The Contrarian: Finance, Accounting, and Business Research
Volume 5, Issue 2, 2026
pp. 414-428

Regulatory conformity as a foundation for revenue performance: Property tax (PBB-P2) administration in Bitung City, Indonesia

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Received 9 October 2026
Revised 26 October 2026
Accepted 27 October 2026
Published online 12 November 2026

DOI: 10.58784/cfabr.527

ABSTRACT

Rural and Urban Land and Building Tax (PBB-P2) is a key local tax, yet many local governments fall short of their collection targets after its administration was devolved to the regions and local tax rules were restructured by Law No. 1 of 2022 on Fiscal Relations between the Central Government and Regional Governments. This study analyzes the PBB-P2 collection system and procedures at the Regional Revenue Agency (BAPENDA) of Bitung City and assesses how procedural conformity relates to revenue performance in 2021–2025. Using a qualitative descriptive single-case design, primary data came from semi-structured interviews with three purposively selected BAPENDA officials, complemented by regulations, target–realization records, and Tax Payable Notice (SPPT) data. Each procedural stage was compared with Bitung City Regional Regulation No. 1 of 2024 and Mayoral Regulation No. 63 of 2017. All stages are carried out formally, but registration, assessment, and billing conform only with qualifications and data collection is only partly evidenced: mass collection was skipped in some years for lack of budget, and billing relied on notification rather than graded enforcement. Revenue realization never reached the target, ranging from 75.19% (2023) to 95.64% (2025), and only 42.30%–57.53% of SPPT issued were paid each year. Regulatory conformity is a necessary foundation but does not by itself secure revenue performance, which also depends on keeping the tax base current, resourcing field work, and enforcing payment. The study contributes stage-by-stage evidence on post-decentralization PBB-P2 administration and identifies data updating, graded arrears billing, and targets anchored to billing potential as priorities.

Keywords: property tax administration; PBB-P2; official assessment system; tax collection procedures; regional original revenue; fiscal decentralization
JEL Classification: H71; H77

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1. Introduction

Indonesia is a country that adopts a regional autonomy system, in which the central government grants authority to each region to regulate and manage its own governmental affairs in order to promote public welfare and sustainable development. Based on Article 1 of Law Number 1 of 2022, an autonomous region is defined as a legal community unit that has the authority to manage the interests of the local community in accordance with its aspirations within the framework of the Unitary State of the Republic of Indonesia. As part of the financial reform agenda, this regulation also encourages local governments to optimize regional revenue, particularly Regional Original Revenue (PAD), so that they can independently finance development and reduce their dependence on the central government.

Regional Original Revenue (PAD) is regional income derived from the region's own potential, which, if properly managed, will become the primary source of financing for regional development (Boseke and Sumampouw, 2025). PAD consists of various components, one of the most dominant of which is regional tax revenue. Regional taxes are one of the sources of Regional Original Revenue (PAD) and are expected to make a significant contribution to the region itself, thereby increasing regional PAD and minimizing transfers of funds from the central government. Regional taxes are compulsory contributions payable to regional governments by individuals or entities, which are enforceable by law, without any direct compensation, and are used for regional purposes to achieve the greatest possible prosperity of the people (Karouw et al., 2024). One type of regional tax that plays a strategic role in increasing PAD is the Rural and Urban Land and Building Tax (PBB-P2), as this tax has a broad tax base and relatively stable revenue potential each year.

Rural and Urban Land and Building Tax (PBB-P2), according to Law No. 1 of 2022, is a tax imposed on land and/or buildings owned, controlled, and/or utilized by individuals or entities. Since the administration of PBB-P2 was devolved from the central government to regional governments (Inayati and Fahrati, 2020), regional governments have assumed full responsibility for the processes of data collection, tax assessment, collection, and tax enforcement (Tristanti and Nurkholis, 2025). The importance of PBB-P2 in increasing Regional Original Revenue (PAD) is emphasized by Weol et al. (2023), who state that PBB-P2 is highly important for regional government revenue and that understanding the total revenue generated is key to the success of taxation policies and the ability of regional governments to collect revenue.

However, in practice, the administration of PBB-P2 often faces various challenges. The effectiveness of tax collection and its contribution to PAD vary across regions and tend to remain suboptimal. Yulianti et al. (2025) found that although the effectiveness of PBB-P2 collection in Sikka Regency was classified as effective, with an average rate of 90.10%, its contribution to PAD remained very low, at only 4.34%. This low contribution is often caused by low taxpayer compliance, outstanding tax arrears, and insufficient updates to tax object data. Similar findings were reported by Alfiana et al. (2023), who showed that in Pangkep Regency, PBB taxpayer compliance was categorized as moderately compliant; however, the effectiveness of tax collection fluctuated and never reached the established targets. Meanwhile Inayati and Fahrati (2020) found that the potential revenue from PBB-P2 in Banjar Regency in 2014 reached IDR 6.11 billion, while the target was only IDR 3.7 billion, or approximately 61% of its potential. Efforts to increase revenue included tax education,

public outreach, mobile tax services, and direct visits to taxpayers.

The substantial potential of PBB-P2 must also be accompanied by efforts to maximize its administration. In their study in Banjar Regency, Inayati and Fahrati (2020) showed that PBB-P2 has considerable revenue potential; however, the targets set by the regional government remained far below the actual potential. Furthermore, Muhammad and Larasati (2025) found that in Bandung Regency, PBB-P2 data collection could not yet be carried out on a mass scale due to limited budget allocations and human resources, resulting in suboptimal data updating. In fact, accurate and up-to-date tax object data constitute the main foundation for fair and effective PBB-P2 assessment. Mondigir et al. (2024) showed that PBB-P2 collection in Pasan District, Southeast Minahasa Regency, had been implemented in accordance with Regent Regulation No. 18 of 2014, from registration, data collection, and assessment to determination, payment, billing, and recording of receipts, which indicates that procedural conformity is a basic requirement for effective PBB-P2 administration. Therefore, analyzing PBB-P2 revenue is important not only for evaluating the achievement of revenue targets but also for understanding the extent to which it contributes to supporting regional development as a whole. This is also consistent with the analysis conducted by Purwatomo et al. (2024), which highlights the importance of effective PBB-P2 collection in increasing regional tax revenue, where revenue targets have never been achieved due to various factors, including the COVID-19 pandemic and the large number of Tax Payable Notices (SPPT) that remain unpaid.

Setiawan et al. (2023) found that the land and building tax collection system and procedures at the Regional Tax and Levy Management Agency (BPPRD) of Bandar Lampung City were in accordance with the applicable tax law, although taxpayers' limited understanding and awareness in settling their tax liabilities remained a problem. Meanwhile, another study conducted by Hana et al. (2024) showed that PBB-P2 collection in Blitar City had adopted the official assessment system, and some procedures were in accordance with the existing regulations. However, the implementation remained suboptimal due to inaccurate data, processes that were still carried out manually, and low taxpayer awareness.

The successful implementation of an effective tax collection system and procedures is a key factor in addressing these problems. Suboptimal systems and procedures, particularly in the processes of data collection and tax object updating, can result in tax revenue falling below the established targets. This is supported by the findings of Lombok et al. (2020) in Bitung City, which indicate that inconsistencies in PBB-P2 payment procedures, whereby only two of the three available payment alternatives were implemented, could pose an obstacle to optimizing revenue collection.

As Bitung City continues to develop in terms of trade, services, and residential areas, the Rural and Urban Land and Building Tax (PBB-P2) has significant potential to increase Regional Original Revenue (PAD). However, the realization of PBB-P2 revenue from year to year continues to face challenges regarding the effectiveness of the collection systems and procedures implemented by the Regional Revenue Agency (BAPENDA) of Bitung City. The optimization of PBB-P2 revenue largely depends on the effectiveness of data collection, tax assessment, tax collection, and payment monitoring systems. However, in practice, various obstacles are still encountered, such as payment delays, outstanding tax arrears, inaccurate tax object data, and collection procedures that have not been implemented optimally, thereby affecting

the contribution of PBB-P2 to PAD, which remains below its full potential. The aspects of taxpayer compliance and public service also constitute important areas of concern. Arruan (2023) highlights that public services in the field of taxation provided by the Regional Revenue Agency in Bitung City have generally been digitalized. However, some taxpayers still lack understanding, indicating that socialization and education remain necessary. The quality of public services and taxpayers' understanding of tax procedures are factors that may influence their compliance with tax obligations. This situation creates a need for an in-depth analysis of the existing systems and procedures to determine the extent to which the collection mechanisms have been implemented in accordance with applicable regulations and are capable of supporting the increase of PAD in Bitung City.

This study therefore asks three questions. (1) To what extent do the PBB-P2 collection system and procedures of BAPENDA Bitung conform to the governing regulations at each procedural stage? (2) How did PBB-P2 revenue performance develop in 2021–2025, in terms of target achievement, share of local-tax revenue, and payment of Tax Payable Notices (SPPT)? (3) What constraints and efforts explain the gap between procedural conformity and revenue performance? Most earlier Indonesian studies, including those on Bitung, describe procedures and conclude that they follow the rules; this study instead grades conformity stage by stage and sets it against revenue outcomes, so that the point at which conformity stops translating into revenue can be identified.

2. Literature review

Fiscal decentralization and the property tax

The decentralization theorem holds that public services whose benefits are local are more efficiently provided by the level of government closest to beneficiaries, which can better match services to local preferences (Oates, 1972); residential mobility reinforces this matching (Tiebout, 1956). For the revenue side, the same theory implies that local governments should rely on taxes whose bases are immobile and whose burdens are borne locally. The property tax fits these criteria better than any other local tax, which is why it is widely recommended as the principal own-source revenue of urban local governments (Bahl & Bird, 2018). Local administration is also expected to bring an informational advantage: municipal officials are closer to land markets, building activity, and ownership changes than a central tax office.

Whether these advantages materialize depends on administrative capacity and on the political economy of local taxation. Property tax administration can be described as a chain of coverage (identifying and registering all taxable objects), valuation (setting and updating assessed values), and collection (billing, payment, and enforcement), in which the yield is the product of performance at each link (Lewis, 2003). Weakness at any link lowers revenue regardless of the strength of the others. Evidence from Indonesia and other developing countries shows that devolution does not automatically strengthen this chain: local governments may lack valuers, data systems, and operating budgets, may be reluctant to revalue or enforce against voters, and may depend on central agencies for parts of the process (Engelmann et al., 2015; Fjeldstad et al., 2019). The four procedural stages of PBB-P2 map directly onto this chain, with registration and data collection determining coverage, assessment determining valuation, and payment and billing determining collection.

Institutional setting of PBB-P2 in Bitung City

PBB-P2 is levied on land and/or buildings owned, controlled, and/or used by individuals or entities, excluding land used for plantation, forestry, and mining activities (Law No. 1 of 2022). It is administered under the official assessment system: the regional head, delegated in Bitung to the Head of BAPENDA, determines the tax due and issues it through the SPPT. The Regional Tax Assessment Letter (SKPD) is used for other officially assessed local taxes and is not the assessment instrument for PBB-P2. Under Perda No. 1 of 2024 the tax base is the Sales Value of the Tax Object (NJOP), from which a non-taxable NJOP (NJOPTKP) of IDR 10,000,000 per taxpayer is deducted for one object per year; the base is set at 20%–100% of NJOP after this deduction; NJOP is determined every three years, or annually for certain objects; and the rates are 0.3% in general and 0.1% for food-production and livestock land (Perda Kota Bitung No. 1 of 2024, Articles 7 and 9). UU HKPD caps the PBB-P2 rate at 0.5%.

Operational procedures are set by Mayoral Regulation (Perwako) No. 63 of 2017 on the implementation of PBB-P2 collection, which defines registration, data collection, assessment, and payment procedures, and which is being superseded by Perwako No. 14 of 2025 implementing Perda No. 1 of 2024. Under Perwako No. 63 of 2017, SPPT must be paid within six months of issuance; SPPT with tax due below IDR 5,000,000 are distributed through sub-districts (kecamatan) and urban villages (kelurahan), whereas larger SPPT are delivered directly by BAPENDA; and late payment attracts an administrative penalty of 2% per month for up to 24 months. PP No. 35 of 2023, which applies to local taxes from 2024, sets the late-payment sanction at interest of 1% per month for up to 24 months. Table 1 summarizes the regulatory hierarchy, the period in which each instrument applied, and its use as a benchmark in this study.

Table 1. Regulatory benchmarks used in the study

Instrument	Provisions used as benchmark	Period applied
Law No. 1 of 2022 (UU HKPD)	Legal basis of PBB-P2; taxable object and subject; rate ceiling of 0.5%	2022 onward
Bitung City Regional Regulation (Perda) No. 1 of 2024	Tax base is the Sales Value of the Tax Object (NJOP); non-taxable NJOP (NJOPTKP) of IDR 10,000,000 per taxpayer for one object per year; base of 20%–100% of NJOP after deduction; NJOP set every three years (annually for certain objects); rates of 0.3% (general) and 0.1% (food-production and livestock land)	2024 onward
Mayoral Regulation (Perwako) No. 63 of 2017	Procedures for registration, data collection, assessment, and payment; SPPT payable within six months; SPPT below IDR 5,000,000 distributed through sub-districts and urban villages; administrative penalty of 2% per month for up to 24 months	2017 until superseded
Government Regulation (PP) No. 35 of 2023	Late-payment sanction of interest at 1% per month for up to 24 months	Local taxes from 2024
Mayoral Regulation (Perwako) No. 14 of 2025	Implements Perda No. 1 of 2024; supersedes Perwako No. 63 of 2017	2025 onward

Source: authors' compilation from the regulations listed in the references. Perwako No. 63 of 2017 is used as the procedural benchmark for the whole period 2021–2025.

Following Lewis (2003), the four procedural stages are treated as links in the coverage–valuation–collection chain. The analysis therefore asks, for each stage, whether the formal step is performed as the benchmark provisions require, and then whether revenue outcomes follow. The proposition that guides the analysis is that conformity is a necessary but not a sufficient condition for revenue performance, because yield depends on how completely every link in the chain works.

3. Research method

The study uses a qualitative descriptive single-case design (Sugiyono, 2022; Yin, 2018), complemented by descriptive indicators computed from administrative records. The case is the PBB-P2 administration of BAPENDA Bitung, and the unit of analysis is the collection process from registration to billing. Fieldwork was conducted at BAPENDA Bitung in May–June 2026. Primary data were obtained through semi-structured, face-to-face interviews with three BAPENDA officials who hold different roles in PBB-P2 administration: the head of the division, a policy analyst, and an implementing officer (Table 2). They were selected purposively because they are directly responsible for, or involved in, PBB-P2 administration. Two interview guides were used. The system guide (I-1 and I-3) covered the information systems used, conformity of the system with regulations, obstacles and mitigation efforts, and the achievement of revenue targets. The procedure guide (I-2) covered registration, data collection and its frequency, assessment, payment channels,

and billing of arrears. Interviews were conducted in Indonesian and the answers were documented in writing. Informants are identified by codes, and and quotations are reported in English translation.

Table 2. Informants

Code	Position	Unit	Interview focus
I-1	Head of Division	PBB-P2 and BPHTB Division, BAPENDA Bitung	Collection system, information systems, target achievement, problems
I-2	Policy analyst	BAPENDA Bitung	Registration, data collection, assessment, payment, and billing procedures
I-3	Implementing officer	PBB-P2 and BPHTB Division, BAPENDA Bitung	Collection system, resources, incentives, target achievement

Note: Semi-structured, face-to-face interviews conducted at BAPENDA Bitung in May–June 2026.

Secondary data consist of documents and administrative records: (a) the governing regulations listed in Table 1; (b) BAPENDA's PBB-P2 target and realization series for 2021–2025; (c) BAPENDA's local-tax target and realization series for 2021–2025; (d) BAPENDA records of the number of SPPT issued, paid, and unpaid in 2021–2025; and (e) BAPENDA's procedure flowcharts and organizational task descriptions.

Analysis proceeded in four steps. First, interview answers and documents were recorded and organized by procedural stage. Second, the evidence for each stage was compared with the benchmark provisions in Table 1. Third, each stage was classified as conforms; conforms with qualification (the formal step is performed, but the evidence shows a limitation in coverage, data quality, or enforcement); or partly evidenced (the step is applied only in some years or in part). Fourth, the stage assessments were related to three revenue indicators computed from the records: realization as a percentage of target, the PBB-P2 share of local-tax realization, and the share of SPPT issued that was paid. Because the informants belong to the same agency, their statements on conformity are treated as self-reports and were cross-checked across informants and against documents. Validity was supported by source triangulation (three informants with different roles, regulations, and administrative records), and divergent accounts are reported rather than reconciled. The design shows association over time, not causation.

4. Result and discussion

4.1 Results

PBB-P2 revenue performance, 2021–2025

Table 3 shows that the PBB-P2 target rose by 34.3%, from IDR 14.15 billion in 2021 to IDR 19.00 billion in 2025, while realization rose by 35.7%, from IDR 13.40 billion to IDR 18.17 billion. Realization nevertheless fell short of the target in every year. The shortfall was smallest in 2021 (IDR 0.75 billion) and 2025 (IDR 0.83 billion) and largest in 2023 (IDR 4.45 billion), when realization reached only 75.19% of the target. Achievement recovered to 90.03% in 2024 and 95.64% in 2025.

Table 3. PBB-P2 target and realization, Bitung City, 2021–2025

Year	Target (IDR)	Realization (IDR)	Realization (% of target)
2021	14,150,000,000	13,395,861,017	94.67%
2022	16,350,000,000	14,104,888,312	86.27%
2023	17,950,000,000	13,497,228,730	75.19%
2024	18,303,350,568	16,478,555,077	90.03%
2025	19,000,000,000	18,171,631,003	95.64%

Source: BAPENDA Bitung records (2026).

PBB-P2 is a substantial component of local taxation (Table 4). It accounted for between 20.26% and 26.92% of local-tax realization. Its share was highest in 2024 (26.92%), when PBB-P2 achieved 90.03% of its target while total local-tax achievement was only 74.99%. In 2025 local-tax realization rose by 46.5% while PBB-P2 realization rose by 10.3%, so the PBB-P2 share fell to 20.26% even though its own achievement improved.

Table 4. Local-tax performance and PBB-P2 share, Bitung City, 2021–2025

Year	Local-tax target (IDR)	Local-tax realization (IDR)	Realization (% of target)	PBB-P2 share of local-tax realization
2021	55,000,000,000	51,201,717,358	93.09%	26.16%
2022	64,336,625,000	61,632,405,140	95.80%	22.89%
2023	77,737,124,998	62,060,680,487	79.83%	21.75%
2024	81,623,981,248	61,208,049,595	74.99%	26.92%
2025	94,935,355,795	89,681,354,420	94.47%	20.26%

Source: BAPENDA Bitung records (2026); shares computed by the authors from realized PBB-P2 and realized local taxes.

SPPT issuance and payment

The number of SPPT issued rose by 12.6%, from 46,387 in 2021 to 52,220 in 2025 (Table 5). Payment improved more strongly: paid SPPT increased by 43.4% and unpaid SPPT fell by 12.8%. The share of SPPT paid ranged from 42.30% (2023) to 57.53% (2025). Even in the best year, 42.47% of the notices issued, 22,178 in total, remained unpaid.

Table 5. SPPT issued, paid, and unpaid, Bitung City, 2021–2025

Year	SPPT issued	SPPT paid	SPPT unpaid	Paid (% of issued)
2021	46,387	20,947	25,440	45.16%
2022	47,902	22,544	25,358	47.06%
2023	48,621	20,569	28,052	42.30%
2024	51,513	28,585	22,928	55.49%
2025	52,220	30,042	22,178	57.53%

Source: BAPENDA Bitung records (2026); percentages computed from the reported figures.

Collection system and procedures

BAPENDA applies a single collection system, the official assessment system, in which the tax payable is determined by the regional head, delegated in Bitung to the Head of BAPENDA (I-2), and issued to the taxpayer through the SPPT. Two applications support the process: SIPAD, the external system through which taxpayers submit applications and updates and check arrears, and SmartGov, the internal system through which BAPENDA administers the data submitted, records realization, and receives payment data (I-1, I-3). The informants consistently stated that the system and procedures conform to the regulations (I-1, I-2, I-3). The stage-by-stage comparison with the benchmark provisions (Table 6) gives a more differentiated picture.

Registration. New taxpayers and objects are registered online through SIPAD: taxpayers complete the required documents, including the building attachment where a building exists, and enter the coordinates of the object, after which BAPENDA creates the new object and taxpayer records (I-2, I-3). The online route replaces the paper form and written application described in Perwako No. 63 of 2017, but it captures the same information, so the stage is assessed as conforming. BAPENDA nevertheless reports that some taxpayers have not registered their objects, and I-1 noted objects and subjects that are unknown or recorded under the wrong name.

Data collection. Perwako No. 63 of 2017 provides for monitoring the return of declarations, identification, verification, and measurement of objects. BAPENDA has a standard procedure for this: mass collection in the eight sub-districts, and sampling of 100 objects per sub-district to verify new data entered through SIPAD. The evidence shows that field work is intermittent. I-2 said that mass updating is done annually but that its frequency "depends on the budget" for going to the field, and I-3 stated that mass collection "requires quite a lot of money" and, because the budget "is not quite sufficient," was not carried out in several years. I-1 described the database as being changed every year, "although it is only done by system." For subjects who cannot be identified or whose objects have changed hands, I-2 said the solution is to wait for the subject to come to the office to submit an update. The stage is therefore assessed as partly evidenced.

Assessment. PBB-P2 staff verify object and taxpayer data, determine the NJOP of land and buildings, deduct the non-taxable NJOP, and apply the rate under Perda No. 1 of 2024; the Head of BAPENDA then issues the SPPT, which follows the sequence in Table 1. The evidence of data problems qualifies this conformity: I-3 reported SPPT issued twice for one parcel, differing names, differing land and building areas, and buildings that have changed but are not yet updated.

Payment. Taxpayers may pay at banks, payment counters, post offices, or through mobile-banking applications (I-2), and no payment difficulties were reported. The six-month payment period and the distribution of SPPT below IDR 5,000,000 through sub-districts and urban villages follow Perwako No. 63 of 2017. Lombok et al. (2020) earlier found that only two of three payment alternatives were implemented in Bitung; the range of channels now described is broader. The stage is assessed as conforming.

Billing. Billing is carried out by issuing and delivering the SPPT. I-2 described the billing of overdue taxpayers as issuing the SPPT, which "only notifies the taxpayer that the tax has passed its due date." The administrative penalty exists (Table 1), but field accounts recorded during the research described late payment as frequent, with some taxpayers delaying payment, avoiding officers during arrears collection, or negotiating the amount due, and described law enforcement toward late

payers as not firm enough. The formal step is performed, but no graded steps beyond notification and the monthly penalty were reported, so the stage is assessed as conforming with qualification.

Table 6. Stage-by-stage conformity of PBB-P2 collection procedures

Stage	Benchmark	Evidence	Assessment
Registration	Declaration (SPOP/LSPOP) and supporting documents submitted to BAPENDA (Perwako No. 63/2017)	Online through SIPAD, with building attachment and coordinates (I-2, I-3); some objects unregistered; wrong or unknown names (I-1)	Conforms with qualification (coverage)
Data collection	Return of declarations, identification, verification, measurement (Perwako No. 63/2017)	Standard procedure with mass collection and sampling; mass collection depends on budget and was skipped in some years (I-2, I-3); annual update by system only (I-1)	Partly evidenced
Assessment	NJOP less NJOPTKP, rate per Perda No. 1/2024; SPPT issued by delegated official	Sequence followed; delegation from Mayor to Head of BAPENDA (I-2); duplicate SPPT, name and area mismatches (I-3)	Conforms with qualification (data quality)
Payment	Payment within six months; distribution through sub-districts and urban villages	Bank, counter, post office, mobile banking; no difficulty reported (I-2)	Conforms
Billing	Penalty of 2% per month up to 24 months (Perwako No. 63/2017); 1% interest from 2024 (PP No. 35/2023)	Billing by SPPT notification only (I-2); late payment frequent; enforcement described as not firm	Conforms with qualification (enforcement)

Source: Interviews (I-1 to I-3), BAPENDA documents, and the regulations in Table 1.

Obstacles and efforts

The informants did not share a single view of performance. I-1 first answered that "so far no obstacles have been found" and that realization is "close to the target," and described collection as optimal from BAPENDA's perspective, while acknowledging that an outside assessment would judge it not fully optimal because field staff are limited. I-3 judged the overall performance as not optimal and recalled realization as "never reaches 100%, but around 70–80%," which understates the 90.03% and 95.64% recorded for 2024 and 2025. The constraints they and I-2 described are summarized in Table 7.

Table 7. Constraints reported and the link of the chain affected

Constraint	Evidence	Source	Link affected
Personnel and competence	Too few staff for almost 50,000 SPPT in the city; competence of staff still lacking; field officers limited	I-1, I-3	Coverage; collection
Operating budget and equipment	Budget small; office equipment minimal; reduced central transfers; mass data collection costly and skipped in some years	I-2, I-3	Coverage; valuation
Data quality	Unknown subjects, ownership changes without notice, mismatched names and areas, duplicate SPPT	I-1, I-2, I-3	Coverage; valuation
Taxpayer compliance	42.30%–57.53% of SPPT paid; delayed payment, avoidance, negotiation; compliance said to affect realization	Table 5; I-3; field accounts	Collection
Enforcement	Billing by notification; monthly penalty only; enforcement described as not firm	I-2; field accounts	Collection

Source: authors' analysis of interviews and BAPENDA records.

BAPENDA reported four main efforts: improving the competence of PBB-P2 staff, periodic collection of object data, socialization of taxpayers, and a PBB-P2 discount, which in 2025 was offered in September and October to encourage timely payment (I-3). The reported frequency of data collection differed across informants (annual by system only, annual depending on budget, or skipped in some years). The 2025 results (95.64% realization, 57.53% of SPPT paid) were the best of the period, but the improvement began in 2024, before the discount, so the records cannot isolate the effect of the discount.

4.2 Discussion

The stage-by-stage assessment supports the proposition that regulatory conformity is necessary but not sufficient for revenue performance. Every stage is carried out formally, and the informants uniformly report conformity, yet realization never reached the target and fewer than 58% of notices were paid in any year. Studies in other Indonesian locations report the same combination: Mondigir et al. (2024) found collection in Southeast Minahasa to follow the regulation from registration to recording of receipts, Setiawan et al. (2023) found conformity with the tax law in Bandar Lampung despite limited taxpayer understanding, and Hana et al. (2024) found that the official assessment system in Blitar had been adopted but remained suboptimal. Those studies stop at the conclusion that procedures conform. Grading each stage shows where conformity thins in Bitung: in data collection and in billing, the two stages on which the coverage and collection links depend.

The coverage link is weakened by intermittent field work. Mass data collection depends on a field budget, was skipped in some years (I-3), and is replaced in part by annual updating that is done by system only (I-1) and by waiting for taxpayers to report changes (I-2). This is consistent with Muhammad and Larasati (2025), who found that limited budget and personnel prevented mass data collection in Bandung Regency, and with the argument that devolution does not

automatically strengthen the administrative chain when local governments lack data systems and operating budgets (Lewis, 2003; Engelmann et al., 2015; Fjeldstad et al., 2019). The number of SPPT grew by 12.6%, which suggests that coverage is expanding, but duplicate SPPT and mismatched names and areas (I-3) show that the quality of what is covered is uneven. The valuation link could not be assessed: Perda No. 1 of 2024 requires NJOP to be set every three years, but the records do not show valuation updates.

The collection link is weakened by enforcement. Billing consisted of notification (I-2), the penalty is the main sanction, and the payment share rose from 42.30% in 2023 to 57.53% in 2025 without any reported change in billing practice. Purwatomo et al. (2024) likewise attributed unmet targets partly to the large number of unpaid SPPT, and Alfiana et al. (2023) found fluctuating effectiveness that never reached targets in Pangkep Regency. A notable feature of Bitung is the gap between target achievement (95.64% in 2025) and the share of notices paid (57.53%). One possible explanation is that targets are set well below total billing. As an indication only, if unpaid notices carried the same average liability as paid ones, total billing would be about IDR 30–32 billion a year, 1.7 to 2.1 times the target. This assumption cannot be verified because billed amounts and arrears were not available, and realization may also include payments of arrears from earlier years. Inayati and Fahrati (2020) found targets far below estimated potential in Banjar Regency, so the possibility deserves testing with billing data.

Two further observations qualify the picture. First, perceptions differ by position: the head of the division described collection as optimal from BAPENDA's perspective, whereas the implementing officer judged it not optimal, and both statements come from within the agency. Self-assessments of conformity should therefore be read together with documents and outcomes, as this study does. Second, digitalization has widened registration and payment channels, and Arruan (2023) observed that taxpayers in Bitung still lack understanding of tax services even though services are digitalized. Online registration cannot substitute for field verification, so SIPAD improves access but not necessarily accuracy. The 2025 discount coincided with the best results of the period, but the improvement began earlier, so it cannot be treated as the cause.

Theoretically, the study adds a procedural-conformity benchmark to the chain view of property tax administration (Lewis, 2003), showing that stage-level conformity can coexist with gaps in coverage and collection. Practically, it indicates that compliance with the regulation should be assessed stage by stage rather than as a single finding, because a uniform "conforms" judgment conceals the stages that limit revenue.

5. Conclusion

This study examined how PBB-P2 is collected at BAPENDA Bitung City and how the collection system and procedures relate to revenue performance in 2021–2025. BAPENDA applies the official assessment system, and its registration, data collection, assessment, payment, and billing stages are carried out formally in line with Bitung City Regional Regulation No. 1 of 2024 and Mayoral Regulation No. 63 of 2017. Registration, assessment, and billing conform with qualifications related to coverage, data quality, and enforcement, and data collection is only partly evidenced because mass collection was skipped in some years for lack of budget. Only the payment stage conforms without qualification. Performance was uneven. Realization never reached the target, ranging from 75.19% in 2023 to 95.64% in 2025, PBB-P2 accounted for 20.26%–26.92% of local-tax realization, and only 42.30%–57.53% of SPPT issued were paid

each year. The main constraints are limited staff and operating budget, outdated and inconsistent tax object and taxpayer data, billing that relies on notification, and low taxpayer compliance. Regulatory conformity is therefore a necessary foundation, but results also depend on keeping the tax base current and enforcing payment.

The findings point to four priorities for BAPENDA: protect a field budget so that object data are verified on a regular cycle rather than by system alone; bill arrears in graded steps, starting with high-value objects, and apply the late-payment sanction consistently under Government Regulation No. 35 of 2023; compare targets with billed amounts so that targets reflect billing potential; and record the timing and take-up of discounts and outreach so that their effect can be evaluated. Duplicate SPPT and mismatched taxpayer data should be cleaned as part of the next data-updating cycle.

The study is limited to a single case with three officials from the same agency, so statements on conformity and on taxpayer behaviour reflect the authority's view, and its descriptive design shows association over time, not causation. Perwako No. 63 of 2017 was used as the procedural benchmark for the whole period, although Perda No. 1 of 2024 applies only from 2024. Data on billed amounts, arrears, and valuation updates were not available. Future research could survey taxpayers on the determinants of compliance, compare several cities in North Sulawesi, and analyze object-level billing and payment records, including the share of revenue that comes from arrears.

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