

Regional Fiscal Transition Dynamics: Evaluating Local Tax and User Fee Performance Following HKPD Law Implementation in Tanah Laut Regency

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Abstract

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Law No. 1 of 2022 on Financial Relations between the Central Government and Regional Governments (HKPD Law) restructured local taxes and user fees (retributions) in Indonesia, yet evidence on how this reform affects revenue performance at the regency level remains limited. This study evaluates the effectiveness, contribution, and growth of local tax and retribution revenue in Tanah Laut Regency, South Kalimantan, during the 2022–2024 transition period, and assesses the expected effect of the 2025 Opsen scheme. A descriptive quantitative design was applied to secondary budget-realization data from the Regional Revenue Agency (Bapenda), analyzed using effectiveness, contribution, and growth-rate ratios and complemented by a comparative review of Regional Regulation No. 1 of 2024 and Regent Regulations No. 60 and No. 48 of 2024. Local tax revenue rose from IDR 44.88 billion in 2022 to IDR 54.39 billion in 2024 and remained “highly effective” in every year (110.63%, 106.83%, and 102.61%), although growth slowed from 17.36% to 3.28% as the new rules took effect. The Specific Goods and Services Tax (PBJT) contributed 61.50% of 2024 tax revenue, followed by BPHTB at 23.00%. Retribution revenue increased by 1,066.6% to IDR 89.63 billion in 2024, driven mainly by the consolidation of Regional Public Service Agency (BLUD) revenue into General Service Retribution rather than by stronger collection. The Opsen on motor vehicle taxes (66%) took effect in 2025 and is discussed only as a projection. The findings indicate that the HKPD restructuring strengthened the reported fiscal base of the regency, but part of the apparent gain is an accounting effect. The study recommends expanding digital transaction monitoring in the PBJT sector, reporting retribution growth on a like-for-like basis, and preparing prudent cash management for Opsen inflows.

INTRODUCTION

Fiscal decentralization requires local governments to build enough financial autonomy to fund development needs on a sustainable basis. Regional authorities are therefore expected to mobilize their own revenue so that they depend less on transfers from the central government. A key indicator of this autonomy is the ability to optimize Local Own-Source Revenue (*Pendapatan Asli*

Daerah, PAD), particularly from Local Taxes and Retributions (*Pajak Daerah dan Retribusi Daerah*, PDRD).

In practice, however, fiscal autonomy in developing countries is often constrained. The *flypaper effect*, in which regions rely more on central transfers than on their own revenue potential, remains a structural problem for many Indonesian regencies (Sujarwoto et al., 2021). International studies link low local tax ratios to narrow tax bases and weak tax effort (Martinez-Vazquez et al., 2020), as well as to structural problems specific to subnational taxation in developing countries (Bird, 2020).

To address these problems, the central government enacted Law No. 1 of 2022 on Financial Relations between the Central Government and Regional Governments (HKPD Law), which replaced Law No. 28 of 2009 (Undang-Undang Nomor 1 Tahun 2022, 2022). The law restructures tax categories and rationalizes user fees to simplify administration and broaden the tax base. Its most visible change is the merger of five consumption-based taxes (Hotel, Restaurant, Entertainment, Parking, and Street Lighting Taxes) into one category, the Specific Goods and Services Tax (*Pajak Barang dan Jasa Tertentu*, PBJT).

This simplification follows a wider international trend. Simpler local tax structures are associated with better political and economic efficiency (Ligthart et al., 2021), and digital tax administration has been shown to improve tax morale and compliance (Alm et al., 2021) while lowering the compliance costs that burden businesses in developing countries (Rosid et al., 2022). The HKPD Law also introduces the *Opsen*, an additional levy on Motor Vehicle Tax (PKB) and Vehicle Title Transfer Fee (BBNKB) that is collected by the regency. It is expected to improve regional cash liquidity; studies project that it can raise local revenue (Putra et al., 2023) and strengthen fiscal autonomy without heavily burdening the public (Nugroho, 2023), in line with the broader debate on revenue mobilization in the Global South (Fjeldstad et al., 2023).

Tanah Laut Regency, an autonomous region in South Kalimantan Province, implemented the mandate through Regional Regulation No. 1 of 2024 on Local Taxes and User Fees (Peraturan Daerah Kabupaten Tanah Laut Nomor 1 Tahun 2024, 2024). Its implementation is regulated further by Regent Regulation No. 60 of 2024 on the implementation of local tax collection (Peraturan Bupati Tanah Laut Nomor 60 Tahun 2024, 2024) and Regent Regulation No. 48 of 2024 on the implementation of user fee (retribution) collection (Peraturan Bupati Tanah Laut Nomor 48 Tahun 2024, 2024).

Earlier studies of the HKPD Law mostly examine general restructuring policy (Hidayat et al., 2023), the implementation challenges of PBJT (Sari et al., 2024), or the transformation of

retribution policy (Wibowo, 2022). Empirical evaluations of collection effectiveness after the pandemic and under the new regulation are still scarce (Pradana et al., 2023), as are studies of taxpayer compliance during the transition (Kurniawan, 2023). To our knowledge, no study has yet combined tax and retribution performance at the regency level and separated genuine collection gains from accounting changes caused by the new regulation. This is the gap addressed here.

This study therefore pursues five objectives: (1) to measure the effectiveness of local tax collection in 2022–2024; (2) to identify the contribution of each tax type to total local tax revenue in 2024; (3) to analyze the growth of tax revenue during the transition; (4) to explain the sharp rise in retribution revenue in 2024; and (5) to assess the expected effect of the 2025 Opsen scheme. The analysis draws on a quantitative descriptive approach (Sugiyono, 2019) and public sector accounting theory (Halim & Kusufi, 2021).

METHODS

2.1. Research Design

This study uses a quantitative approach with a descriptive method. The approach measures local financial phenomena objectively through numerical data and interprets them to give a systematic picture of tax and retribution performance (Sugiyono, 2019). It compares performance in the 2024 transition year with the 2022–2023 baseline and examines the implications of the tax restructuring in Tanah Laut Regency.

2.2. Research Location and Scope

The research was conducted within the government of Tanah Laut Regency, focusing on the Regional Revenue Agency (Bapenda). The scope covers:

1. target and realization data for Local Tax and Retribution revenue for fiscal years 2022–2024; and
2. regulatory documents, namely Regional Regulation No. 1 of 2024, Regent Regulation No. 60 of 2024 on tax collection, and Regent Regulation No. 48 of 2024 on retribution collection.

2.3. Data Types and Sources

The study uses secondary time-series data taken directly from official local government documents. Quantitative data are budget-realization reports itemized by tax and retribution type, obtained from Bapenda Tanah Laut Regency. Documentary data are the statutory and regulatory texts that set the legal framework for tax and retribution collection after the HKPD Law; these were analyzed through document review to explain changes in structure and rates. All amounts are in Indonesian rupiah (IDR) at current prices and are not adjusted for inflation.

2.4. Data Analysis Techniques

Analysis followed three stages: data reduction, data display, and conclusion drawing. Performance was measured with the standard local financial management ratios described by Halim and Kusufi (2021), presented below.

a. Local Tax Effectiveness Analysis

Effectiveness measures the government's ability to realize planned revenue targets:

$$E = \frac{\text{Actual Tax Revenue}}{\text{Targeted Tax Revenue}} \times 100\%$$

Interpretation criteria: above 100% = Highly Effective; 90%–100% = Effective; 80%–90% = Moderately Effective; below 80% = Less Effective/Ineffective.

b. Contribution Analysis

Contribution shows the share of each tax category (e.g., PBJT) in total local tax revenue:

$$K = \frac{\text{Actual Specific Tax Revenue}}{\text{Total Actual Local Tax Revenue}} \times 100\%$$

c. Growth Rate Analysis

Growth shows the year-over-year change in revenue and is used to evaluate volatility during the 2023–2024 transition:

$$G = \frac{R_t - R_{t-1}}{R_{t-1}} \times 100\%$$

where R_t is actual revenue in the current year and R_{t-1} is actual revenue in the previous year.

d. Regulatory Impact Analysis (Comparative)

Beyond the ratios, the study compares the old and new structures under Regional Regulation No. 1 of 2024. The comparison focuses on the consolidation of tax categories into PBJT, the reclassification of service revenue as retribution, and the introduction of the Opsen, in order to project future fiscal potential.

RESULTS AND DISCUSSION

The HKPD Law took effect in Tanah Laut Regency through Regional Regulation No. 1 of 2024 and marked a turning point for the regional fiscal structure. Using 2022–2024 budget-realization data, this section reports tax effectiveness, contribution, and growth (Section 3.1), the retribution surge (3.2), the outlook for the Opsen (3.3), and a combined interpretation (3.4).

3.1. Local Tax Revenue Performance Analysis

3.1.1. Local Tax Effectiveness Rate

Table 1 summarizes targets, realization, and effectiveness of local taxes.

Table 1. Local Tax Targets and Realization, 2022–2024

Year	Target (IDR)	Realization (IDR)	Effectiveness (%)	Category
2022	40,565,250,000	44,876,340,072	110.63	Highly effective
2023	49,300,000,000	52,667,553,207	106.83	Highly effective
2024	53,010,000,000	54,394,829,265	102.61	Highly effective

Source: Regional Revenue Agency (Bapenda) of Tanah Laut Regency, processed by the authors.

Local tax effectiveness stayed in the “Highly Effective” category in all three years. Realization exceeded the target by IDR 4.31 billion in 2022, IDR 3.37 billion in 2023, and IDR 1.38 billion in 2024. The achievement ratio fell from 110.63% to 102.61%, but this does not indicate weaker collection: realization still rose in absolute terms in every year. The decline is instead explained by target setting. The 2024 target was raised by 7.5% over 2023 (from IDR 49.30 billion to IDR 53.01 billion) when the new rates in Regent Regulation No. 60 of 2024 took effect, so targets became more realistic and closer to actual potential (Peraturan Daerah Kabupaten Tanah Laut Nomor 1 Tahun 2024, 2024; Peraturan Bupati Tanah Laut Nomor 60 Tahun 2024, 2024). A smaller surplus over target is a natural result of tighter targets.

3.1.2. Contribution Analysis by Tax Type

Contribution analysis identifies the tax categories that form the main pillars of local revenue. The merger of five consumption taxes into PBJT under the HKPD Law changed the contribution structure, as shown in Table 2.

Table 2. Contribution by Tax Type to Total Local Tax Revenue, 2024

Tax type	2024 realization (IDR)	Contribution (%)
PBJT (consolidated Hotel, Restaurant, Entertainment, Parking, and Street Lighting Taxes)	33,452,820,000	61.50
Duty on the Acquisition of Land and Building Rights (BPHTB)	12,510,809,265	23.00
Rural and Urban Land and Building Tax (PBB-P2)	5,980,200,000	10.99
Advertisement Tax	1,360,500,000	2.50
Groundwater Tax	985,500,000	1.81
Swallow's Nest Tax	105,000,000	0.19
Total	54,394,829,265	100.00

Source: Bapenda detailed data, processed by the authors.

PBJT is the dominant source, at 61.50% of total tax revenue. This shows that the regency's tax base relies heavily on consumption and electricity (the former Street Lighting Tax). The result agrees with the tax base broadening rationale of the HKPD Law, in which merging several taxes into one nomenclature is meant to make collection simpler (Hidayat et al., 2023). BPHTB is second at 23.00%, which points to steady property-transaction and land-investment activity. Together, PBJT, BPHTB, and PBB-P2 supply 95.49% of revenue, so the remaining three taxes (Advertisement, Groundwater, and Swallow's Nest) add only 4.51%. This concentration is a risk: a slowdown in consumption or in property transactions would affect total tax revenue immediately. Because Table 2 covers only 2024, the data cannot show how the PBJT share changed after the merger; a 2022–2023 breakdown of the five former taxes would be needed to test that directly.

3.1.3. Tax Growth Rate

Growth analysis is used to observe year-over-year revenue growth trends.

Table 3. Local Tax Growth Rate (2022–2024)

Period	Realization t-1 (IDR billion)	Realization t (IDR billion)	Growth, G (%)
2022–2023	44.88	52.67	17.36
2023–2024	52.67	54.39	3.28

Source: Processed by the Author, 2025, based on detailed data from the Regional Revenue Agency (Bapenda) of Tanah Laut Regency.

Growth slowed sharply, from 17.36% in 2022–2023 to 3.28% in 2023–2024, an increase of only IDR 1.73 billion in the second period. The slowdown is consistent with an implementation shock in the first year of Regional Regulation No. 1 of 2024: tax officers and taxpayers were still adjusting to the new administrative system, including changed PBJT rates on electricity and adjustments to the Tax Object Sales Value (NJOP) for PBB-P2 under Regent Regulation No. 60 of 2024. Because this study uses descriptive data without a counterfactual, the slowdown cannot be attributed to the regulation alone; slower underlying economic activity may also have played a part. Even so, growth stayed positive, which indicates solid fiscal resilience.

3.2. The Phenomenon of the Regional Retribution Surge Post-UU HKPD

The most striking finding is the sharp increase in retribution realization in 2024 (Table 4).

Table 4. Comparison of Regional Retribution Performance (2022–2024)

Year	Target (IDR)	Realization (IDR)	Effectiveness (%)	Category	Growth YoY (%)
2022	7,952,619,500	6,971,598,007	87.66	Moderately effective	–
2023	8,506,734,000	7,682,930,350	90.32	Effective	10.20
2024	85,556,230,626	89,628,762,442	104.76	Highly effective	1,066.60

Source: Bapenda Retribution Summary Data (Processed), 2025.

Retribution realization in 2024 was about 11.7 times its 2023 level (a rise of 1,066.6%, or IDR 81.95 billion), and the target itself was raised about tenfold, from IDR 8.51 billion to IDR 85.56 billion. Since the target was planned on the new basis from the start, the jump reflects a change in how revenue is recorded rather than a sudden gain in collection. Regent Regulation No. 48 of 2024 on retribution collection reclassified revenue accounts (Peraturan Bupati Tanah Laut Nomor 48 Tahun 2024, 2024). Revenue of Regional Public Service Agencies (BLUD), especially healthcare service retribution from hospitals and community health centers (Puskesmas), was previously recorded separately or managed under a distinct mechanism and is now consolidated into the General Service Retribution structure. This follows the HKPD Law, which requires charges for services provided by the regional government to be recorded as regional retribution (Undang-Undang Nomor 1 Tahun 2022, 2022).

The IDR 89.63 billion realized in 2024 therefore reflects mainly a wider definition and scope of retribution in the new accounting system, not just stronger collection. Two consequences follow. First, 2024 retribution cannot be compared directly with 2022–2023 without restating earlier years on the same basis. Second, ratios built on PAD, such as the fiscal independence ratio, will rise sharply in 2024 for statistical reasons. Readers and policymakers should treat that rise as a change in measurement, and the 2024 effectiveness of 104.76% should be read in the same light.

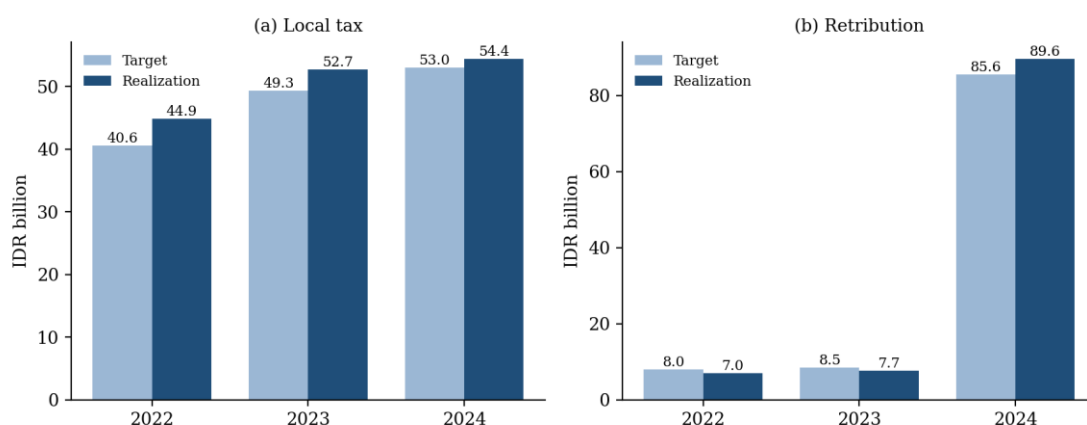


Figure 1. Target and realization of (a) local tax and (b) retribution, 2022–2024 (IDR billion). Source: Bapenda Tanah Laut Regency, processed by the authors.

3.3. Projected Impact of PKB and BBNKB Option (2025 Outlook)

Under Regional Regulation No. 1 of 2024, the Opsen on Motor Vehicle Tax (PKB) and Motor Vehicle Title Transfer Fee (BBNKB) is imposed from 5 January 2025 at 66% of the principal tax collected by the province (Peraturan Daerah Kabupaten Tanah Laut Nomor 1 Tahun 2024, 2024).

Opsen revenue for a given period can be written as $66\% \times (\text{provincial PKB and BBNKB principal collected in the regency})$.

Realization data for the Opsen are not yet available because it takes effect only in 2025, so no effectiveness or growth ratio can be computed, and the discussion below is a projection. Opsen is expected to replace the provincial tax-sharing transfer, which has often been delayed in disbursement, with direct receipts paid into the regency treasury through split payment. If this works as designed, it should improve the regency's cash liquidity in fiscal year 2025 and reduce its exposure to the timing of provincial transfers (Putra et al., 2023; Nugroho, 2023). The size of the gain depends on the provincial PKB and BBNKB base collected in Tanah Laut, which should be tested with audited data.

3.4. Combined Interpretation and Implications

Table 5 combines tax and retribution revenue to show the overall change in the structure of revenue collected by Bapenda.

Table 5. Combined Tax and Retribution Revenue, 2022–2024 (IDR billion)

Year	Local tax	Retribution	Total	Retribution share (%)
2022	44.88	6.97	51.85	13.45
2023	52.67	7.68	60.35	12.73
2024	54.39	89.63	144.02	62.23

Source: Bapenda Tanah Laut Regency, processed by the authors. Totals cover tax and retribution only and are not total PAD.

Combined revenue rose 2.4 times between 2023 and 2024, and retribution moved from about one-eighth to nearly two-thirds of the total. Taken with Section 3.2, nearly all of this shift comes from reclassification. The genuinely comparable signal is in local taxes, which kept growing and met their targets. The HKPD restructuring thus appears to have strengthened the reported fiscal base of the regency, but only part of that strengthening reflects collection performance. These results support three implications: tax simplification did not harm collection during the transition; retribution figures need like-for-like restatement before they are used in performance assessment; and the heavy dependence on PBJT calls for stronger administration in that sector.

CONCLUSION

4.1. Conclusion

This study evaluated tax and retribution performance in Tanah Laut Regency after the HKPD Law, using data for 2022–2024. It reaches four main conclusions.

1. Tax performance stayed resilient during the transition. Effectiveness was 110.63%, 106.83%, and 102.61% in 2022, 2023, and 2024, always in the “Highly Effective” category. The growth slowdown from 17.36% to 3.28% is consistent with implementation shock and tighter targets rather than weaker collection.
2. PBJT restructuring simplified the tax structure. PBJT supplied 61.50% of 2024 local tax revenue, and PBJT, BPHTB, and PBB-P2 together supplied 95.49%, which shows both the benefit of a consolidated base and a concentration risk.
3. The retribution surge is mainly an accounting effect. Retribution rose 1,066.6% to IDR 89.63 billion in 2024 because BLUD healthcare revenue was consolidated into General Service Retribution under Regent Regulation No. 48 of 2024. The increase raises reported fiscal independence statistically and should not be read as a gain in collection effort.
4. The Opsen effect remains a projection. The PKB and BBNKB Opsen, effective 2025, is expected to improve cash liquidity through split payment, but realization data are not yet available, so its actual effectiveness cannot yet be validated.

4.2. Limitations

The study has four limitations. It is descriptive and covers a single regency, so the results are not generalizable. The tax breakdown covers 2024 only, which prevents a before-and-after comparison by tax type. Retribution data are not restated on a comparable basis, so true collection growth cannot be separated from reclassification. Finally, no 2025 Opsen realization data were available because Bapenda was still compiling distribution data.

4.3. Recommendations

For the Government of Tanah Laut Regency

1. Digital extensification in the PBJT sector. Because PBJT supplies 61.50% of tax revenue, Bapenda should expand transaction-recording devices (tapping boxes) for hotel and restaurant taxpayers to reduce revenue leakage under the self-assessment system.

2. Opsen liquidity management. With regular Opsen inflows starting, the government should adopt a prudent cash management strategy so that liquidity surpluses are used promptly for productive spending, such as road infrastructure.
3. Like-for-like retribution reporting. Retribution for 2022–2023 should be restated on the new classification, or BLUD revenue should be reported separately, so that performance and fiscal independence ratios are not overstated.
4. PBB-P2 incentive socialization. To sustain compliance amid NJOP adjustments, socialization of the PBB-P2 incentives in Regent Regulation No. 60 of 2024 should be intensified down to village level.

For Future Researchers

Future studies should carry out an ex-post evaluation in 2026 that compares audited 2025 Opsen realization with the projections made here. They should also use a restated, comparable retribution series, a pre-HKPD breakdown of the five consumption taxes, and comparisons with other regencies to measure the HKPD Law's impact on fiscal independence more precisely.

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