

# Implementation of the Policy on the Reduction and Elimination of Sanctions or Principal Rural and Urban Land and Building Tax in Palembang City

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## ***Abstract***

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*This study aims to analyze the implementation of the policy on reduction and elimination of principal tax and administrative sanctions of Rural and Urban Land and Building Tax (PBB-P2) based on Palembang Mayor Regulation Number 33 of 2024. The background of this research is the high accumulation of PBB-P2 arrears in Palembang City, exceeding IDR 500 billion, and the relatively low level of taxpayer compliance. This research employs a qualitative descriptive approach using Ripley and Franklin's policy implementation theory, which emphasizes three dimensions: compliance, smooth functioning of routines, and goal achievement. Data were collected through in-depth interviews, observation, and documentation at the Regional Revenue Agency of Palembang City. The findings indicate that in terms of compliance, policy implementers adhered to the regulation, including the automatic reduction mechanism through the information system. In terms of smooth functioning, adequate facilities, infrastructure, and technical personnel were available, although taxpayer understanding remains limited. Regarding goal achievement, the policy contributed to a significant increase in PBB-P2 revenue realization in 2024, approaching the predetermined target, and improved public perception of tax services. This study concludes that the implementation of Mayor Regulation Number 33 of 2024 was relatively effective, although strengthening public outreach and tax education is necessary to achieve sustainable compliance.*

**Keywords:** Policy Implementation, Land and building tax, Taxpayer compliance, Local revenue.

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## INTRODUCTION

The Rural and Urban Land and Building Tax (PBB-P2) constitutes one of the primary sources of Local Own-Source Revenue (PAD) and plays a strategic role in supporting regional development financing. Since the enactment of the fiscal decentralization policy, the administration of PBB-P2 has become the authority of local governments, and thus its collection effectiveness largely depends on administrative capacity and the level of taxpayer compliance in each region.

In Palembang City, in recent years there has been a decline in the realization of PBB-P2 revenue compared to the established targets. This condition has been accompanied by an increasing accumulation of PBB-P2 arrears amounting to more than IDR 500 billion. The magnitude of these arrears indicates a gap between potential revenue and actual tax payments, which in turn affects the region's fiscal capacity.

In response to these issues, the Government of Palembang City issued Mayor Regulation of Palembang Number 33 of 2024 concerning the Granting of Reductions and Elimination of Principal Tax and/or Sanctions. This policy provides incentives in the form of reductions in outstanding principal tax and the elimination of administrative sanctions, with specific percentage classifications based on the year of tax assessment.

However, the success of a policy is determined not only by the substance of the regulation, but also by how the policy is implemented. Therefore, this study examines the implementation of Mayor Regulation Number 33 of 2024 by applying Ripley and Franklin's policy implementation theory, which emphasizes the dimensions of implementer compliance, the smooth functioning of implementation processes, and the achievement of policy objectives.

## METHODS

This study employs a descriptive qualitative approach. This approach was selected to obtain an in-depth understanding of the process of implementing the policy on the reduction and elimination of sanctions or principal PBB-P2 in Palembang City.

Primary data were obtained through in-depth interviews with the Head of the P4D Division, technical officers, service counter staff, and taxpayers who utilized the arrears reduction program. Secondary data were obtained from official documents, revenue realization reports, and relevant laws and regulations.

Data analysis was conducted using the interactive model of Miles, Huberman, and Saldaña, which consists of data reduction, data display, and conclusion drawing. Data validity was tested through source and document triangulation.

The analytical framework applies Ripley and Franklin's theory, which views the success of policy implementation through three dimensions: implementer compliance, smooth functioning routines, and goal achievement.

## RESULTS AND DISCUSSION

### 1. Implementer Compliance in Policy Implementation

The first dimension in Ripley and Franklin's theory is implementer compliance with the rules and mandates of the policy. In the context of Mayor Regulation of Palembang Number 33 of 2024, this compliance is reflected in the extent to which the Regional Revenue Agency (Bapenda) implements the provisions regarding the reduction of principal tax and the elimination of administrative sanctions in accordance with the established percentage classifications.

The findings indicate that the reductions have been carried out consistently based on the year of tax assessment as stipulated in the relevant articles. No deviations were identified in the application of the reduction percentages. In addition, the reduction mechanism is conducted through automatic adjustments within the regional tax revenue information system. This system directly reduces the principal arrears and eliminates administrative sanctions without requiring a manual application process from taxpayers.

This finding is significant because it demonstrates that compliance is not merely normative in nature, but has been institutionalized within the administrative system. In other words, the policy design has been integrated into the operational mechanism, thereby minimizing discretionary space that could potentially lead to inconsistencies.

From the perspective of Ripley and Franklin, this condition reflects a high level of compliance, as implementers not only understand the policy but also execute it in accordance with the formal mandate.

However, implementer compliance has not fully corresponded with taxpayer compliance. Although the policy has been implemented in accordance with established procedures, the level of program utilization by taxpayers remains limited when compared to the total potential arrears. This indicates that the compliance dimension in policy implementation involves not only bureaucratic behavior, but also the response of the target group to the policy being implemented.

Thus, within the compliance dimension, it can be concluded that policy implementers have executed the regulation in a consistent and orderly manner. Nevertheless, the overall effectiveness of compliance remains influenced by external factors, particularly the level of taxpayer awareness and financial capacity.

## 2. Smooth Functioning of Bureaucratic Routines

The second dimension in Ripley and Franklin's framework is smooth functioning routines. This dimension emphasizes the importance of stable bureaucratic routines, effective coordination, and adequate resource support.

The findings indicate that the Regional Revenue Agency (Bapenda) of Palembang City has provided facilities and infrastructure to support policy implementation, including a dedicated service counter for arrears reduction, an online information system for checking tax bills, and the availability of banking cash offices within the Bapenda office premises. The presence of these facilities reduces administrative barriers and accelerates the payment process.

In addition to infrastructural support, the implementation of the policy involves structured technical implementers, ranging from officials within the P4D Division to Technical Implementation Units at the sub-district level. Regular coordination is conducted to monitor achievements and to identify potential taxpayers with significant arrears. This working pattern reflects administrative routines that operate systematically throughout the policy period.

The digitalization of the tax bill checking system also plays a significant role in maintaining functional continuity. The integration of arrears reductions directly into the system reduces manual workload and minimizes administrative errors. In the context of implementation theory, this condition strengthens bureaucratic routine stability and supports service efficiency.

However, the study also finds that the level of taxpayer understanding regarding the policy mechanism has not been evenly distributed. Some members of the public still experience confusion concerning the percentage reductions based on the year of tax assessment. This situation has led to an increase in direct consultations at service counters and indicates that the smooth functioning of bureaucratic routines remains influenced by the quality of policy communication.

Thus, within the dimension of smooth functioning routines, it can be stated that the organizational structure, administrative system, and internal coordination function relatively well. Nevertheless, the effectiveness of these routines continues to depend on the successful dissemination of information to the public as the target group.

## 3. Goal Achievement

The third dimension in Ripley and Franklin's theory is goal achievement. This dimension assesses the extent to which a policy produces tangible outcomes in accordance with its initially formulated objectives.

The primary objective of Mayor Regulation Number 33 of 2024 is to encourage the settlement of PBB-P2 arrears and to increase regional tax revenue within a specified period. Based on the 2024 revenue realization data, PBB-P2 revenue reached more than IDR 271 billion, or approximately 96 percent of the established target. This achievement indicates a significant improvement compared to the previous period and represents one of the highest realizations in recent years.

From a fiscal performance perspective, the policy has succeeded in improving regional cash flow in the short term. The increase in revenue during the final quarter of the fiscal year demonstrates that the incentive of reducing principal tax and eliminating sanctions has provided a stimulus for the payment of long-standing arrears.

Beyond its fiscal impact, the study also identifies non-fiscal effects in the form of improved public perception of regional tax services. Taxpayers who utilized the program stated that the policy assisted them in fulfilling their obligations without the burden of accumulated sanctions. The digitalization of services has likewise enhanced accessibility and time efficiency.

However, these achievements have not entirely eliminated the substantial remaining accumulation of arrears. This indicates that the policy is effective as a short-term stimulus, but does not yet constitute a structural solution to long-term compliance issues. It suggests that the achievement of policy objectives is relative and contextual, consistent with the temporary nature of the policy.

From the perspective of Ripley and Franklin, the policy can be considered successful because it has generated concrete outputs and directly impacted the intended targets. Nevertheless, sustaining these outcomes will require further strategies, particularly in strengthening tax education and updating the tax object database.

Overall, the three dimensions of implementation indicate that Mayor Regulation Number 33 of 2024 has been implemented with a high level of implementer compliance, adequate administrative system support, and has resulted in an increase in PBB-P2 revenue during the policy period. Nevertheless, the effectiveness of the policy still faces limitations in terms of overall taxpayer understanding and compliance.

These findings demonstrate that the implementation of regional fiscal policy does not solely depend on regulatory design, but also on the interaction between bureaucracy, administrative systems, and public response. Thus, the policy of reducing and eliminating sanctions can be understood as an effective short-term corrective instrument, yet it requires strengthened communication strategies and administrative improvements in order to generate more sustainable impacts.

## CONCLUSION

The implementation of Mayor Regulation of Palembang Number 33 of 2024 has generally proceeded relatively effectively. In the compliance dimension, implementers have carried out the policy in accordance with the established provisions. In the dimension of smooth functioning routines, system support and service facilities have facilitated policy implementation. In the goal

achievement dimension, the policy has contributed to an increase in the realization of PBB-P2 revenue as well as improvements in service delivery.

Nevertheless, strengthening socialization and tax education remains necessary in order to enhance taxpayer compliance on a sustainable basis and to optimize revenue potential.

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