proposed is "How to achieve the realization of the determination of Rural and Urban Land and Building Tax revenue in Lumajang Regency (Case Study at the Lumajang Regency Regional Tax and Levy Agency)?"

3. Literature Review

3.1 Compliance Theory

Compliance Theory was first proposed by Stanley Milgram in 1963. The results of his research show that compliance is a motivation or encouragement, either from individuals, groups, or organizations, to act or refrain from staying in line with the set rules. Then, in 1973, Tyler expanded this concept by dividing obedience into two approaches, instrumental and normative. The instrumental perspective assumes that a person's behavior is essentially influenced by self-interest as well as responses to changes related to compliance. In contrast, normative perspectives are rooted in moral values and principles that are believed, although often inconsistent with personal interests, as described in the research of Bakhtiar et al. (2025). According to Daud & Mispa (2022), the condition when a person submits and follows certain rules or directions is called the philosophy of obedience. In the context of taxation, compliance is not only a formal obligation, but also a form of spiritual responsibility to God, devotion to the state, and respect for the rights and obligations of the community as taxpayers. Laws and regulations affirm that taxpayers' understanding of tax law is the main foundation for the formation of compliance. Thus, obedience theory emphasizes the behavior of individuals who obey the norms and directions of applicable laws. This means that tax compliance can be interpreted as the readiness and willingness of taxpayers to fulfill tax obligations according to the provisions, including in terms of calculating, depositing, and reporting taxes in a timely manner.

3.2 Fiscal Decentralization Theory

In the realm of regional economics, the theory of fiscal decentralization put forward by Oates (1993) emphasizes that the delegation of fiscal authority to local governments will run more optimally if it is accompanied by strengthening the ability to manage and collect regional taxes. This theory explains that the application of fiscal decentralization affects the behavior patterns of local governments. When the involvement of the central government in regulating the course of regional development is reduced, the authority of local governments is wider in managing economic activities in their regions. Therefore, to realize the state's goals, especially in improving community welfare, it is necessary to implement effective and efficient local government. This effort is carried out through the fair and transparent division of authority and allocation of state financial resources. According to Arbas (2025), the fiscal relationship between the Central Government and the Regional Government based on Pancasila and the 1945 Constitution of the Republic of Indonesia plays a strategic role in strengthening the unity of the nation while maintaining national fiscal sustainability through optimizing the implementation of government affairs that have been decentralized to the regions.

3.3 Regional Taxes

According to Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments, it is stated that Regional Taxes, hereinafter referred to as Taxes, are mandatory contributions to the Regions owed by individuals or entities that are coercive based on the Law. According to Law Number 1 of 2022 concerning Regional Taxes collected by Regional Governments, it consists of:

- 1) Urban and Rural Land and Building Tax;
- 2) Land and Building Rights Acquisition Fee;
- 3) Certain Goods and Services Tax;

- 4) Billboard Tax;
- 5) Groundwater Tax;
- 6) Non-metallic and rock mineral tax;
- 7) Swallow's Nest Tax;
- 8) Motor vehicle surtax; and
- 9) Motor vehicle duty surtax.

3.4 Rural and Urban Land and Building Tax

The Rural and Urban Land and Building Tax (PBB P2) is a levy on the use and control of land and/or buildings, both by individuals and business entities. Initially, this type of tax was under the authority of the central government. However, after the issuance of Law Number 28 of 2009 concerning Regional Taxes and Regional Levies, the authority to collect it shifted to the local government (Temalagi et al., 2023). Rural and Urban Land and Building Tax is basically imposed on the ownership of land rights and buildings attached to it, as long as the value exceeds the Selling Value of Non-Taxable Tax Objects (NJOPTKP) limit. The amount of tax liability is determined based on the characteristics of the tax object, namely the condition of the land and buildings (Pertiwi, 2022).

According to research by Saputra, Sudarma, and Ismetullah (2025), the Land and Building Tax Object includes land and/or buildings owned, controlled, or utilized by individuals or legal entities, with the exception of land used for plantation, forestry, and mining activities. The details of the objects of the Rural and Urban Land and Building Tax include:

- 1) Land/Earth, which includes the entire surface of the earth and the parts underneath, such as agricultural land, rice fields, gardens, yards, and other plots of land;
- 2) Buildings, which are all forms of construction that are permanently attached to land or water, such as residential houses, office buildings, shopping centers, hotels, factories, apartments, toll roads, swimming pools, fences with high economic value, sports facilities, and towers. Meanwhile, the subject of Rural and Urban Land and Building Tax is a party that owns, controls, or benefits from the existence of land and buildings.

For Rural and Urban Land and Building Tax Subjects, it can be categorized into:

- 1) Owner, namely an individual or entity that legally has ownership rights to certain land or buildings;
- 2) Ruler, which is a party who controls physically or legally, even though he is not the owner; and
- 3) Beneficiaries, namely those who derive benefits, both economic and social, from the use of the land or buildings.

3.5 Optimization

According to Poerdwadarminata (in Paparangan, 2017:4), optimization is defined as the achievement of results in accordance with goals or expectations. Thus, optimization reflects success in achieving effective and efficient results. In addition, optimization is also often understood as a measure of the extent to which various needs can be met through the implementation of a certain activity or activity. *Singiresu, John Wiley and Sons* (2009) explained that optimization is a process that aims to obtain the best conditions, both in the form of maximum and minimum values of a certain function. Meanwhile, Winardi in Paparangan (2017:4) interprets optimization as a measure that allows the achievement of desired goals. More broadly, optimization can be understood as an effort to find the most superior alternatives or results from the various possibilities available in a function. Devano and Rahayu (2006:26) stated that there are a number of factors that have a crucial role in ensuring that tax revenues can be optimized to state and regional treasury.

a. Clarity and Certainty of Tax Regulations

Tax regulations that are formulated in a clear, simple, and easy-to-understand manner will encourage uniformity of interpretation between fiscal authorities and taxpayers. Awareness and compliance in carrying out tax obligations will be easier to grow if the applicable rules are not convoluted. Similarly, concise procedures, easy-to-fill forms, and affordable accessibility of tax service offices will help reduce the burden felt by taxpayers.

b. The Level of Intellectual Property of the Society

If the taxpayer has an adequate intellectual level, then understanding the provisions of tax regulations will be easier to achieve. A high level of education also provides awareness that any violation of the rules will have implications for sanctions, both in the form of administrative and criminal sanctions in the field of taxation. Thus, this condition will encourage the formation of a society that has tax awareness and is willing to carry out its tax obligations.

c. Quality of Tax Officer (intellectual capacity, professionalism, integrity, high morale)

The effectiveness of the implementation of tax laws and regulations is greatly influenced by the quality of the tax apparatus. In interacting with taxpayers, officers are required to have adequate intelligence, good skills, decent compensation, and high moral integrity. The awareness that every action or attitude shown to the public has a direct impact on the level of public trust in the tax system is important for the authorities. Therefore, tax officers must have professional competence, be able to identify tax objects in accordance with the provisions of laws and regulations, and not necessarily accept reports or information submitted by taxpayers for granted.

d. Proper Tax Administration System

Tax administration needs to be placed as a top priority, because the effectiveness of the government in carrying out its functions is highly determined by the amount of revenue that has been collected through taxes. Therefore, the administrative system has a very vital role in supporting the success of tax collection.

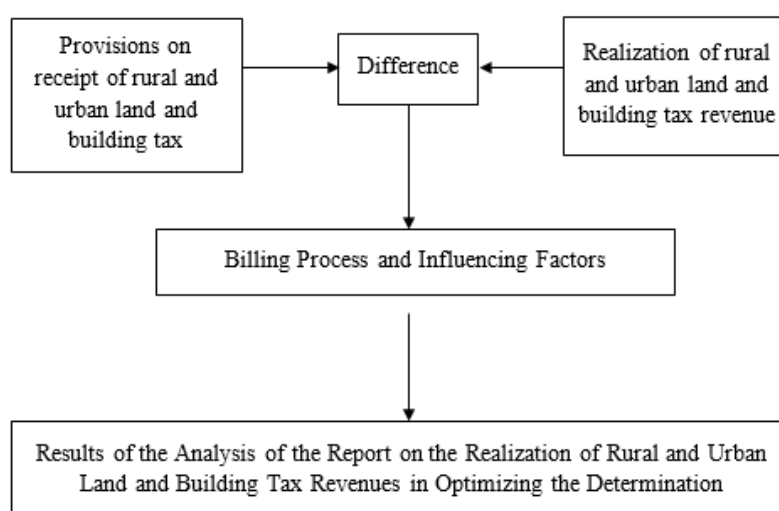
3.6 Tax Revenue Determination

According to the findings of research by Saputro and Riesmiyantiningtias (2024), local governments face obstacles in achieving the target of Rural and Urban Land and Building Tax (PBB P2) revenue that has been determined for the past few years. This is reflected in the realization report on Rural and Urban Land and Building Tax revenues managed by the regional Tax Collection Service Unit, where the average achievement is only around 90% per year. These conditions show that there are obstacles in the field, so it is necessary to optimize tax collection systems, procedures, and techniques so that the determination revenue can be realized. (Kota et al., 2021)

4. Frame of Mind

In this study, the author wants to analyze the Rural and Urban Land and Building Tax Realization Report in Lumajang Regency. This aims to assess the level of achievement of tax revenue implemented, tax collection procedures and influencing factors so that later the determination of Rural and Urban Land and Building Tax revenues that has been determined by the Regional Tax and Levy Agency (BPRD) can be achieved. The following is the framework of the research concept applied to this study:

Figure 1: Frame of Mind



Source : Data processed, Year 2025

5. Research Methodology

This paper uses a type of descriptive qualitative research with a case study method. The object of this research is to explain the analysis of the report on the realization of Rural and Urban Land and Building Tax revenues that do not reach the determination that have been set and the analysis of the phenomenon that affects the period of 2020 – 2024. Unit analysis is a study that varies depending on the subject, it can be in the form of objects, individuals, groups, places or certain time periods. In this study, the unit of analysis conducted by the author is the Office of the Regional Tax and Levy Agency of Lumajang Regency. The source of data in this study used by the author is primary data through case studies with direct observation methods to understand in depth a complex case or phenomenon. The data is the percentage between the amount of revenue and the determination that have been set by the Regional Government as a benchmark in the success of regional tax officers in implementing the collection process. The percentages are formulated as follows:

$$\frac{\text{Realization of Rural and Urban Land and Building Tax Revenue}}{\text{Rural and Urban Land and Building Tax Determination}} \times 100 \%$$

Table 2: Effectiveness Criteria

Percentage	Criterion
> 100	Highly Effective
90 - 100	Effective
80 - 90	Quite Effective
60 - 80	Less Effective
< 60	Ineffective

Source : Ministry of Home Affairs, Ministry of Home Affairs No.690,900 Ela Sulistiana, (2024)

6. Discussion

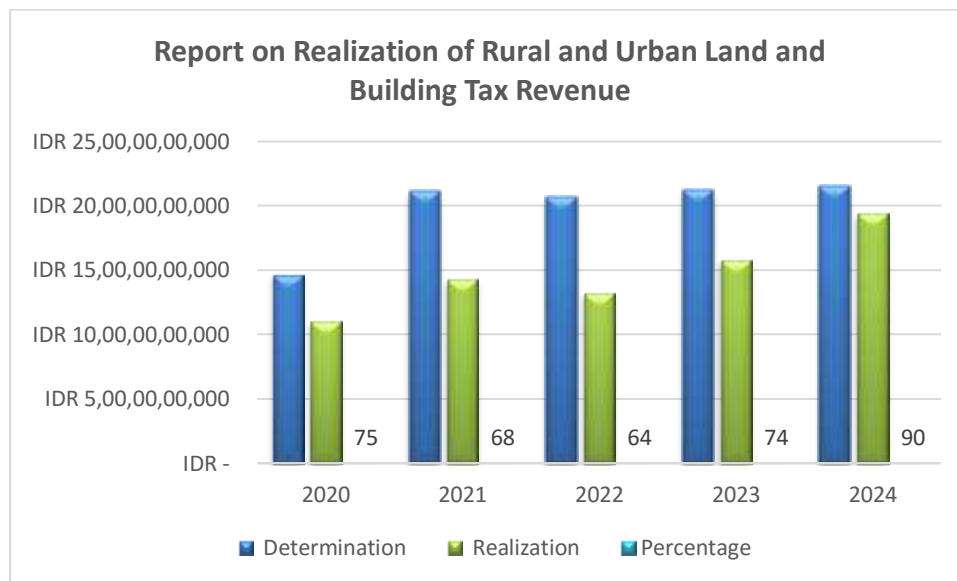
In this study, data on the realization of Rural and Urban Land and Building Tax revenues was obtained which was analyzed from 2020 to 2024. The data shows the dynamics of revenue achievement, where the revenue of Rural and Urban Land and Building Tax has fluctuated in the form of an increase or decrease in efforts to optimize Rural and Urban Land and Building Tax revenue. The following is the table data of the determination and realization of Rural and Urban Land and Building Taxes in Lumajang Regency.

Table 3: Percentage of Determination and Realization of Rural and Urban Land and Building Tax in Lumajang Regency

Year	Realization of Rural and Urban Land and Building Tax Revenue		
	Determination	Realization	%
2020	IDR 14,670,368,902	IDR 11.015.295.662	75,09
2021	IDR 21,114,739,283	IDR 14,300,893,803	67,73
2022	IDR 20,693,419,203	IDR 13,227,986,626	63,92
2023	IDR 21,225,505,238	IDR 15,774,863,178	74,32
2024	IDR 21,500,000,000	IDR 19,422,783,911	90,34

Source : BPRD Lumajang Regency, Year 2025

Figure 2



Source: Data processed, 2025

6.1 Empirical Analysis of the Realization of Rural and Urban Land and Building Tax Revenue

Based on data on the realization of Rural and Urban Land and Building Tax revenues for the period 2020 to 2024, it can be seen that the achievement of tax revenue is not always in accordance with the provisions that have been set by the local government. In 2020, revenues of IDR 14,670,368,902 were only able to realize IDR 11,015,295,662 or around 75.09%. This condition shows that although the reception is quite significant, there is a considerable difference between the determination and the realization. This phenomenon also continued in the following years with a variety of achievements that tended to fluctuate.

In the period 2021 to 2023, the percentage of revenue realization achievement shows a decreasing trend compared to the previous year. In 2021 it was only realized by 67.73%, then in 2022 it declined again to 63.92%, although in 2023 there was a slight improvement with an achievement of 74.32%. This decline pattern is inseparable from the Lumajang Regency government's policy that increases the Selling Value of Tax Objects (NJOP) of Rural and Urban Land and Building Taxes in 2021, so that the tax burden borne by the community also increases and has an impact on the level of taxpayer compliance. In addition, the national condition after the COVID 19 pandemic and the eruption of Mount Semeru that hit a number of villages around the mountain area also affected the community's ability to fulfill their tax obligations, which ultimately had an impact on the realization of tax revenues within the three-year period.

Interestingly, in 2024 there will be a significant increase with the realization achievement reaching 90.34% or IDR 19,422,783,911 from the determination of IDR 21,500,000,000. This increase shows an improvement in the tax management and collection strategy carried out by local governments. The high percentage of realization achievements in that year can be an indicator that administrative improvement programs, increased socialization to taxpayers, and strengthening the supervision system are starting to give positive results. If this trend can be sustained, then the chances of achieving or exceeding revenues in the coming years will be even greater, while strengthening the contribution of the Rural and Urban Land and Building Tax to local native revenue (PAD).

6.2 Criteria for Rural and Urban Land and Building Tax Revenue

The criteria in this study are divided into two periods to facilitate the analysis process as follows.

Table 4: Criteria for Realization of Rural and Urban Land and Building Tax Revenue

Year	Realization of of Rural and Urban Land and Building Tax Revenue	
	%	Criterion
2020	75,09	Less Effective
2021	67,73	Less Effective
2022	63,92	Less Effective
2023	74,32	Less Effective
2024	90,34	Effective

Source: Data processed, 2025

a. Period of Increase in the Selling Value of Tax Objects (NJOP) of Rural and Urban Land and Building Taxes and Eruption Disasters

In 2020, the realization of Rural and Urban Land and Building Tax revenues only reached 75.09% and was categorized as less effective. This condition is inseparable from the impact of the COVID 19 pandemic which weakens people's purchasing power and reduces the ability of taxpayers to fulfill their obligations. The situation reflects significant economic pressures so that the level of tax compliance cannot be optimized. Furthermore, in 2021 the realization achievement decreased again to 67.73%, which is also included in the less effective category. This decrease was influenced by the policy of increasing the Selling Value of Tax Objects (NJOP) for Rural and Urban Land and Building Taxes which automatically increases the tax burden for taxpayers. In addition, Lumajang Regency in the same period faced the eruption of Mount Semeru which caused some regions and communities to be directly affected, so that their ability to pay taxes was increasingly limited. In 2022, the realization decreased again to 63.92% with a less effective status. This decline is still a continuation of the increase in the Selling Value of Tax Objects (NJOP) of Rural and Urban Land and Building Tax which was previously determined, plus the socio-economic conditions of the community after the eruption of Mount Semeru. With a combination of these factors, the potential for tax revenue has not been able to be maximized.

b. Period after the Increase in the Selling Value of Tax Objects (NJOP) of Rural and Urban Land and Building Taxes and Eruption Disasters

In 2023, there will be an improvement in achievement even though it is still in the less effective category (74.32%). In 2024, the realization of Rural and Urban Land and Building Tax revenues shows a significant achievement, which is 90.34% and is included in the effective category. This achievement marks the process of economic recovery of the community after experiencing layered pressure in the previous period, both due to the policy of increasing the Selling Value of Tax Objects (NJOP) of Rural and Urban Land and Building Taxes as well as the impact of the Mount Semeru eruption disaster in several affected areas. This shows that taxpayers are starting to adapt to new fiscal burdens and socio-economic conditions that are slowly improving, so that compliance in paying taxes has increased.

In addition, the increase in the percentage of realization in 2024 can also be attributed to the efforts of local governments in optimizing tax collection strategies. Various measures, such as expanding socialization, simplifying payment procedures with the support of digital technology such as QRIS, and increasing the intensity of collection, are seen as factors that contribute to the achievement of the effectiveness of tax revenue. Thus, 2024 will be an important turning point, because even though it is in the post-increase in the Selling Value of Tax Objects (NJOP) of the Rural and Urban Land and Building Tax and after natural disasters, the performance of Rural and Urban Land and Building Tax revenues was actually able to achieve a higher determination compared to previous years.

6.3 Rural and Urban Land and Building Tax Collection Process

Based on the Regulation of the Minister of Finance of the Republic of Indonesia Number 7 of 2025 concerning Guidelines for Regional Tax Audit and Collection, the definition of Billing is a series of actions so that the Tax bearer pays off Tax debts and Tax collection costs by reprimanding or warning, carrying out collection

immediately and at once, notifying a forced letter, proposing prevention, carrying out confiscation, carrying out hostage, and selling confiscated goods. Lumajang Regent Regulation Number 30 of 2025 concerning General Provisions of Regional Taxes that in Article 262 paragraph

- 1) Tax Debt as stated in notice of tax due, notice of tax assessment, notice of tax underpayment assessment, notice of additional tax underpayment assessment, notice of tax collection, Correction Decree, Objection Decree, and Appeal Decision are the basis for Tax Collection.
- 2) On the basis of Tax Collection as referred to in paragraph (1) that has not yet been due for payment or repayment, an appeal can be made.
- 3) In the event that the basis of Tax Collection as intended in paragraph (1) is not paid after the due date of payment or repayment, Tax Collection can be carried out in accordance with tax provisions.

The implementation of collection is carried out through two mechanisms, namely passive collection and active collection carried out by the Lumajang Regency Regional Tax and Levy Agency

- a. Passive Billing is a collection method that focuses on the awareness of taxpayers to make payments independently, or through deposits submitted by the village government after collecting Rural and Urban Land and Building Taxes from the community. This process is enforced with the provision that payments must be made no later than 6 (six) months from the receipt of the Notification of Tax Payable for Rural and Urban Land and Building Taxes (SPPT PBB P2).
- b. Active Billing is a collection effort carried out directly by tax officers, such as through notifications, reprimands, or field collection actions so that taxpayers immediately pay off their obligations. For the reprimand letter as submitted in the Lumajang Regent Regulation Number 30 of 2025, a maximum of 3 (three) times with a maximum period of 7 (seven) calendar days for each reprimand.
- c. Referring to the provisions of Article 272 of the Lumajang Regent Regulation Number 30 of 2025, a Compulsory Letter is a collection instrument issued if the Tax Bearer does not carry out the obligation to pay off the tax debt within a maximum period of 21 (twenty-one) calendar days from the issuance of the first Letter of Reprimand. Juridically, the submission of the Compulsory Letter must be carried out directly by the Tax Bailiff to the Tax Insurer as a form of affirmation and legal certainty in the collection process. However, factual conditions show that the Regional Tax and Levy Agency (BPRD) of Lumajang Regency, since the delegation of authority from the central authority to the regions, until now has not had a functional official who specifically carries out the role of a tax bailiff. This has implications for the limited effectiveness of the implementation of the billing mechanism in accordance with applicable regulations.

6.4 Influencing Factors

a. Factors of the COVID 19 Pandemic and the Eruption of Mount Semeru

The COVID 19 pandemic and the Eruption of Mount Semeru have had a significant influence on the realization of Rural and Urban Land and Building Tax revenues. The pandemic has not only suppressed people's purchasing power, but also weakened household financial conditions due to limited economic activity. This has an impact on the decline in the ability of taxpayers to fulfill their obligations, which is reflected in the achievement of revenue in 2020 of 75.09% and in 2021 of 67.73%, both of which are included in the less effective category. The situation worsened when the eruption of Mount Semeru hit from 2021 to 2022, which resulted in land damage, settlements, and a decrease in the economic productivity of the affected communities. This condition is further eroding the tax payment capacity, so that in 2022 the revenue realization rate fell to the lowest figure of 63.92%.

b. Fiscal Policy and Regulatory Factors

The policy of increasing the Selling Value of Tax Objects (NJOP) for Rural and Urban Land and Building Taxes in 2021 is basically aimed at increasing Regional Original Revenue (PAD). However, implementation in the early stages actually increases the tax burden for the community, resulting in a decrease in the level of taxpayer compliance. From the collection side, a passive approach that relies solely on taxpayer awareness and initiative has proven to be less effective due to relatively low compliance. Meanwhile, active collection through reprimands to the issuance of forced letters also faces obstacles, especially due to the limited number

of tax bailiff officials at the Lumajang Regional Tax and Levy Agency. As a result, even though there is a clear legal basis, both through the Lumajang Regent Regulation Number 30 of 2025 and PMK Number 7 of 2025, the implementation of tax law enforcement has not been able to run optimally.

c. Administrative Factors and Capacity of Local Governments

The limitation of human resources in the Regional Tax and Levy Agency, especially in the field of collection, the absence of functional officials of tax bailiffs, is a factor that hinders the effectiveness of the implementation of the Compulsory Letter as an instrument of law enforcement. This condition has an impact on the non-optimal realization of tax revenue, especially in the 2020-2022 crisis period. However, from 2023 to 2024, various innovation steps will be carried out through digitalization and modernization of administration. The use of digital payment channels such as QRIS and the simplification of payment procedures make it easier for taxpayers to fulfill their obligations. On the other hand, intensive socialization also increases public awareness and compliance. The combination of these strategies has proven to be successful, as reflected in the achievement in 2024 which reaches 90.34% and is included in the effective category.

d. Taxpayer Compliance Factors

This is greatly influenced by the dynamics of tax awareness which tends to fluctuate. In times of crisis, the level of compliance decreases along with the weakening of the community's economic conditions. However, when the socio-economic situation begins to recover, compliance increases again in line with the improvement in taxpayers' ability to fulfill obligations. Regarding the increase in the Selling Value of Tax Objects (NJOP), the policy initially caused resistance due to a lack of public understanding. However, after a more intensive adaptation and socialization process, taxpayers slowly began to adjust to the new provisions

7. Conclusion

Based on the results of research, observation, and data analysis regarding the realization of Rural and Urban Land and Building Tax revenues in Lumajang Regency for the period 2020 to 2024, several conclusions can be drawn as follows:

7.1. The level of effectiveness of Rural and Urban Land and Building Tax revenues fluctuates.

During the research period, the achievement of realization of the determination has never reached 100%. From 2020 to 2023, it is categorized as *less effective* with an achievement below 80%. However, in 2024 there will be a significant improvement with a realization percentage of 90.34% so that it is in the *effective* category.

7.2. External factors greatly affect the achievement of Rural and Urban Land and Building Tax revenues.

The COVID 19 pandemic and the eruption of Mount Semeru have proven to suppress the ability of taxpayers to pay off their obligations, resulting in a decrease in Rural and Urban Land and Building Tax revenues, especially in 2021 and 2022.

7.3. The policy of increasing the Selling Value of Tax Objects (NJOP) for Rural and Urban Land and Building Taxes has a double impact.

At the beginning of its implementation, this policy caused resistance and reduced taxpayer compliance. However, after socialization and adaptation, the community began to adjust, so that the realization of revenue increased in the following years.

7.4. Administrative and human resources constraints are still obstacles.

The absence of tax bailiffs and the limitations of the Regional Tax and Levy Agency apparatus in active collection enforcement make the implementation of forced letters and law enforcement mechanisms not optimal.

7.5. Digitalization innovations and increased socialization have proven to be effective.

The implementation of digital payment channels (such as QRIS), simplification of payment procedures, and intensification of socialization to taxpayers have contributed positively to increasing revenue realization in 2023–2024.

8. Recommendations

Based on the conclusions of the study, some recommendations that can be given include:

8.1. Strengthening Administrative and Human Resources Capacity.

The Lumajang Regency Government needs to add and prepare functional officials of tax bailiffs so that active collection mechanisms, including the issuance and execution of forced letters, can run according to regulations.

8.2. Optimizing Socialization and Taxpayer Education.

Socialization of the policy of increasing the Selling Value of Tax Objects (NJOP), tax benefits for regional development, and modern payment procedures need to be improved on an ongoing basis so that tax compliance is increasingly maintained.

8.3. Expansion of Payment System Digitalization.

The use of digital channels such as QRIS, e-billing, and mobile applications needs to be expanded to the village/sub-district level so that taxpayers have easy, fast, and transparent access.

8.4. Integrated Billing Strategy.

The combination of passive collection (through villages) and active collection (by the Regional Tax and Levy Agency) must be strengthened with systematic monitoring. Information technology-based surveillance systems can also be applied to improve data accuracy and billing effectiveness.

8.5. External Risk Mitigation.

Local governments need to prepare adaptive fiscal strategies when disasters or crises occur, for example through tax relaxation, installment schemes, or certain incentives, so that tax revenues remain stable even though communities are affected by emergency conditions.

8.6. Collaboration with Developers and Village Governments.

Given the rapid growth of the property sector in Lumajang Regency, cooperation with housing developers and village governments is essential to update the tax object database and increase the potential for Rural and Urban Land and Building Tax revenues.

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