



Analysis of the Impact of Changes in Local Revenue Realization Due to Increased Awareness of Paying Taxes at The Surabaya City Revenue Agencyconcise

Cindy Nur Hayati^{1*}, Marseto¹, Riko Setya Wijaya¹

¹Development Economics, UPN Veteran Jawa Timur, Surabaya, Indonesia

Received: January 9, 2025

Revised: March 20, 2025

Accepted: March 25, 2025

Published: March 31, 2025

Corresponding Author:

Cindy nur hayati

cindynurhayati10@gmail.com

DOI: [10.29303/ujcs.v6i1.850](https://doi.org/10.29303/ujcs.v6i1.850)

© 2025 The Authors. This open access article is distributed under a (CC-BY License)



Abstract: This research deeply explores the relationship between public awareness in paying taxes and its impact on increasing local revenue realization, a crucial aspect in the sustainability of regional development. In this context, the research employs a descriptive qualitative approach, which allows for an in-depth understanding of the dynamics at play, with a focus on secondary data analysis of local revenue realization. The main findings of this study underline the existence of a significant positive correlation between the level of public awareness in paying taxes and the increase in local revenue realization. More specifically, this study highlights the effectiveness of the *door-to-door* strategy as a highly influential method in raising public awareness of their tax obligations. This approach allows direct interaction between tax officers and taxpayers, which has proven to be effective in increasing public understanding, compliance, and ultimately, contribution to local revenue. In addition, this study also identified other factors that influence people's awareness in paying taxes, such as level of education, understanding of the benefits of taxes, and trust in local government. The implications of this study suggest that a more personalized and educative approach, such as the door-to-door method, is crucial in raising tax awareness. Overall, this study provides valuable insights into the importance of public awareness in paying taxes for increasing local revenue realization. The findings of this study can be the basis for local governments in formulating more effective policies and strategies to increase public awareness and compliance in paying taxes, so that in the end it can support sustainable regional development.

Keywords: Realization; Revenue; Collection, Tax; Awareness

Introduction

Taxes are one of the largest sources of state revenue as much as 82.4%. However, the facts in the field are that people still have low awareness to pay taxes, especially PBB (Land and Building Tax). Taxpayer compliance in paying taxes is the main benchmark for the state of realization in the city of Surabaya. Improving the quality and quantity of services is expected to increase satisfaction to taxpayers so that taxpayers will increase compliance in carrying out their obligations in paying PBB. BPS noted that state revenue is divided into several things. From the tax revenue

sector alone, the state will obtain at least Rp2,309.9 trillion. This year's tax revenue increased by Rp191 trillion compared to the previous year.

Meanwhile, as much as IDR 492 trillion of state revenue comes from non-tax revenue. In details, 7.4% of revenue comes from natural resource revenues, while 3.1% of revenue is revenue from separated state assets, in this case, State-Owned Enterprises (BUMN). Background.

Tax awareness is a fundamental aspect of a country's economic growth and development, as taxes serve as the main source of government revenue. Through tax collection, governments can fund various public services and infrastructure, such as education,

How to Cite:

Hayati, C. N., Marseto, M., & Wijaya, R. S. (2025). Analysis of the Impact of Changes in Local Revenue Realization Due to Increased Awareness of Paying Taxes at The Surabaya City Revenue Agencyconcise. *Unram Journal of Community Service*, 6(1), 140-144. <https://doi.org/10.29303/ujcs.v6i1.850>

healthcare, transportation, and national security, which are essential for maintaining societal well-being and economic stability. Without sufficient tax revenue, a country may struggle to provide quality services, leading to a decline in public welfare and economic stagnation. Unfortunately, many individuals and businesses fail to recognize the importance of paying taxes, either due to a lack of understanding, reluctance, or even deliberate tax evasion. This low level of tax awareness can result in reduced government funding, leading to poor infrastructure, inadequate healthcare services, and limited educational opportunities, which ultimately hinder a country's progress.

Furthermore, tax compliance is not just an obligation but also a reflection of a citizen's sense of responsibility and contribution to national development. A society with a high level of tax awareness tends to experience better governance, as increased tax compliance enables governments to manage public funds efficiently and transparently. On the other hand, low tax compliance may force governments to seek alternative revenue sources, such as foreign loans, which could increase national debt and burden future generations. Additionally, tax evasion can create an unfair economic system where only a portion of the population contributes to the country's development, while others enjoy the benefits without fulfilling their obligations.

Raising awareness about the importance of paying taxes is crucial to building a more equitable and prosperous society. Educational campaigns, transparent tax policies, and government accountability can help improve public trust and encourage voluntary tax compliance. When citizens understand that their tax contributions directly impact the quality of life and national development, they are more likely to fulfill their tax obligations. In the long run, fostering a culture of tax awareness not only strengthens the economy but also enhances public trust in the government, ensuring sustainable development for future generations. Therefore, increasing tax awareness should be a shared responsibility between the government, businesses, and individuals to create a more stable, fair, and progressive society.

In addition, 3% of revenue will come from the revenue of the Public Service Agency (BLU), and 4.1% will come from other non-tax revenues. These revenues will still be supplemented by Rp430 billion from grants (Widyarini & As, 2024)

Method

The author uses descriptive qualitative methods by conducting direct analysis in the field and combining secondary data that the author gets with the aim of

obtaining the results of internship service activities at the Surabaya City Regional Revenue Agency (BAPENDA) Agency Technical Implementation Unit 1 from September 23 to December 31, 2024. The measuring tool that the author uses apart from direct analysis is revenue realization data and the rate of increase in the realization of Surabaya city regional revenue.

Result and Discussion

Results Bapenda Surabaya City is an agency that functions as managing and regulating local revenue from the tax sector and local finances of Surabaya City. BAPENDA Surabaya City has various capabilities and functions it has. Bapenda Surabaya City is a regional work unit within the Surabaya City government. In 2005 it was called the Tax Office then in 2008 it was changed to the Surabaya City Revenue and Management Office which was then renamed the Surabaya City Regional Finance and Tax Management Agency (BPKPD) in 2017 and finally at the end of 2021 it was changed to the Surabaya City Regional Revenue Agency (BAPENDA) until now. BAPENDA Surabaya was formed to increase local revenue (Gani, 2022). This aims to strengthen fiscal independence, so local governments need to have a special institution to handle revenue management. Since its inception, BAPENDA has focused on collecting local taxes, especially Land and Building Tax (PBB), Hotel Tax, Restaurant Tax, and various other levies. The improvement of the information system is one of the important steps in facilitating the tax collection system. In recent years, BAPENDA Surabaya has developed its role and function not only as a tax collector, but also as an institution that functions in educating the public about tax obligations (Farman, 2021).

The community service that the author does is to assist efforts in achieving the revenue realization target with 2 methods, namely through mobling or mobile cars to several upth 1 areas and door to door billing in the area. Mobling or mobile car is a taxpayer service activity in the taxpayer's place such as at the rt / rw hall and several public facilities in the area (Nanda Rahardika & Kartiko Kusumo, 2024). However, the author can also perform services in the car without using public facilities, this is done to make it easier for taxpayers to pay the tax or consult regarding arrears and also double NOP problems with the author and officers of the agency's technical implementation unit. Door to door PBB tax collection is an active method applied by local governments to optimize Land and Building Tax (PBB) revenue. In this strategy, tax officers directly visit the homes or business premises of taxpayers who have PBB arrears. The main objective is to increase taxpayer compliance, provide socialization and education about

the importance of PBB, and conduct direct billing by submitting a Tax Notification Letter (SPPT). The process includes taxpayer identification, document preparation, direct visits, communication and explanation, payment assistance, and recording and reporting. The advantages of this method are high effectiveness, direct interaction, increased awareness, and reduced arrears. However, challenges include large labor and time requirements, risk of refusal, officer safety, and cost-effectiveness. Nonetheless, door to door collection remains important in the effort to increase PBB revenue and local development (Khayati, 2021).

Tabel 1. Realization

Targets	% Increase in Realization (%)
Hotel Tax	61.63
Restaurant Tax	50.11
Entertainment Tax	52.58
Billboard Tax	49.76
Street Lighting Tax (PBJT)	55.99
parking tax	48.82
Groundwater Tax	49.91
PBBP2	8.74
BPHTB	39.54
Total local tax	33.41

In addition, BAPENDA also has a website to input PBB Online Surabaya website has various features that make it easier for people to use. Currently, this website focuses on non-decree applications and new tax object registration. The submission process can be accessed on the official website at <https://pbb.surabaya.go.id/>. After entering the website, taxpayers can choose the type of service to be submitted. With By filling out several application forms that must be filled in with the taxpayer's personal data and information about the tax object owned. After the taxpayer submits and successfully verifies successfully, the taxpayer will receive a service receipt containing the service number. With the service number, the taxpayer can check the status of the submission to find out information about the submission. With the PBB Online Surabaya which is an innovation in public services in the field of taxation. This easy-to-use and structured system can increase the efficiency of submitting applications by taxpayers. It is hoped that this application can encourage taxpayer awareness of the importance of paying tax obligations and increase their participation in the development of Surabaya City.

Types of local taxes that can be done through door to door Land and Building Tax

PBB is one of the obligations that must be paid by every taxpayer. As a source of state revenue to finance all various development projects. In addition to human

resources, natural resources, and other resources, the availability of development funds from fiscal and non-fiscal sources is one of the most important aspects of development. non-fiscal sources is one of the supporting aspects of the successful achievement of national development goals. Revenue from tax sources includes various types of taxes, such as land and building tax (PBB) (Dariana & Agus, 2017). Law Number 12 of 1994 concerning land and building tax regulates the basis of tax imposition, tax rates, tax calculation methods, and tax payment procedures. The calculation of PBB is based on the Tax Object Sales Value (NJOP) of land and buildings. NJOP is the estimated selling price of land and buildings. This NJOP is a reference in the calculation of taxes that must be paid by taxpayers. After obtaining the NJOP, it will be deducted by the Non-Taxable Tax Object Selling Value (NJOPTKP) and then multiplied by the applicable tax rate. The tax rate depends on the policies of each region. In general, land and buildings used for personal use have lower rates than land and buildings used for business activities (Achmad Fauzi et al., 2023)

Regional Original Revenue (PAD)

Is a source of revenue obtained by local governments from their economic potential without relying on transfer funds from the central government. PAD reflects the independence of the region in financing development and government operations. The source of PAD consists of four main components, namely local taxes, local levies, the results of the management of separated local assets, and other legitimate local revenue. Local taxes include motor vehicle tax, hotel tax, restaurant tax, entertainment tax, and others. Meanwhile, local retribution includes levies on services provided by the local government, such as parking retribution, market retribution, and cleaning retribution. In addition, revenue can also be obtained from the profits of Regional-Owned Enterprises (BUMD) as well as various other legitimate revenues such as interest on deposits and rent of regional assets. PAD serves to increase regional independence, finance development, improve community welfare, and support the implementation of regional autonomy. However, there are several challenges in optimizing PAD, such as low taxpayer awareness, lack of innovation in extracting economic potential, weak supervision, and the impact of macroeconomic conditions that can affect regional revenue.

Relationship between Tax Paying Awareness and Increase in Regional Budget

Public awareness in paying taxes greatly influences the increase in a regional budget. Here are some of the relationships :

a. Increasing Regional Original Income (PAD)

The higher the level of public compliance in paying taxes, the greater the PAD received by the regional government. With increased PAD, regions can be more independent in financing development programs without relying too much on funds from the central government.

b. Improving the Quality of Infrastructure and Public Services

The increase in regional budgets due to tax compliance allows the government to build roads, bridges, health facilities, schools, and other public services that have a direct impact on community welfare. (Badar & Kantohe, 2022).

c. Encouraging Regional Economic Growth

With the availability of a larger budget, regional governments can allocate funds to support MSMEs, creative industries, and other economic sectors, which ultimately create jobs and improve community welfare.

d. Reducing Dependence on Central Funds

The higher the level of public tax awareness, the less the region's dependence on balancing funds from the central government. This provides flexibility for regions to implement policies that are more in line with local needs.

Conclusion

Public awareness in paying taxes has a very crucial role in supporting the increase in a regional budget. Taxes are one of the main sources of income for local governments which are used to finance various development programs and public services (Rampengan et al., 2021). Without high compliance from the community in paying taxes, local governments will have difficulty in providing adequate facilities and improving community welfare. A high level of tax compliance will have a direct impact on increasing Regional Original Income (PAD), which ultimately increases the budget that can be used for infrastructure development, improving the quality of education, providing health services, and developing the economic and social sectors. With a larger budget, local governments can be more flexible in implementing various programs that have a direct impact on improving community welfare, creating jobs, and increasing regional competitiveness. On the other hand, low public awareness in paying taxes can hinder regional development. If many taxpayers avoid their tax obligations, the budget available to local governments will decrease, so that various development programs will be hampered (Rizqy Ramadhan, 2019). As a result, the community itself will feel the negative impacts, such as poor infrastructure conditions, lack of health

facilities, and limited access to education. Several main factors that influence public awareness in paying taxes include the level of public education and understanding of the importance of taxes, the level of trust in the government in managing taxes, ease of access in making tax payments, and the existence of sanctions or law enforcement for those who do not comply with tax obligations.

Therefore, to increase tax awareness, local governments need to implement various effective strategies, such as increasing transparency in tax management, providing massive education and socialization to the public, and simplifying the tax payment process to make it more accessible to all groups. In addition, providing incentives for compliant taxpayers can also be an effective strategy to encourage public tax awareness. These incentives can be in the form of awards or tax relief for those who pay taxes on time. On the other hand, strict law enforcement also needs to be applied to those who deliberately avoid tax obligations, in order to create a deterrent effect and increase overall tax compliance (Tulungen et al., 2024). Ultimately, increasing public awareness in paying taxes not only benefits local governments, but also the community itself. By increasing tax revenues, regions can be more independent in financing their development programs, reducing dependence on funds from the central government, and creating a better environment for people's lives. Therefore, there needs to be cooperation between the government, the community, and the private sector in increasing tax awareness in order to realize a more advanced, prosperous, and highly competitive region.

Acknowledgments

I would like to express my deepest gratitude to everyone who has contributed to the completion of this journal. First and foremost, I extend my sincere appreciation to Allah SWT, whose invaluable guidance, expertise, and continuous support have played a crucial role in shaping this work. Their insightful advice and constructive feedback have been instrumental in refining the research and ensuring its quality. I am also grateful to my colleagues and peers who have provided valuable discussions, suggestions, and encouragement throughout the research process. Their perspectives and critical insights have helped me gain a deeper understanding of the subject matter. Furthermore, I would like to extend my heartfelt thanks to [Institution/Organization] for providing the necessary resources, facilities, and a conducive environment for conducting this study. Without their support, this research would not have been possible. I am also indebted to the researchers and authors whose works have served as valuable references, contributing significantly to the foundation of this study. Their contributions to the academic community have been an essential part of this research.

Additionally, I wish to express my sincere gratitude to my family and friends for their unwavering support, patience, and

motivation. Their encouragement has been a constant source of strength throughout this journey, helping me overcome challenges and stay focused on my goals. Last but not least, I would like to acknowledge the efforts of the editorial team and reviewers for their time and constructive feedback in refining this journal for publication. Their dedication and expertise have been crucial in enhancing the quality of this work. Once again, I extend my deepest appreciation to everyone who has played a part in this journey. Thank you.

References

- Achmad Fauzi, Muhammad Rizki Nazala, Bima Nugroho, Hanna Meitha Maryama, & Mukhayatul Khamdillah. (2023). Analisis Pengaruh Pajak Dan Inflasi Terhadap Pendapatan Nasional Di Indonesia. *Jurnal Ekonomi Dan Manajemen*, 2(2), 40–49. <https://doi.org/10.56127/jekma.v2i2.712>
- Badar, G., & Kantohe, M. S. S. (2022). Pengaruh Kesadaran Wajib Pajak, Pengetahuan Wajib Pajak Dan Tingkat Penghasilan Terhadap Kepatuhan Dalam Membayar Pajak Bumi Dan Bangunan (PBB) Di Kecamatan Tompaso. *Jurnal Akuntansi Manado (JAIM)*, 3(2), 334–343. <https://doi.org/10.53682/jaim.v3i2.2677>
- Farman, F. (2021). Pengaruh Kualitas Pelayanan, Sanksi Pajak, Kesadaran Wajib Pajak Terhadap Kepatuhan Wajib Pajak Dalam Membayar Pajak Bumi dan Bangunan Kecamatan Tanjungkerta Kabupaten Sumedang. *Journal of Accounting, Finance, Taxation, and Auditing (JAFTA)*, 3(2), 103–126. <https://doi.org/10.28932/jafta.v3i2.3577>
- Gani, P. (2022). Analisis Faktor-Faktor yang Mempengaruhi Kesadaran Wajib Pajak dalam Pembayaran Pajak Bumi dan Bangunan (PBB). *Jurnal Audit Dan Perpajakan (JAP)*, 2(1), 25–32. <https://doi.org/10.47709/jap.v2i1.1592>
- Khayati, S. (2021). Tinjauan Hukum Terhadap Kepatuhan Wajib Pajak dalam Membayar Pajak Bumi Dan Bangunan. *Arus Jurnal Sosial Dan Humaniora*, 1(2), 1–10. <https://doi.org/10.57250/ajsh.v1i2.6>
- Nanda Rahardika, D., & Kartiko Kusumo, W. (2024). Meningkatnya Kepatuhan Pajak Bumi dan Bangunan: Peran Pengetahuan, Kesadaran, dan Pendapatan Wajib Pajak. *Jurnal Inovasi Pajak Indonesia*, 1(1), 23–36. <https://doi.org/10.69725/076ycr32>
- Rampengan, M. A., Morasa, J., & Pusung, R. (2021). Analisis Laporan Realisasi Pendapatan Pajak Daerah Pada Badan Pengelola Keuangan Dan Aset Daerah Kota Bitung. *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi*, 9(2), 326–335.
- Rizqy Ramadhan, P. (2019). Pengaruh Pajak Daerah Dan Retribusi Terhadap Pendapatan Asli Daerah Kabupaten/Kota Di Sumatera Utara. *JURNAL AKUNTANSI DAN BISNIS : Jurnal Program Studi Akuntansi*, 5(1), 81. <https://doi.org/10.31289/jab.v5i1.2455>
- Tulungen, Y. S., Warongan, J. D. L., & Mintalangi, S. S. E. (2024). Evaluasi realisasi pencapaian target pajak daerah untuk penerimaan pajak daerah tahun 2020-2023 pada Badan Pendapatan Daerah Kota Manado. *Riset Akuntansi Dan Portofolio Investasi*, 2(2), 258–272. <https://doi.org/10.58784/rapi.185>
- Widyarini, E., & As, M. (2024). Pengaruh Sosialisasi Perpajakan , Insentif Pajak , dan Digitalisasi Layanan terhadap Tingkat Kepatuhan Wajib Pajak Bumi dan Bangunan Perdesaan Perkotaan pada Unit Pelayanan Pemungutan Pajak Daerah Kecamatan Jagakarsa. *Jurnal Pajak Vokasi*. 6(1), 16–22. <https://doi.org/10.31334/jupasi.v6i1.4350>