



## TWO SIDES OF THE APPLICATION OF MOTOR VEHICLE TAX PENALTY ABOLITION (REDUCTION AND EXEMPTION) POLICY

**BY**

**Arifa Rizky Amalia<sup>1</sup>, Haula Rosdiana<sup>2</sup>**

<sup>1,2</sup>Faculty of Administrative Sciences Postgraduate Program, University of Indonesia



### Article History

Received: 01/05/2024  
 Accepted: 14/05/2024  
 Published: 16/05/2024

**Vol – 3 Issue – 5**

PP: -40-46

### Abstract

*Theoretically, tax sanctions aim to avoid undesirable behaviour and increase compliance. On the other hand, there is a tendency for some local governments in Indonesia to eliminate sanctions on Motor Vehicle Taxes to increase local revenue. This paradoxical phenomenon is fascinating to study in terms of how applying the Motor Vehicle Tax penalty abolition policy is appropriate regarding the effectiveness and purpose of administrative sanctions. The research method used is quantitative; the sample used is local revenue in the form of Motor Vehicle Tax in West Java province. The results of this study indicate that the implementation of the policy of abolishing sanctions on Motor Vehicle Tax in West Java is appropriate in terms of effectiveness, as seen from the results of the percentage of realization of Motor Vehicle Tax revenue in West Java in 2021 and 2022 above 100 percent, which means that the implementation of the tax penalty abolition policy is very effective. Meanwhile, in terms of the purpose of administrative sanctions, the application of the policy of eliminating penalties for Motor Vehicle Tax in West Java is not appropriate because it is considered not to support the objectives to be achieved compared to these sanctions; it will eliminate legal certainty against Motor Vehicle Tax.*

**Keywords:** Tax, Local Tax, Motor Vehicle Tax, Tax Penalty Abolition

### INTRODUCTION

There is a phenomenon of tax penalty abolition policies implemented in several regions in Indonesia. The policy is most often applied to Motor Vehicle Tax. Motor Vehicle Tax is a tax imposed on the ownership and control of motorized vehicles. Motor vehicle tax is a type of tax included in local

taxes and is one form of local revenue. This tax penalty abolition policy is applied in several provinces in Indonesia, such as West Java, Aceh, South Sumatra, West Sumatra, South Sulawesi, and DKI Jakarta. This abolition of tax penalties policy leads to the elimination of administrative sanctions, the abolition of penalties, and the reduction of arrears of Motor Vehicle Tax.

**Table 1. Realization of Motor Vehicle Tax Revenue, Local Tax, Regional Original Revenue, and Percentage of Motor Vehicle Tax Revenue to Regional Original Revenue of West Java Province in 2019-2020**

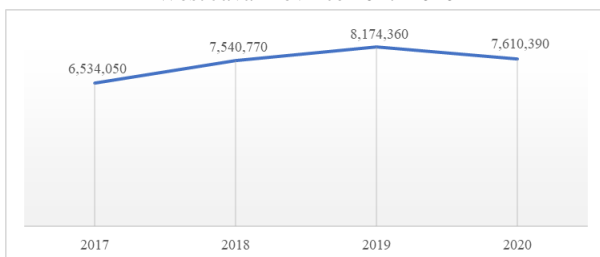
Year	Realization of Motor Vehicle Tax (IDR)	Local Tax Realization (IDR)	Realization of Local Revenue (IDR)	Percentage Of Motor Vehicle Tax to Local Revenue
2019	8,174,360,000,000	19.626.359.631.765	21.503.242.285.977	38.01%
2020	7,610,390.000.000	17.035.963.236.413	20.327.565.161.367	37.44%
2021	8.179.965.230.060	18,847,183.713.161	21.927.352.555.158	37.30%
2022	8,900.036.938.612	21.542.613.834.618	23.331.003.915.500	38.15%

Source: West Java Regional Revenue Agency (constructed by author)



Motor Vehicle Tax is one type of provincial tax with the most enormous contribution to local tax revenue. In contrast, local taxes are one of the types of regional original revenue that make the most enormous contribution. According to Article 1 number 28 of the HKPD Law, the Motor Vehicle Tax is a tax on the ownership and control of motorized vehicles. Based on the data above from the West Java Regional Revenue Agency, the percentage of Motor Vehicle Tax to Regional Original Revenue from 2019 to 2022 is 38.01 percent, 37.44 percent, 37.30 percent, and 38.15 percent, respectively. In addition to the Motor Vehicle Tax itself, administrative sanctions in the form of penalties also apply to taxpayers who are late in making tax payments by the expiration date of the Motor Vehicle Tax. In West Java, administrative sanctions in the form of penalties are regulated in Article 17 of West Java Governor Regulation Number 2 of 2020 concerning the Third Amendment to West Java Governor Regulation Number 33 of 2013 concerning Guidelines for the Implementation of West Java Provincial Regional Regulation Number 13 of 2011 concerning Regional Taxes for Types of Motor Vehicle Tax Levies and Motor Vehicle Title Transfer Fees, where the delay is imposed at 2 percent per month of the outstanding tax principal, with a maximum provision of 24 months for each outstanding tax period. Administrative sanctions enforce the provisions of laws and regulations, punish anyone who violates a statutory norm, deter someone from re-offending, and prevent other parties from violating the law (Setiadi, 2009). Although administrative penalties have been set, many motor vehicle owners still need to catch up on tax payments, so motor vehicle tax revenue has decreased. One of the efforts made by the West Java Provincial Government to overcome the decline in tax revenue is the launch of a system in the form of e-Samsat, which is a service system for paying Motor Vehicle Tax and validating Vehicle Number Certificates using electronic facilities such as Automatic Teller Machines (ATMs).

**Figure 1.** Motor Vehicle Tax Revenue (in million rupiah) West Java Province 2017-2020

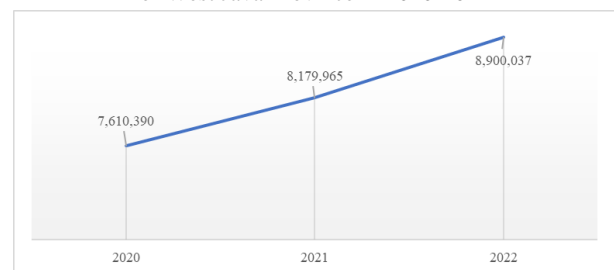


**Source:** West Java Regional Revenue Agency (constructed by author).

Based on data from the West Java Regional Revenue Agency, the Motor Vehicle Tax revenue increased from 2017 to 2019. However, there was a decrease in Motor Vehicle Tax revenue in 2020 by 6.9 percent. This is due to the COVID-19 pandemic, where people are faced with limitations in usual activities due to lockdown policies set by the government. This has led to a weakening economy, which has reduced the ability to pay in the community. Therefore, the West Java Provincial Government runs the Triple Profit Program, which

exempts motor vehicle tax penalties, free principal and penalties for vehicle registration fees II, and free progressive tariffs for arrears. The policy is a form of tax penalty abolition policy that aims to provide certainty in fulfilling the payment obligations of the Motor Vehicle Tax and Motor Vehicle Title Transfer Fee and ease the burden on the community. The Central Government provides the policy to the Provincial Government to provide reduction, relief, and exemption in some tax principles and sanctions issues. The abolition of the tax penalties policy carried out by the West Java Provincial Government continues to be carried out until 2022 in different periods each year in order to increase tax revenue on Motor Vehicle Tax. The implementation of this policy shows satisfactory results, with an increase in Motor Vehicle Tax revenue in 2021 by 7.48 percent and 8.8 percent in 2022. In addition to West Java, several other provinces have also implemented tax penalties because it is considered to increase

**Figure 1.** the Motor Vehicle Tax Revenue (in a million IDR) of West Java Province in 2020-2022



**Source:** West Java Regional Revenue Agency (constructed by author)

Increasing Motor Vehicle Tax revenue is something that the Provincial Government wants, so the policy of eliminating tax penalties is one of the efforts often applied by the Provincial Government to increase Motor Vehicle Tax revenue. Although the COVID-19 pandemic has ended, the Provincial Government continues to implement the policy of eliminating tax penalties. However, in addition to increasing Motor Vehicle Tax revenue, another thing that must be seen is whether the abolition of the tax penalty is an appropriate and effective policy in its application and does not override the purpose of the administrative sanction itself.

Based on the background described above, this research will discuss whether implementing the abolition of tax penalties and the Motor Vehicle Tax policy in West Java is appropriate regarding the effectiveness and purpose of administrative sanctions.

The purpose of writing this research is to determine whether implementing the Motor Vehicle Tax penalty abolition policy in West Java is appropriate regarding the effectiveness and objectives of administrative sanctions.

## LITERATURE REVIEW

### 1) Regional Tax

Lutfi (2006) explains that local taxes are taxes imposed by local governments on residents who inhabit their jurisdiction by not obtaining direct contraprestasi from the local taxes they pay. Bahl dan Bird (2008) explains that local taxes can be

penalty as taxes that meet six different conditions, namely (1) local governments can decide whether to levy taxes or not; (2) local governments can also determine the appropriate tax base; (3) they can determine the tax rate; (4) in the case of "direct" taxes, they assess the tax imposed on a particular taxpayer; (5) they administer the tax; and (6) they can keep everything they collect. Devas (2008) explained that local taxes are the primary source of revenue for local governments, and the choice of tax rates to fund local services is a critical annual decision made by local elected representatives. Bahl & Bird (2008) explain that local taxes are needed because they make locally elected officials more accountable to the voting public for the public services they provide, i.e. more accountable than if those services were financed through transfers, which can lead to better public services and increased revenues.

Devas (2008) explains the criteria in the selection of local tax instruments, namely (1) the tax must be able to generate significant, stable, and predictable revenues from year to year, and the returns must be elastic; (2) the cost of tax collection must be low; (3) the tax base and tax payable must be clear, not arbitrary, to minimize the risk of exploitation by tax collectors; (4) the tax must be neutral in terms of its impact, and not cause more relative price distortions than necessary; (5) the tax must be simple enough to be managed according to the administrative capacity of the local government; and (6) the tax is suitable for local government.

## 2) Local Tax Performance Indicator

suggests that there are three indicators of local tax performance, namely (1) tax effort, (2) effectiveness, and (3) efficiency.

### i. Tax Effort

Tax effort is the amount of tax collected compared to the economic base or taxable capacity of the local economy - taxable capacity is a measure of the size of the local economy that can be subject to local taxes. Tax effort results from tax policy (type of tax, tax rate, etc.) and tax administration (effectiveness of tax administration).

### ii. Effectiveness

Effectiveness can be seen from the proportion of potential taxes realized. Tax potential is the total amount to be collected from each local tax levied at a specific rate if each person pays the entire amount for which he is responsible. Effectiveness can be calculated with the following formula:

$$\text{Effectiveness} = \frac{\text{Realization of Local Tax Revenue}}{\text{Local Tax Revenue Target}} \times 100\%$$

Effectiveness measurements can be categorized as follows: (i) effectiveness level above 100 percent: very effective; (ii) effectiveness level between 90 s.d. 100 percent: effective; (iii) effectiveness level between 80 s.d. 90 percent: moderately effective; (iv) effectiveness level between 60 s.d. 80 percent: less effective; and (v) effectiveness level below 60 percent: ineffective.

### iii. Efficiency

Efficiency can be seen from the proportion of taxes used for collection and administration costs. Efficiency can be calculated with the following formula:

$$\text{Efficiency} = \frac{\text{Local Tax Collection Cost}}{\text{Realization of Local Tax Revenue}} \times 100\%$$

## 3) Tax Sanctions

According to Asada (2019), according to the law, sanctions are coercive measures taken in response to law violations in implementing the decisions of competent social bodies. These namely bodies are legally authorized to act on behalf of society or communities governed by the legal system. The Kamus Besar Bahasa Indonesia penalty sanctions as dependents (actions, punishments, and so on) to force people to fulfill agreements or obey the provisions of the law (articles of association, association, and so on). Laws and regulations are written to indicate what should be done and what should not be done. Sanctions are necessary for people to comply with laws and regulations.

There are two types of sanctions in taxation, namely tax administrative sanctions and tax criminal sanctions. Tax administrative sanctions can be in the form of penalties, interest, and increases. Setiadi (2009) stated that administrative sanctions aim to enforce the provisions of laws and regulations, punish anyone who violates a norm of laws and regulations, deter someone from re-offending, and prevent other parties from violating the law. Gordon (1996) explains that administrative sanctions are designed to cover the costs of the tax administration in pursuing a case, from investigation to final collection, and encourage early resolution of disputes between the administration and taxpayers. Furthermore, criminal tax sanctions can be in the form of criminal penalties, confinement, and imprisonment. (Gordon, 1996) explains that imprisonment rather than administrative penalties is the most effective deterrent for poor, unjustified, or those indifferent to administrative sanctions. With sanctions, taxpayers will feel afraid if they do not comply with tax regulations.

## 4) The Abolition of Tax Penalties

The abolition of tax penalties is a policy term providing relief, reduction, and exemption from the principal and sanctions of taxes and levies. It is one of the provincial government programs that aims to make it easier for motor vehicle taxpayers to pay off their taxes without incurring administrative sanctions (Erin et al., 2015). In addition, the abolition of tax penalties is also an effort by the local government to obtain local revenue.

## RESEARCH METHODOLOGY

The method used in this research is a descriptive quantitative method. This research is a study that describes the actual situation supported by data in the form of actual existing numbers. The population in this study is data from the amount of Regional Original Revenue in West Java Province. The sample taken is the target data of Motor Vehicle Tax revenue and the realization of Motor Vehicle Tax revenue in West Java Province from 2020 to 2022.

## RESULT AND DISCUSSION

Motor Vehicle Tax is regulated in Law No. 28/2009 on Regional Taxes and Levies (Law 28/2009), which the HKPD Law later revoked. In the HKPD Law, Motor Vehicle Tax is abbreviated to Motor Vehicle Tax. According to Law 28/2009 and the HKPD Law, a Motor Vehicle Tax is a car ownership and control tax. Although there are several changes regarding the provisions of Motor Vehicle Tax in the HKPD Law, Law 28/2009 is still valid until 3 (three) years from the date of promulgation of the HKPD Law by Article 187 letter c of the HKPD Law.

The object of Motor Vehicle Tax is regulated in Article 3 paragraph (1) of Law 28/2009, which is Motor Vehicles' ownership and control. The subject of Motor Vehicle Tax is an individual or entity that owns and controls Motor Vehicles, and the Taxpayer of Motor Vehicle is an individual or entity that owns Motor Vehicles, by Article 4 paragraph (1) and (2) of Law 28/2009. The tax base of Motor Vehicle Tax is the result of the sales value of Motor Vehicles and a weight that reflects relatively the level of road damage and environmental pollution due to the use of Motor Vehicles (Article 5 paragraph (1) of Law 28/2009). The Motor Vehicle Tax rate is regulated in Article 6 of Law 28/2009. It is divided into Motor Vehicle Tax rates for private Motor Vehicles, public transportation, ambulance, fire brigade, social and religious institutions, Government/ TNI/ POLRI, Local Government, and other vehicles stipulated by Local Regulations, and heavy equipment.

The Motor Vehicle Tax rate for private Motor Vehicles is regulated in Article 6 paragraph (1) of Law 28/2009. For the first Motor Vehicle ownership, the lowest rate is 1 percent, and the highest rate is 2 percent. For the second Motor Vehicle ownership, the rate can be set progressively at a minimum of 2 percent and a maximum of 10 percent. The principal amount of the Motor Vehicle Tax payable is calculated by multiplying the rate with the tax base, per Article 7 paragraph (1) of Law 28/2009. Administrative sanctions are regulated in the Regional Regulation by Article 95 paragraph (3) letter h, where the Regional Regulation on Taxes at least regulates provisions regarding administrative sanctions.

The regulation on Motor Vehicle Tax in West Java is regulated in West Java Governor Regulation Number 2 of 2020 concerning the Third Amendment to West Java Governor Regulation Number 33 of 2013 concerning Implementation Guidelines for Regional Regulation of West Java Province Number 13 of 2011 concerning Regional Taxes for Types of Motor Vehicle Tax Levy and Motor Vehicle Title Transfer Fee (Peraturan et al. 2/2020). Article 5, paragraph (1) letter a explains that the object of Motor Vehicle Tax includes ownership and control of motorized vehicles in the Provincial Area, including ownership and control of motorized vehicles and their trailer, heavy equipment, and large equipment on land. The subjects of Motor Vehicle Tax in West Java Province are regulated in Article 7 of West Java Governor Regulation 2/2020:

individuals, entities, governments, provincial governments, district/ municipal governments, village governments, TNI, and Polri, who own and control motorized vehicles. In contrast, Motor Vehicle Tax Taxpayers are regulated in Article 8 paragraph (1) of West Java Governor Regulation 2/2020, which are individuals, entities, governments, provincial governments, district/municipal governments, village governments, TNI, and Polri who own and control motorized vehicles. The basis for the imposition of Motor Vehicle Tax is regulated in Article 11 paragraph (1) of West Java Governor Regulation 2/2020, where the basis for imposing Motor Vehicle Tax is the product of two main elements, namely the sales value of Motor Vehicles and a weight that reflects relatively the level of road damage and environmental pollution due to the use of motor vehicles. The Motor Vehicle Tax rate is stipulated in Article 12 of West Java Governor Regulation 2/2020, where the rate is grouped based on four-wheeled, two-wheeled, and three-wheeled Motor Vehicles and the number of Motor Vehicle Ownership, which is determined progressively. The Motor Vehicle Tax rate with the first Motor Vehicle ownership is set at 1.75 percent, and the progressive rate for subsequent ownership is set at a minimum of 2.25 percent and a maximum of 3.75 percent. The principal amount of Motor Vehicle Tax is calculated by multiplying the tax rate by the tax base by Article 14 of West Java Governor Regulation 2/2020. The West Java Provincial Government sets administrative sanctions for the following matters.

**Tabl 2.** Administrative Sanctions on Motor Vehicle Tax

Regulation	Description
Article 9 paragraph (3) of West Java Governor Regulation 2/2020	Suppose the filing of the registration form by the Taxpayer needs to be conducted and submitted within the period referred to in paragraph (2). In that case, the relevant Taxpayer shall be subject to administrative sanction in the form of a penalty agreement.
Article 15b of West Java Governor Regulation 2/2020	If the arrears exceed 5 (five) years, the imposition of Motor Vehicle Tax for 5 (five) years of arrears plus administrative sanctions in the form of a penalty of 2% (two percent) per month with a maximum provision of 24 (twenty-four) months, plus the Principal of Motor Vehicle Tax for the following year starting from the date of determination.
Article 17 paragraph (1) of West Java Governor Regulation 2/2020	If the Taxpayer is late in making tax payments by the expiration date of the Motor Vehicle Tax, an administrative sanction in the form of a penalty of 2% (two percent) per month from the principal tax payable, with a maximum provision of 24 (twenty-four) months for each tax period payable.



Regulation	Description
Article 17 paragraph (2) letter b of West Java Governor Regulation 2/2020	If a motor vehicle mutates into the province or changes ownership, registering after the tax period ends applies: if the tax period exceeds 30 (thirty) calendar days, the principal arrears and the tax period for the following 1 (one) year plus administrative sanctions in the form of a penalty of 2% (two percent) per month.
Article 17 paragraph (3) of West Java Governor Regulation 2/2020	new motor vehicles are subject to administrative sanctions in the form of a penalty of 25% (twenty-five percent) of the principal tax payable and motor vehicles mutated into or out of the province, as well as vehicles that experience changes in objects and subjects, are subject to administrative sanctions in the form of a penalty of 2% (two percent) per month for a maximum period of 24 (twenty-four) months calculated from the time of tax payable.
Article 26 paragraph (4) of West Java Governor Regulation 2/2020	Delay in registering a motor vehicle within the specified period, as referred to in paragraph (3), is subject to administrative sanctions in the form of a 25% (twenty-five percent) penalty of the tax principal.

**Source:** West Java Governor Regulation No. 2 of 2020.  
 Edited by the author.

Taxes functionally finance the budget in carrying out state activities, regulate economic growth through tax policy, assist the government in stabilizing inflation, and finance all public services provided by the government. Motor Vehicle Tax, as part of local taxes collected by the provincial government, has a function to finance the budget in carrying out local government activities, regulate regional economic growth through local tax policies, used for road construction and maintenance as well as improving public transportation facilities and increasing Regional Original Revenue. From 2017 to 2019, the percentage of revenue realization from West Java Motor Vehicle Tax exceeded the target. However, the COVID-19 pandemic has caused Motor Vehicle Tax revenue in West Java to decline. Reporting from detik.com, the West Java Regional Revenue Agency (Bapenda Jabar) noted that the realization of Motor Vehicle Tax revenue in West Java decreased dramatically from April to May 2020, with the lowest revenue reaching Rp 470 billion. The decline is due to the minimal activities that people can do with COVID-19. With the sharp decline in Motor Vehicle Tax revenue, the West Java Provincial Government launched the Triple Profit Program, which is a program to exempt Motor Vehicle Tax penalties, principal and penalties for Vehicle Title Transfer Fees II, and progressive tariffs on arrears starting in the period March to April 2020 with applicable terms and conditions. The program is commonly referred to as the abolition of tax

penalties. According to Bapenda Jabar (2020), the conditions that apply to participate in the program are: (1) the exemption of Motor Vehicle Tax penalties applies to West Java residents who are late in the payment process for motor vehicle tax and does not apply to exemptions for new motorcycle payments, change of form, auction/ex-dump that has not been registered and change of engine; (2) exemption from principal and penalties of the Second Motor Vehicle Title Transfer Fee applies to West Java residents who wish to carry out the Second Motor Vehicle Title Transfer process onwards in the West Java region; and (3) exemption from the progressive tariff of principal arrears applies to West Java residents who wish to apply for the Second Motor Vehicle Title Transfer Fee onwards. If they still have arrears, the rate is only 1.75 percent. West Java Motor Vehicle Tax payments can be made at Samsat Keliling, Samades, Samsat Gendong, Samsat Outlet, Samsat Drive Thru, to Samsat J'bret at Alfamart, Alfamidi, Indomaret, Bukalapak, Tokopedia, Kaspro, BJB bank, and PPOB Counters, which is an effort by the West Java Provincial Government to make it easier for residents to pay Motor Vehicle Tax. The abolition of tax penalties policy is extended until July 31, 2020. With this policy, Motor Vehicle Tax revenue in West Java shows positive results where there is a significant increase in Motor Vehicle Tax. According to detik.com, Motor Vehicle Tax revenue was recorded at IDR 643 billion in June 2020 and IDR 738 billion in July 2020

Seeing the increase in Motor Vehicle Tax revenue, the West Java Provincial Government renewed and extended the abolition of the tax penalties policy with the Triple Profit Plus Program in order to follow up on the direction of the President of the Republic of Indonesia regarding the provision of tax relaxation to reduce the economic impact of the community due to the COVID-19 pandemic and by the instruction of the Minister of Home Affairs Number 1 of 2020 concerning Prevention of the Spread and Acceleration of Handling COVID-19 in the Regional Government Environment until December 23, 2020. The policy renewal is in the Motor Vehicle Tax discount for taxpayers who pay the Motor Vehicle Tax early (before the expiration date). The provisions of the Motor Vehicle Tax discount are (1) payment on due date up to 30 days before due date, a discount of 2%; (2) payment more than 30 days to 60 days before due date, a discount of 4%; (3) payment more than 60 days to 90 days before due date, a discount of 6%; (4) payment more than 90 days to 120 days before due date, a discount of 8%; and (5) payment more than 120 days to 180 days before due date, a discount of 10%. The realization of Motor Vehicle Tax revenue in 2020 reached IDR 7.61 trillion. In terms of effectiveness, the tax penalty abolition policy still needs to be more effective because the Motor Vehicle Tax revenue target in 2020 is IDR 10.15 trillion, so the percentage of Motor Vehicle Tax revenue realization only reaches 75.01 percent.

$$\text{Effectiveness} = \frac{7,610,390,000,000}{10,146,043,771,250} \times 100\% = 75.01\%$$



Seeing the lack of effectiveness of the policy, the policy was continued in 2021 until August 1, 2021; the West Java Provincial Government presented the same abolition of tax penalties policy again on December 24, 2021. The Head of West Java Bapenda said that the Triple Untung Plus Program was proven to help taxpayers who were more or less affected by the COVID-19 pandemic and assessed that efforts to collect Vehicle Tax were not optimal due to the decline in people's purchasing power due to the pandemic, and ultimately had an impact on Motor Vehicle Tax payments (Bapenda, 2021). The West Java Provincial Government targets motor vehicle tax revenue in 2021 of IDR 7.86 trillion,

and the realization of motor vehicle tax revenue in 2021 will reach IDR 8.18 trillion. Therefore, the percentage of realization of Motor Vehicle Tax revenue reached 104.06 percent, so eliminating tax penalties was considered very effective. The West Java Provincial Government passed a similar policy in 2022, abolishing Motor Vehicle Tax Program tax penalties. The Motor Vehicle Tax revenue target in 2022 was ID 8.68 trillion, and the realization of Motor Vehicle Tax revenue in 2022 reached IDR 8.9 trillion. Therefore, the percentage of realization of Motor Vehicle Tax revenue reached 102.51 percent, so eliminating tax penalties was considered very effective.

**Table 3. Percentage of Realization of Motor Vehicle Tax Revenue in West Java in 2020-2022.**

Year	Motor Vehicle Tax Revenue Target (IDR)	Revenues Realization of Motor Vehicle Tax (IDR)	Percentage of repentance Revenues Realization of Motor Vehicle Tax (IDR)	Description
2020	10,146,043,771,250	7,610,390,000,000	75.01%	Kurang Efektif
2021	7,860,554,777,000	8,179,965,230,060	104.06%	Sangat Efektif
2022	8,682,220,100,241	8,900,036,938,612	102.51%	Sangat Efektif

**Source:** West Java Regional Revenue Agency (constructed by author)

The tax penalty abolition policy is also implemented in several other provinces such as the Special Region of Yogyakarta, Central Java, Banten, East Java, Bali, West Sumatra, North Kalimantan, Central Kalimantan, North Sulawesi, Central Sulawesi, South Sulawesi, Southeast Sulawesi, Riau, Aceh, Bengkulu, and so on with similar programs. This tax penalty abolition policy is an authority given by the central government to local governments as stated in Article 95 paragraph (4) of the letter of the law 28/2009, which reads: "Local Regulations on Taxes may also regulate provisions regarding a. the provision of reduction, relief, and exemption in certain cases on the principal tax and sanctions".

The essence of the tax penalty abolition policy is to ease the burden of vehicle taxes on the community through the reduction, relief, and exemption of principal and administrative sanctions in the form of fines. In addition, the policy of eliminating tax penalties can also increase Motor Vehicle Tax revenues in each region. However, as seen from the purpose of the administrative sanction itself, eliminating tax penalties eliminates the essence of the administrative sanction itself. Sanctions, a form of legal certainty of a policy and an instrument of punishment for anyone who violates laws and regulations, become dysfunctional for the community. The objectives of the sanctions included in the local government regulations have yet to be implemented due to the abolition of tax penalties. Implementing the tax penalty abolition policy with specific objectives, such as reducing the economic impact of the community due to the COVID-19 pandemic, is a good thing that can reduce the burden on the

community. However, the policy of eliminating tax penalties that continue to be carried out without any specific purpose other than reducing the burden on the community and increasing Motor Vehicle Tax revenue is outside the purpose of the sanction. It eliminates legal certainty against Motor Vehicle Tax. Although the central government gives the authority to reduce, waive, and exempt sanctions, the policy may cause people to delay Motor Vehicle Tax payments until the tax penalty abolition policy is implemented. This reflects that people ignore the penalties for late payment of Motor Vehicle Tax because, in the end, the local government will implement the policy of eliminating tax penalties. Therefore, the government's policy on sanctions still needs to be fully implemented.

### CONCLUSION

The results of the analysis in this study can be concluded that the implementation of the Motor Vehicle Tax penalty abolition policy in West Java is appropriate in terms of effectiveness because the implementation of the Motor Vehicle Tax policy in West Java in 2021 and 2022 shows the results of the percentage of Motor Vehicle Tax revenue realization above 100 percent, which means that the application of the penalty abolition policy is efficient. However, in terms of the purpose of administrative sanctions, the application of the Motor Vehicle Tax penalty abolition policy in West Java is not appropriate because it is considered not in line with the purpose of the sanctions and eliminates legal certainty against Motor Vehicle Tax because people ignore the penalties for late payment of Motor Vehicle Tax which in turn, the local government will implement a tax penalty abolition policy by waiving

sanctions.

## RECOMMENDATION

The author can recommend that the local government refrain from enforcing the policy of repeatedly eliminating tax penalties because sanctions cannot work appropriately by their functions and objectives. Suppose the policy of eliminating tax penalties is enforced repeatedly. In that case, people need to be more compliant in paying motor vehicle taxes, hoping the local government will implement a policy of exempting sanctions for late payments of motor vehicle taxes. The exemption of sanctions for delays can be applied in certain conditions, such as during COVID-19, to reduce the burden on the community. Sanctions, a form of legal certainty, must still be implemented and applied to people who violate laws and regulations, which in this research are sanctions for late payment of Motor Vehicle Tax.

## REFERENCES

- Asada, M. (2019). *Economic Sanctions in International Law and Practice (1st ed.)*. <https://doi.org/10.4324/9780429052989-2>
- Badan Pendapatan Daerah Jawa Barat. (2020). *Triple Untung Apa Itu?* <https://bapenda.jabarprov.go.id/2020/03/17/triple-untung-apa-itu/>
- Badan Pendapatan Daerah Jawa Barat. (2021). *Triple Untung Plus Jabar Hadir Kembali!! Bebas dan Diskon PKB*. <https://bapenda.jabarprov.go.id/2021/08/04/triple-untung-plus-jabar-hadir-kembali-bebas-dan-diskon-pkb/>
- Badan Pendapatan Daerah Jawa Barat. (2023a). *Jumlah Pendapatan Daerah Berdasarkan Sumber Pendapatan dan Jenis Pendapatan di Jawa Barat*. <https://opendata.jabarprov.go.id/id/dataset>
- Badan Pendapatan Daerah Jawa Barat. (2023b). *Jumlah Pendapatan Pajak Daerah Berdasarkan Jenis Pajak Daerah di Jawa Barat*. <https://opendata.jabarprov.go.id/id/dataset>
- Bahl, R. O. Y., & Bird, R. (2008). *Subnational Taxes in Developing Countries : The Way Forward*. *Public Financial Publications, Inc*, 1–25.
- Devas, N., Alam, M., Delay, S., Koranteng, R. O., & Venkatachalam, P. (2008). *Financing Local Government*. Commonwealth Secretariat.
- Erin, Faiz, A., Balliyand, Z., & Faisal, A. R. (2015). *The Effect of Motor Vehicle Tax Bleaching Program on Taxpayer's Behavior through the Mediation of Tax Paying Intention in Lampung Province*. *Budapest International Research and Critics Institute-Journal (BIRCI-Journal)*, 5(1), 172–179.
- Gordon, R. K. (1996). *Law of Tax Administration and Procedure*. In *Tax Law Design and Drafting (Volume 1)*. International Monetary Fund.
- Lutfi, A. (2006). *Penyempurnaan Administrasi Pajak Daerah dan Retribusi Daerah : Suatu upaya dalam optimalisasi penerimaan PAD*. *Jurnal Ilmu Administrasi Dan Organisasi: Bisnis & Birokrasi*, XIV(1), 1–10.
- Setiadi, W. (2009). *Sanksi Administratif Sebagai Salah Satu Instrumen Penegakan Hukum Dalam Peraturan Perundang-Undangan*. 1, 603–614.