

## The influence of land and building acquisition duty on Indonesian economy

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### Abstract

This study analyzes the effect of land and building acquisition tax (BPHTB) on Indonesian economy. This study is a prescriptive doctrinal legal study with a conceptual approach. This study uses primary legal materials and secondary legal materials. The technique of collecting legal materials is carried out through literature studies or document studies, then analyzed using deduction method. The results of the study show that the effect of taxes, especially land and building acquisition tax, is very important for economic growth. This can be seen from the income from one of the regions in Indonesia, namely DKI Jakarta, 2020 BPHTB tax revenue almost reached 4.5 trillion Rupiah. Taxes in this case provide benefits to society indirectly, and will also have a good impact on the economy in Indonesia. Therefore, the influence of tax revenue is very important. In this case, the author also concludes that in terms of BPHTB tax evasion can be categorized as a special crime, namely corruption, because according to the formulation of Law No. 31 of 1999 in conjunction with Law No. 20 of 2001 concerning Eradication of Criminal Acts of Corruption, it is an unlawful act with the intention of enriching oneself, others, or corruption that results in losses to state or state economy.

**Keywords:** Tax, economy, land and building acquisition fee, Indonesian economy

### Introduction

Law is a collection of several regulations that have a coercive nature, which can determine human behavior in society, namely regulations made by official bodies in charge, violations of these regulations result in the taking of an action, namely with certain penalties<sup>[1]</sup>. The law itself has a regulatory and coercive nature. Law is also a regulation that lives in society and is usually referred to as a norm or rule that can force people to obey the rules in society and provide strict sanctions in form of punishment for anyone who does not obey the law. Law serves the purpose of state which basically bring prosperity and happiness to its people<sup>[2]</sup>.

Law is always in the process of continuing to become, in this case becoming better in accordance with the life that exists in society. The quality and perfection of the law are verified in factors of justice, welfare and concern for the society and others<sup>[3]</sup>. Law continues to grow and develop in society and must continue to be managed to achieve desired goals. In practice, law always undergoing renewal and development in line with changes and progress of an era with the existence of a guidance that requires law to adapt with increasingly advanced global era abroad. With the advancement of times, there are more and more legal acts that give rise to many legal consequences that can benefit and harm people whose involved or not involved.

The Republic of Indonesia is a state of law, therefore as a country that adheres to principle of a state of law, the state guarantees certainty, order, and legal protection that is based on truth and justice for its people. Legal certainty is legal protection against arbitrary actions, which means that someone will be able to obtain something that is expected in a certain situation. The people expects legal certainty, because with legal certainty, people will be more orderly in doing something. Law is in charge of creating legal certainty because it aims to maintain order in its society<sup>[4]</sup>. The Republic of Indonesia is a state of law. The role of law in regulating people's life has been known since people

recognized the law itself because law was made to regulate human life as a social being who cannot live individually. The relationship between society and law is expressed by an adage, that is: *ubi societas ibi ius* which means where there is society there is law<sup>[5]</sup>.

Speaking about the development of economic law, we inevitably have to understand its economic system. There is a very close and reciprocal relationship between legal system and economic system. Regarding this matter, it would be better if economic system used in Indonesia is agreed upon nationally, whether we will serve capitalist economic system, which worships free market, or Pancasila economic system, which tends to side with people's economy<sup>[6]</sup>. Dawam Raharjo said that: "Indonesia is indeed in a dilemma. The government, according to him, is in two tendencies, that is pragmatic tendency, in the sense of following current world economic developments, and tendency to adhere to principles that have been established by Indonesian economists, such as Bung Hatta, who was influenced by the concept of Pancasila as an ideology and 1945 Constitution, especially article 33, which then formed the Pancasila economic system as an alternative to Indonesian economic system"<sup>[7]</sup>.

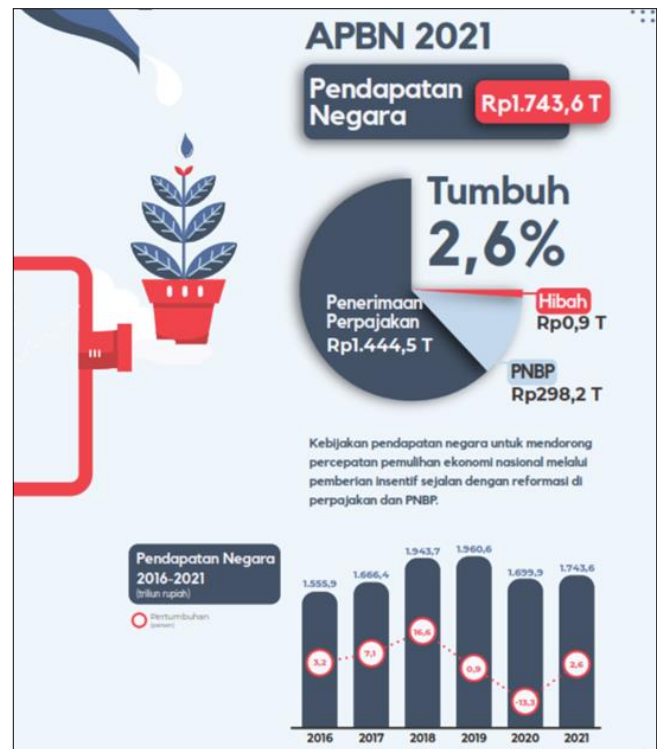
The history of tax collection has changed from time to time in accordance with the development of society and state, both in state field and in social and economic fields. In Indonesia, sources of state revenue can be grouped into revenues from several sectors, as follows: Taxes, Natural Resources, Customs and Excise, Retributions, Contributions, Donations, Profits from State-Owned Enterprises, and other sources. One of the objectives in establishing a state is to provide welfare for its people, to improve the dignity of the people to become complete human beings. Likewise, the Republic of Indonesia as an independent and sovereign state has objectives in running its government. This can be seen in the Opening of 1945 Constitution of the Republic of Indonesia, fourth paragraph,

that is to protect all Indonesian people and all Indonesian native, advance public welfare, educate nation's life and participate in implementing world order. One way to create this is through development in all fields, evenly both materially and spiritually based on Pancasila and 1945 Constitution (herein after referred as UUD 1945). In relation to this, it is implied that Indonesian state or government has an absolute obligation to provide welfare for the people.

In carrying out development of a country requires several supporting elements, among them is availability of adequate and reliable sources of revenue. To finance it, of course (in this modern era) money is needed. There are many ways taken by government to obtain money, apart from printing itself or borrowing it, in this modern era. These sources of income generally consist of: Companies, goods owned by government or controlled by government, fines and confiscations for public interest, inheritance rights to abandoned inheritances, bequests and other grants, three types of contributions are: taxes, levies, and donations [8]. Tax is a mandatory contribution given by individual or corporate taxpayers to the state. It is mandatory but the reciprocity cannot be felt immediately. Tax collection is also carried out by government based on applicable laws. The purpose of tax collection by government is to increase national development in various sectors to achieve prosperity. Tax revenue is a potential source of funds for state, because the amount of tax is in line with population growth rate [9]. The largest source of state revenue, especially in Indonesia, comes from tax revenue [10]. Related to state revenue from Land and Building Acquisition Fees (herein after referred as BPHTB), it is a problem for society and state [11].

### Material and Methods

Tax collection or withdrawal is a function that must be carried out by state as an essential function. One of the efforts to realize independence of a nation or state in financing development, namely by exploring sources of funds originating from country in the form of taxes used for development financing that is useful for common interests of society in a country [13].



Tax is a mandatory contribution given by individual or corporate taxpayers to the state, is coercive but the reciprocity cannot be felt immediately. Tax collection is also carried out by government based on applicable laws. The purpose of tax collection by government is to increase national development in various sectors to achieve prosperity. Tax revenue is a potential source of funds for state, because the amount of tax is in line with population growth rate [14]. The largest source of state revenue, especially in Indonesia, comes from tax revenue [15].

Taken from Ministry of Finance website, 2021 State Budget tax revenue reached 1,444.5 trillion Rupiah [16]. From this data, it can be concluded that taxes have a significant impact on state revenue. One of tax products is Land and Building Acquisition Fee (herein after referred as BPHTB). Regarding state revenues originating from BPHTB, is a matter for society and state [17].

**Table 1:** Data penerimaan pajak provinsi dki Jakarta

BPHTB							
TAHUN 2020							
NO	BULAN	BARAT	PUSAT	SELATAN	TIMUR	UTARA	Grand Total
1	012020	31.751.535.823	27.143.882.650	39.771.645.209	16.508.148.373	22.219.316.319	137.394.528.374,00
2	022020	49.277.833.317	27.049.763.535	71.220.363.562	15.958.258.635	39.117.212.465	202.623.431.514,00
3	032020	34.536.126.841	40.554.889.244	197.259.053.267	16.660.496.041	36.620.490.392	325.631.055.785,00
4	042020	14.828.521.513	11.807.621.800	38.498.058.363	4.997.090.189	9.523.673.428	79.654.965.293,00
5	052020	16.754.507.674	11.968.931.557	46.408.617.701	12.059.229.327	22.994.716.504	110.186.002.763,00
6	062020	45.360.558.967	33.359.925.770	146.567.851.685	41.923.761.926	45.979.668.648	313.191.766.996,00
7	072020	72.081.907.158	30.661.422.355	168.209.433.143	133.569.370.791	63.268.887.556	467.791.021.003,00
8	082020	57.501.768.578	37.334.700.153	141.058.359.913	38.619.340.085	57.107.650.549	331.621.819.278,00
9	092020	98.074.608.595	121.015.102.328	156.506.385.313	94.009.219.020	68.932.628.968	538.537.944.224,00
10	102020	91.764.057.124	71.383.510.360	201.468.784.916	53.865.304.244	74.914.813.110	493.396.469.754,00
11	112020	154.634.717.833	61.276.139.520	158.423.676.952	46.336.224.655	121.344.257.818	542.015.016.778,00
12	122020	191.856.386.011	155.367.003.583	346.436.999.894	66.996.392.968	166.918.795.075	927.575.577.531,00
Total		858.422.529.434,00	628.922.892.855,00	1.711.829.229.918,00	541.502.836.254,00	728.942.110.832,00	4.469.619.599.293,00
SUMBER : BAPENDA PROVINSI DKI JAKARTA							

BPHTB is a tax imposed on legal acts or events that result in acquisition of land and/or building rights by individuals or entities. Land and/or Building Rights are rights to land including management rights, along with buildings on it as referred to in Law Number 5 of 1960 on Basic Agrarian Principles and Law Number 16 of 1985 on Flats, and other statutory provisions. BPHTB is a tax collected by central government and most of the revenue is distributed to districts/cities and is included in balanced fund group <sup>[18]</sup>. At the time Law No. 28 of 2009 concerning Regional Taxes and Regional Levies is in effect, which also regulates the Land and Building Acquisition Tax (BPHTB), in accordance with the provisions in Article 180 number 6 which states that: Law Number 21 of 1997 concerning Land and Building Acquisition Tax (State Gazette of the Republic of Indonesia Number 44, Supplement to the State Gazette of the Republic of Indonesia Number 3688) as amended by Law Number 20 of 2000 concerning Amendments to Law Number 21 of 1997 concerning Land and Building Acquisition Tax (BPHTB) (State Gazette of the Republic of Indonesia Number 130, Supplement to the State Gazette of the Republic of Indonesia Number 3988) remains in effect for a maximum of 1 (one) year since enactment of this Law. It is clearly stated in the Article that old law on BPHTB is ineffective. So that overall provisions regarding BPHTB currently only refer to Law Number 28 of 2009. However, in general, regulation of objects, subjects, procedures for calculating basis for imposing BPHTB in Law Number 28 of 2009 is the same as regulation of BPHTB regulated in Law Number 21 of 1997 concerning Land and Building Acquisition Tax (BPHTB) as amended by Law Number 20 of 2000.

Based on these data, taken from one of regions in Indonesia, namely DKI Jakarta, BPHTB tax revenue in 2020 almost reached 4.5 trillion Rupiah <sup>[19]</sup>. Tax in this case provides benefits to society indirectly, and will also have a good impact on economy in Indonesia. Therefore, the influence of tax revenue is very large <sup>[20]</sup>. Developing countries want to achieve three stages in development of economic law, namely unification, industrialization and social welfare, which must be achieved at the same time <sup>[21]</sup>. BPHTB is a potential source of regional financial revenue for following years. The survey results show that the average value of ratio between NPOP market price (survey results) to NPOP-AJB is 1.86 and the average percentage of NPOP reported is only 59.45%, meaning that if the Land and Building Tax Service Office is able to make efforts, potential/capacity of BPHTB of Bogor City Government is much greater than current realization.

Law governing taxation has been established and enforced in Indonesia, but there are still many fundamental problems or obstacles in its implementation. This greatly affects the results of tax revenue as a source of state revenue. Among them, very low economic level of some Taxpayers greatly influences, where Taxpayers still prioritize basic needs budget, such as: school fees, health care and so on, rather than paying taxes. Database which is still far from international standards. In fact, database is very important for testing accuracy of tax payments using a self-assessment system. Conditions like this make it difficult for empirical research aimed at testing Taxpayer compliance. Taxpayers can provide and report information that does not correspond to actual conditions. A complete and accurate database affects the effectiveness of law enforcement and also

taxpayer compliance. Furthermore, taxpayer compliance affects tax revenue. The lack or absence of public awareness as Taxpayers to pay taxes to state is a form of resistance. Taxpayers perception that it is useless to pay taxes regularly, because in the end it will be used wastefully and not on target and even will be corrupted by some tax officials. The low level of taxpayer compliance will cause a difference between the amount of tax paid by taxpayers and the amount of tax that should be paid to be greater. Taxpayers who have large incomes tend to be more compliant because those with large incomes tend to be more conservative in reporting their tax obligations. The application of high tax rates is also an obstacle, because it burdens taxpayers. Other obstacles are that implementing regulations for laws are often inconsistent with law; many official and unofficial levies both in center and in regions; weak law enforcement; convoluted bureaucracy and so on, which if carried out properly, would certainly help in realizing good governance in the form of clean and authoritative government. Resistance to taxes is an obstacle that exists or occurs in tax collection efforts <sup>[22]</sup>.

In order to improve nation's competitiveness, legal policy in Indonesia directs legal development to support realization of sustainable economic growth; regulate issues related to economy, especially business and industrial world; and create investment certainty, especially legal enforcement and protection. Legal development is also directed at eliminating the possibility of criminal acts of corruption and be able to handle and resolve problems related to collusion, corruption, and nepotism (KKN). Legal development is carried out through renewal of legal materials while still paying attention to the diversity of applicable legal order and influence of globalization as an effort to increase legal certainty and protection, law enforcement and human rights (HAM), legal awareness, and legal services that are based on justice and truth, order and welfare in context of organizing a state that is increasingly orderly, regular, smooth, and globally competitive <sup>[23]</sup>. Indonesian economic system in Pancasila concept is an open ideology which means that its basic values remain but their elaboration can be developed creatively and dynamically in accordance with the dynamics of development of Indonesian society <sup>[24]</sup>. According to Mubyarto, the characteristics of Pancasila economic system are as follows:

1. The wheels of economic activity are driven by economic, social and moral stimuli;
2. There is a strong determination of the entire nation to realize social equality;
3. There is economic nationalism;
4. Cooperatives are the pillars of national economy; and
5. There is a harmonious, harmonious and balanced balance between economic planning and its implementation in regions <sup>[25]</sup>.

Law has a very important role in economic life, and able to influence the level of certainty in relations between humans in society. Mochtar Kusumaatmadja stated that role of law in development is to ensure that change occurs in an orderly manner, law plays a role through the assistance of legislation and court decisions or a combination of both <sup>[26]</sup>.

## Conclusion

Based on explanation above, it can be concluded that the influence of taxes, especially land and building acquisition



tax, is very important for economic growth. This can be seen from the income from one of regions in Indonesia, namely DKI Jakarta, 2020 BPHTB tax revenue almost reached 4.5 trillion Rupiah. Taxes in this case provide benefits to society indirectly, and will also have a good impact on economy in Indonesia. Therefore, the influence of tax revenue is very important <sup>[27]</sup>. In this case, author also concludes that in terms of BPHTB tax evasion, it can be categorized as a special crime, namely corruption, because according to the formulation of Law No. 31 of 1999 in conjunction with Law No. 20 of 2001 concerning Eradication of Corruption, it is an unlawful act with intention of enriching oneself, others, or corruption that results in losses to the state or the country's economy.

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