Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang

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| Article Information |  | **ABSTRACT** |
| Received:  Revised:  Accepted: March 00, 00  Available online: | This research discusses the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang. The aim of this research is: to identify and analyze the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang and formulate an ideal model of Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang. The research method uses qualitative research with data collection techniques using in-depth interviews, observation and documentation to analyze the Digital Transformation of the Land and Building Tax Stimulus Provision Policy in Palembang City. Furthermore, data collection techniques use interviews, observation and documentation. The data analysis technique used is interactive model data analysis including data collection, data condensation, data presentation as well as verification and conclusions  The results of the research show that: Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang has been implemented although it is still experiencing obstacles. Based on the Digital Technologies dimension, the Socialization of the Policy for Providing PBB Stimulus in Palembang City has minimal access to information on websites and social media, so the level of public compliance in paying taxes is still low. Based on the Pressure on Government dimension, the Policy for Providing Land and Building Tax Stimulus is no longer given to the PBB which was issued on July 1 2019, as well as minimal accommodation regarding demands for the amount of stimulus provided. Based on Digital Institutionalization, there is minimal competency for Tax Officers (UPT) in applying technology, including providing explanations about tax calculations and NJOP increases.  Keywords: Digital Transformation, Policy, Tax |
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# INTRODUCTION

Over the past few decades, many countries around the world have ceded fiscal and political power to governments. Many developing countries are also turning to various forms of fiscal decentralization as one possible way to escape the trap of ineffective and inefficient governance, macroeconomic instability, and inadequate economic growth in which many of them have fallen in recent years. Decentralization in developing countries sometimes seems to be seen as a panacea or a plague, either a cure for all of those countries' ills or even an additional burden for those countries, (BIRD, 1998; Martinez-vazquez et al., 2015).

Fiscal decentralization is defined as the transfer of expenditure and revenue functions from the Central Government to Regional Governments (Abdullah, 2014; Simanjuntak, 2015). Fiscal decentralization relates to how the public sector is organized and how it creates opportunities for higher growth and prosperity, (Martinez-vazquez et al., 2015). While some public economists have argued that fiscal decentralization intensifies tax competition, this expectation has not been applied to explain the adoption of tax incentives. Both tax incentives and fiscal decentralization have spread rapidly around the world in recent decades. If fiscal decentralization leads to tax incentives among Local Governments, the overall level of tax incentives in a country will increase excessively. Excessively large tax incentives, when coupled with a lack of fiscal discipline at the subnational level, will likely lead to net revenue losses, burden revenue mobilization, and produce economic hardship. (Li, 2016).

The implementation of fiscal decentralization in the Reform era officially began on January 1 2001. The process began with the enactment of Law Number 22 of 1999 concerning Regional Government and Law Number 25 of 1999 concerning Financial Balance between Central and Regional Governments (PKPD). To date, these two regulations have undergone several revisions, most recently Law Number 23 of 2014 concerning Regional Government and Law Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Government. Initially, the implementation of fiscal decentralization in Indonesia aimed to create aspects of independence in the regions (Fatoni, 2020). One of the reasons for this fiscal independence is giving regional governments the authority to optimize regional potential which can be converted into regional income. Therefore, the Regional Government must optimize one of the biggest sources of regional income, namely the tax sector. This is related to the regional government's efforts to improve the quality of services and development in the region. Normatively, regional tax management is regulated in Law Number 28 of 2009, with the enactment of Law Number 32 of 2004 concerning Regional Government as amended several times, most recently by Law Number 12 of 2008 concerning the Second Amendment to Law Number 32 of 2004 concerning Regional Government and Law Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Government, the administration of regional government is carried out by providing the broadest possible authority, accompanied by the granting of rights and obligations to carry out regional autonomy in a unified administration system. state government, therefore with the authority granted by this law, regional governments can manage regional taxes and regional levies which are an important source of regional income to finance the implementation of regional government. Even though Law Number 28 of 2009 has been replaced by Law Number 1 of 2020, in the context of this research it still refers to Law Number 28 of 2009 because the replacement Law will be effective for the next two years.

Economic development is a very important activity, to realize the mandate of the 1945 Constitution of the Republic of Indonesia that the national economy is organized based on economic democracy with the principles of togetherness, fair efficiency, sustainability, environmental awareness, independence, and by maintaining a balance of progress and national economic unity. . However, in practice, the desired conditions have not yet been realized

Development carried out by the government requires large funds. Funds for the implementation of this development come from government savings (*public saving*) and community savings (*private saving*). Government savings (*public saving*) comes from state revenues after deducting routine expenditure and there is still a remainder. States generally have sources of income which constitute capital to carry out development, consisting of: (1). Earth, water and natural resources; (2). Taxes, duties and excise; (3). Non-tax revenue (*not tax*); (4). Results of state companies; and (5) other sources, such as: money printing and loans.

Taxes are a source of state revenue which is very important for the implementation and improvement of national development, which is the implementation of the principles of Pancasila which aims to increase the prosperity and welfare of society. In this way, the taxation system continues to be perfected, tax collection is intensified, and the Taxation/Managing Apparatus must also become more capable and clean so that they can play a big role in national development.

Original Regional Income (hereinafter referred to as PAD) originates from regional taxes, regional levies, results from the management of separated regional assets, and other legitimate PAD. Land and Building Tax (hereinafter referred to as PBB) is a part of regional taxes which has quite an important role in supporting PAD. PAD has an important role in financing development in the region. Based on the potential of each region, this increase in PAD revenue will be able to increase regional financial capacity. As the regional economy develops and becomes increasingly integrated with the national and international economy, the regional ability to optimize the use of PAD revenue sources becomes very important.

The authority to manage regional taxes is the authority of City and/or Regency Regional Governments based on Law Number 32 of 2004 concerning Regional Government as revoked by Law Number 23 of 2014 concerning Regional Government which has now been amended by Law Number 9 of 2014. 2015on the Second Amendment to the LawNumber23 of 2014 concerning Regional Government. Even though regions are given the authority to increase PAD, regions are prohibited from enacting regional regulations on income that cause high cost economies, and income that hinders population mobility, inter-regional traffic of goods and services, and import/export activities. It is known that the main sources of PAD in Palembang City are Restaurant Tax, Entertainment Tax and Hotel Tax. However, PBB is also a potential that must continue to be explored in increasing regional revenues because the object of this tax is land and buildings which clearly the majority of people own. Apart from being able to provide additional PAD for the City of Palembang, PBB enforcement is still not optimal, which results in potential loss of PBB revenue.

PBB is one of the tax sectors that can encourage regional development. From a sociological perspective, there are two views of society towards the UN, namely positive and negative for society. A positive view is felt by people who accept and know that PBB is beneficial for society and is not burdensome at all. However, for people who feel that PBB is burdensome, it becomes something negative because people feel that the PBB they pay is not used for the benefit of the community. For people who already have this negative opinion, they are vulnerable to refusing to pay. Especially with the current increase in PBB, many people who have a negative view attribute this increase to being one of the Government's instant ways to increase local revenue. As with the results of research conducted by Yoganendi (2020) entitled*Reformulation of Rural and Urban Land and Building Tax (PBB-P2) as an Effort to Increase Original Regional Income in Ngawi Regency*. The results of his research revealed that:

First, Ngawi Regency Regional Regulation Number 1 of 2012 concerning Rural and Urban Land and Building Tax (PBB-P2) has not been able to optimally stimulate Original Regional Income in Ngawi Regency because the PBB rate in Ngawi Regency is too small, bargaining occurs in determining the value Selling Tax Objects between Taxpayers due to legal ambiguity because there are no strict rules in determining NJOP so that it has the potential to lead to haggling, as well as the Taxpayer's lack of legal awareness. Second, Reformulation of Ngawi Regency Regional Regulations No. 1 of 2012 concerning Rural and Urban Land and Building Tax (PBB-P2) The ideal way to increase local revenue (PAD) in Ngawi Regency is to amend Article 7 of Ngawi Regency Regional Regulation No. 1 of 2012 concerning Rural Land and Building Tax and Urban areas with the imposition of progressive tax rates on the Rural and Urban Land and Building Tax system in Ngawi Regency. To avoid bargaining between Taxpayers and Tax Officers, it is necessary to make a Decree on the Classification of the Fair Market Value of Tax Objects which is always*ter-update* either per semester or annually, provides a way for the Regional Government or in this case the Regional Financial Agency to be able to correct buying and selling transactions so that the NJOP*updated*, and providing strict sanctions for violations of PBB-P2. (*digilib.uns.ac.id*)

Similar research results were also revealed by Andini Tri Dewanti, Yeti Apriliawati, Riauli Susilawaty Hutapea (2021) with the title*Analysis of the Implementation of Land and Building Tax Relaxation*the following:

“The implementation of PBB-P2 relaxation in Bandung City is an implementation of Bandung Mayor Regulation No. 65 of 2020 concerning the Second Amendment to Bandung Mayor's Regulation Number 22 of 2020 concerning Providing Regional Tax Incentives in the Context of Handling Economic Impacts*Coronavirus Disease* 2019” which was analyzed based on George Edward III's theory which includes 4 factors, namely (1) communication, (2) resources, (3) disposition and (4) bureaucratic structure. Based on these four factors, the Bandung City Bapenda is still not optimal, more precisely in the aspects of communication and resources, especially human resources.” (*Source: Indonesian Accounting Journal Vo 1 N0.3 2021*)

In 2019, the City of Palembang made adjustments to the Sales Value of Tax Objects (hereinafter referred to as NJOP) to attract PBB. In accordance with the mandate of Law Number 28 of 2009 concerning Regional Taxes and Regional Levies and Palembang City Regional Regulation Number 2 of 2018 concerning Regional Taxes, basically the NJOP is determined once every three years. The City of Palembang itself last set NJOP in 2015. Therefore, in 2019 the Palembang City Government attempted to make adjustments to the NJOP in the hope of increasing local revenue originating from PBB.

In 2019, the Palembang City Government set a revenue target through PAD from 11 types of taxes with a total of IDR. 1,314,232,400,000,-. One type of regional tax in question is PBB which has a target of Rp. 275,600,000,000,- or 20.97% of the total PAD of Palembang City. In order to achieve the 2019 PBB target, the Palembang City Government has adjusted the NJOP/m² with a ratio of ±80% close to the fair market price.

One of the reasons for this adjustment is also part of the Government's plan to improve community welfare. The government tries to encourage development through taxes, one of which comes from the United Nations. Even though in reality the public is still not ready for the NJOP adjustment which causes an increase in PBB. This increase in PBB is also based on the Joint Commitment between the Corruption Eradication Commission and Regional Governments throughout South Sumatra Province to increase PAD from the tax sector, one of which comes from PBB. Therefore, currently the City Government is increasing PAD through the regional tax sector, especially PBB in Palembang City. However, there are pros and cons to the increase in the PBB so that this time the PBB is facing obstacles, this is thought to be due to a lack of outreach to the public and understanding of the public who do not know the basic calculations in determining the PBB.

The Palembang City Government has issued Palembang Mayor Regulation Number 17 of 2019 concerning Determination of the Sales Value of Urban Tax Objects, which in this regulation regulates the amount of NJOP. Furthermore, Palembang Mayor Regulation Number 18 of 2019 concerning PBB Tariff Classification, stipulates that for NJOP under 1 billion, a tariff of 0.125% is imposed, while for NJOP above 1 billion, a tariff of 0.3% is imposed. The public said they were surprised by this increase. Before enacting the Mayor's Regulation, through the Palembang City Regional Tax Management Agency, the NJOP for each zone has first been calculated, where this calculation is based on the average price obtained from normal buying and selling transactions carried out by taking into account price comparisons and other objects. similar and acquisition value or replacement object.

The Palembang City Government has also provided PBB exemption to 263,079 taxpayers with a value of IDR 31,779,214,973.-. Meanwhile, the remaining 166,536 taxpayers with a value of around Rp. 464,648,584,911,- have the obligation to make PBB payments. However, the public currently still objects to the increase in PBB, which on average is above 100%. In fact, some people who previously paid PBB only Rp. 750,000,- became around Rp. 4,500,000,- this was due to the impact of the increase in NJOP and the tariff classification applied.

Based on an excerpt from an article entitled "*NJOP Adjustment Triggers Increase in PBB for Palembang City*" noted that:

"NJOP adjustments trigger an increase in PBB for Palembang City. The Palembang City Government increases the market price of land as stated in the selling value of the tax object or NJOP, resulting in an increase in the amount of land and building tax or PBB that must be paid by the community.. This policy has drawn protests from some of the city's residents because they believe the increase in PBB has been very drastic, some tens of times higher. Head of the PBB Sub-Directorate for the Regional Tax Management Agency (BPPD) of Palembang City, Apriadi, said that his party had to adjust the NJOP which was last carried out in 2008 to get closer to the fair market price... The highest NJOP adjustments for land were in economic and trade areas and special tax objects. SSocialization regarding the increase in PBB was only limited to the village head, sub-district head and local PBB coordinator. Residents admitted they were annoyed with the increase in PBB, last year before experiencing the increase they only paid PB worth IDR 128,000 but now it is IDR 369,000… As for"Requirements for submitting deficiencies and objections include: the community can submit a reduction letter or objection letter."

[*https://sumatra.bisnis.com/read/20190514/533/922458/penyesuaian-njop-picu-kenaikan-pbb-kota-palembang*](https://sumatra.bisnis.com/read/20190514/533/922458/penyesuaian-njop-picu-kenaikan-pbb-kota-palembang)

To resolve citizen complaints and anticipate*tax avoidance* As a result of this increase in PBB provisions, the Mayor of Palembang has made a policy by providing a stimulus for taxes owed by PBB in 2019 through the Mayor of Palembang Regulation Number 18 of 2019 concerning Classification, Tariff Amounts and Minimum Stipulations for Urban Land and Building Taxes as well as Exemption from Payment of Land and Building Taxes. Urban Buildings for Tax Objects with Land and Building Tax Assessments up to IDR 300,000 (Three Hundred Thousand Rupiah), which regulates tax assessments in DHKP Books I and II. Meanwhile, tax assessments in DHKP Books III, IV and V have not yet received the tax stimulus owed.

The community also held demonstrations to encourage the Regional Government to evaluate the policy of increasing PBB rates. As a result, people tend not to want to pay PBB, if people do not pay it will result in quite large PBB arrears and of course it will be detrimental to the region because of reduced PAD from the tax sector, especially PBB. This condition caused turmoil in society, and received special attention from the Ombudsman and the Palembang City DPRD. The Ombudsman of the Republic of Indonesia Representative of South Sumatra on July 4 2019 submitted a report on the results of the inspection and gave the Mayor of Palembang 30 working days to resolve this PBB problem. The Palembang City DPRD also issued a letter regarding the Review of the 2019 PBB Increase addressed to the Mayor of Palembang to immediately resolve problems related to PBB with the hope that the Mayor of Palembang can issue a policy regarding the increase and pay attention to the condition of the community, both in terms of ability to pay and psychological condition. public.

So the Palembang City Government has issued additional policies, providing stimulus for tax assessments in DHKP Books III, IV and V through Palembang Mayor Regulation Number 51 of 2019 concerning Providing 2019 Urban Land and Building Tax Stimulus in the City of Palembang. This stimulus is an automatic reduction in the size of the increase in tax owed which was determined in 2019 compared to the tax owed in 2018 as an incentive for taxpayers to pay PBB. Judging from the achievement of the realization of PBB payments in 2019 amounting to IDR 232,739,747,929 from the provision of IDR 258,099,520,107, of course this is quite a large achievement, even though the calculation is not 100%, but when compared with the 2018 achievement of IDR 162,239,621,426 from provision of Rp. 186,545,292,020, of course this is quite a successful achievement considering the significant increase in NJOP and quite high payments from taxpayers.

The determination of tax payable by PBB must be in accordance with the taxpayer's ability and income. Apart from that, the Palembang City Government must pay attention to aspects of justice towards taxpayers. Determining the stimulus of course needs to really pay attention to economic conditions and the taxpayer's carrying capacity and most importantly pay attention to which taxpayers experience a very significant increase in NJOP. The Palembang City Government has taken the initiative to provide a 100% stimulus for taxpayers in the DHKP Book I and II groups. Furthermore, the Palembang City Government has also provided stimulus with the right percentage to taxpayers in DHKP Book groups III, IV, V and VI.

Next, the thing that needs to be considered is the occurrence of information asymmetry. This occurs when both parties do not have the same information in a transaction. In this case, local governments and taxpayers. The regional government has a policy to achieve the PAD target by increasing NJOP, while the public has not received information regarding the reasons or justification for the increase, here information asymmetry appears.

According to Mishkin and Eakins (2015), the definition of information asymmetry is as follows: “*A situation that arises when one party’s insufficient knowledge abiut the other party involved in a transaction makes it possible to make accurate decisions when conducting the transactions*”. This means that information asymmetry occurs when in a transaction, one party does not have sufficient knowledge about the other parties involved, making accurate decision making impossible. Akerlof (1970) stated that the existence of information asymmetry causes problems to emerge*adverse selection* and*moral hazard*. *Adverse selection* is a problem caused by information asymmetry before a transaction occurs (Mishkin and Eakins, 2015). Next Mishkin and Eakins explain that*moral hazard* is a problem caused by information asymmetry after a transaction occurs.

Disseminating information is one of the keys to the success of providing this stimulus. The government's efforts to provide stimulus due to the very drastic increase in NJOP need to be known by all taxpayers. Don't let taxpayers not know about the stimulus so they don't pay PBB due to the subjective condition of taxpayers who are unable to pay PBB tax debts before the stimulus. One of the most important roles in conveying this stimulus information is the role of the Regional Tax Management Agency as the agency with authority to collect PBB. Apart from that, the role of the media is highly expected so that the public can know and understand the Palembang Mayor Regulation Number 51 of 2019 concerning Providing Stimulus for Urban Land and Building Taxes in 2019 in the City of Palembang.

Dynamics of development of studies regarding Land and Building Tax (PBB) or (*property tax*)globally, quite rapidly, the relationship between land and building tax (PBB) and regional income is very close, with several studies showing that regional governments set their levies equal to the difference between budgeted expenditure and expected receipts from other income. This approach allows them to adjust levies to achieve greater overall revenue stability potentially at the expense of tax predictability (Brien, 2018), but to optimize tax revenues the government must of course have a strategy, namely a strategy intended to increase property tax collections. Study results provide evidence that carefully designed and targeted notification/socialization strategies can increase tax compliance (Chirico et al., 2016; Fachrudin, 2020).

To know*research gap* Regarding this topic, researchers collected scientific articles from the Scopus database using the keyword "Property *Tax “dan “Fiscal Decentralization*” and analyzing the topics of discussion in the period 2015 to 2020.

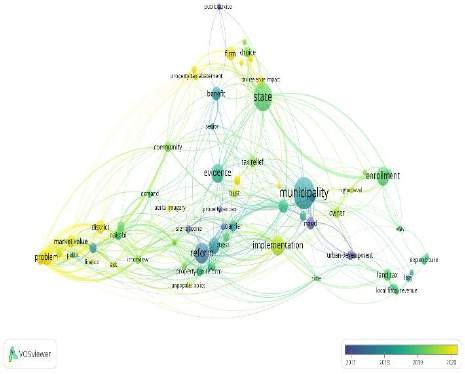


Figure 1. Research Topic Analysis

*Source: Scopus Database, 2022*

From the picture above, it can be seen that research regarding Land and Building Tax (PBB) or*Property Tax,* often carried out in City Government*(Municipality)* this is indicated by a larger size than the others. However, this topic was done more in 2018 and 2019 when referring to color, in fact the latest research in 2020 discusses more about the topic "issues/problems" which are related to several other research topics such as*market value*, *district, property* *tax abatemen* and a small part*tax revenue impact*.

A variety of topics in relation to the new Land and Building Tax (PBB) research are actually being carried out in many areas of Indonesia and the most significant discussion is about the issue of NJOP, Market Value, property tax reduction.*(property tax abatement).* The problem shown by the research results is that some people do not pay taxes because they feel that the money will not be used for their welfare. The public will be willing to pay higher taxes if the government upholds transparency and accountability as one of the basic principles of regional revenue management (Fachrudin, 2020).

Tax issues are also related to tax avoidance practices *(Tax Evasion)* which is also a common problem in some countries, but it is a much bigger policy problem in some countries. Community perspective as taxpayers *(Tax Payer)* as stated previously it is necessary to look at the accountability of the Government in managing taxes themselves and this depends on how the Government's ability to collect taxes in an efficient and cost-effective manner is very important to know how successful they are in meeting their policy objectives, (Pampel et al., 2019 ). Regarding the problems in Palembang City, this is a challenge for the Government to then formulate a strategy for providing Land and Building Tax (PBB) stimulus as part of efforts to achieve the regional original income (PAD) targets that have been set. From the results of the analysis of previous research topics, the researcher assesses that the topic regarding Land and Building Tax (PBB) still has the potential to produce novelty in the context of providing stimulus to taxpayers as a consequence of policies that increase land and building tax (PBB) to increase income. native area (PAD) of Palembang City. Of course this novelty will provide *evidence* (evidence) of how the Implementation of the Land and Building Tax Stimulus Policy (PBB) can achieve its targets effectively and efficiently.

Tax compliance has become an important subject for personal and corporate taxation in developed and developing countries and emphasizes the responsibility of taxpayers to report income and determine tax liabilities. Some researchers usually divide the determinants of tax compliance into five parts based on an interdisciplinary perspective, representing a broader view of the determinants of tax compliance compared to other researchers. The five categories are as follows: economic factors (tax rates, tax audits, and perceptions of government spending); institutional factors (role of tax authorities, simplicity of tax returns and administration, and probability of detection); social factors (ethics and attitudes, perceptions of equality and fairness, political affiliation and recent government policy changes, and reference groups); individual factors (personal financial constraints and awareness of violations and penalties); and other factors (age, income, level, culture, education, and gender), see in (Inasius, 2019).

Several research results related to tax compliance also show mixed results, individual and company compliance in paying taxes is also influenced by various factors, one of which is the reference group where the research results show that the reference group, audit probability, tax knowledge, and perceptions of equity and fairness significant effect on tax compliance. In particular, the reference group has the most significant influence on the non-compliance behavior of SME taxpayers (Inasius, 2019). Allingham and Sandmo (1972) in (Inasius, 2019) stated that friends and family members sometimes influence the decision to avoid or not avoid taxes, although their study does not explain the extent of this influence.

Other research shows that the strategy of policy makers in increasing compliance for taxpayers is divided into two areas, the first is for taxpayers who have good morals, the government is more likely to increase supervision rather than high fines for them, while for tax evaders the implementation high fines will be more effective than supervision. This strategy is quite commonly implemented in various countries, especially to deal with tax evaders (Castro & Scartascini, 2015; Lisi, 2015).

Furthermore, mediation models of socio-economic conditions are crucial in understanding large-scale tax non-compliance in developing countries. In the absence of mediating socio-economic conditions, taxpayers in developing countries will flee on a large scale from their tax obligations (Umar et al., 2019).

Several studies above show that tax issues are closely related to taxpayer behavior. It can also be understood that in the context of this research, the Palembang city government's policy to increase tax rates will cause a response from the public which will most likely show objections to paying taxes. Socio-economic conditions as explained previously will certainly have a big influence on people's behavior in making decisions to comply with taxes or vice versa. The government's policy of providing stimulus is a strategy to suppress tax avoidance behavior as a result of the previous policy, namely increasing tax rates. Therefore, people's behavior in deciding whether to comply with taxes or not will be very influential in this study. Not only enforcing sanctions and fines for tax evaders, but better efforts to understand people's behavior whether to comply with taxes or not will be analyzed in this research so as to produce innovation in an effort to increase taxpayer compliance so that they can meet the government's targets and objectives in order to increase PAD. Palembang city

Empirically, this research is quite related to several existing studies such as Andini Tri Dewanti, Yeti Apriliawati, Riauli Susilawaty Hutapea (2021) with the title*Analysis of the Implementation of Land and Building Tax Relaxation*in Bandung City andYoganendi (2020) titled*Reformulation of Rural and Urban Land and Building Tax (PBB-P2) as an Effort to Increase Original Regional Income in Ngawi Regency*. The results of this research both show that the implementation of policies related to PBB has not been optimal and needs improvement in various aspects such as:*update* classification of the fair market value of tax objects to correct buying and selling transactions (NJOP*updated*) including imposing strict sanctions on PBBP2 violators. So it is clear that the gap in empirical problems from several regions also shows that PBB problems are still not resolved properly. There are many strategy formulations from each government to overcome this PBB-related problem, but the empirical problem in this research is no less interesting, how does the government anticipate the impact of increasing urban PBB rates to avoid this behavior?*Tax Avoidance (*avoid taxes*)* from the community which will have an impact on decreasing tax revenues. This means that the policy of increasing tax rates which aims to increase PAD from the tax sector actually results in a decrease in tax revenues resulting from public resistance to the policy.

Theoretically, several studies related to UN issues also analyze policy implementation theory, but we know that policy implementation theories vary greatly depending on the research context used. Therefore, theoretically, this research tends to use policy implementation theory from Sabatier & Mazmanian, 1980, where several indicators are very relevant to this research, especially technological aspects related to digital policy, and behavioral aspects related to digital policy.*behaviour approach* where as Herbert Simon said,*“that decision making is at the heart of administration, and that the vocabulary of administrative theory must be derived from the logic and psychology of human choice”*, (Simon, 1997), which will analyze people's behavior in paying taxes.

Normatively, the policy of increasing urban PBB rates is basically not a populist policy, but the government's efforts to increase PAD from the tax sector will be more effective in this way, but in the end the government will face resistance from the community which the government then responds to by issuing a policy stimulus to reduce rejection from society. Palembang Mayor Regulation Number 18 of 2019 concerning PBB Tariff Classification, stipulates that for NJOP under 1 billion, a tariff of 0.125% is imposed, while for NJOP over 1 billion, a tariff of 0.3% is imposed. The public admitted that they were surprised by this increase, they felt that this calculation had not been properly socialized, so this regulation caused polemics.

Based on the problems above, the researcher formulated a research title*Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang.*

# METHOD

**Qualitative method**

The research method uses qualitative research with data collection techniques using in-depth interviews, observation and documentation to analyze the Digital Transformation of the Land and Building Tax Stimulus Provision Policy in Palembang City. Furthermore, data collection techniques use interviews, observation and documentation. The data analysis technique used is interactive model data analysis including data collection, data condensation, data presentation as well as verification and conclusions.

**RESULTS AND DISCUSSION**

**Research result**

Digital Technologies

# Digital transformation is a process implemented by the Palembang City Regional Revenue Agency to integrate digital technology into the regional tax service process. This process fundamentally changes the way the Palembang City Regional Revenue Agency provides value to taxpayers. Meanwhile, the Policy for Providing Land and Building Tax Stimulus in the City of Palembang is a policy issued by the Mayor of Palembang to anticipate an increase in NJOP by providing an automatic reduction in the amount of the increase in tax payable determined in the year in question compared to the tax payable in the year before the increase as an incentive for taxpayers to pay PBB. Urban.

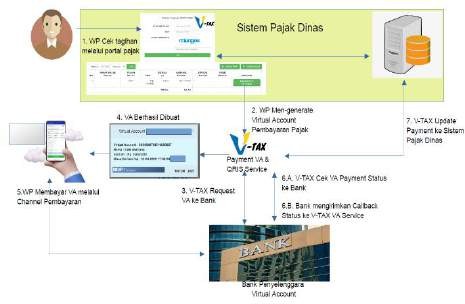
To support the smooth implementation of tasks, it is necessary to support the availability of adequate facilities and infrastructure such as office building facilities, work equipment, mobility facilities, access*online*, and other equipment. The availability of supporting facilities or physical facilities for carrying out the duties of the Palembang City Regional Revenue Agency is absolutely necessary. Apart from supporting the acceleration of regional tax management tasks, this also provides quality services for the community. In this case, the provision of computer equipment in the Digital Transformation Policy for Providing Land and Building Tax Stimulus in the City of Palembang is quite adequate.

*Personal Computers*

The policy actors involved in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang as subjects or implementers are of course the Palembang City Regional Revenue Agency assisted by the service application developer vendor PT. Eternal Star Pearl. Meanwhile, the object or recipient of the policy is the community as PBB Taxpayer. The competencies or qualifications that must be possessed/undertaken by organizations implementing the Digital Transformation Policy for Providing Land and Building Tax Stimulus in the City of Palembang must of course understand the applicable regulatory provisions as a basis for providing policies, understanding of digital technology, communication skills and excellent service attitudes. In this case, the Implementer's ability to operate computer equipment in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang is quite adequate

*Office Software*

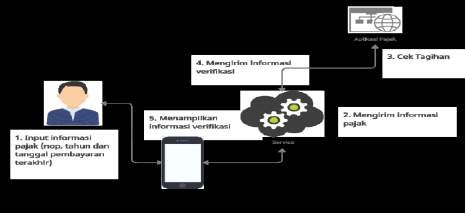
The following is the Tax Payment Flow with a Virtual Account via the V-Tax Tax Application



**Figure 2. Tax Payment Flow with a Virtual Account via the V-Tax Tax Application**

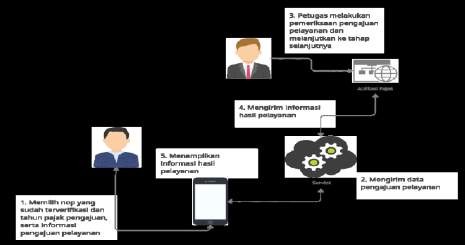
Furthermore, the self-service flow through the V-Tax Tax Application includes:

1. Verification



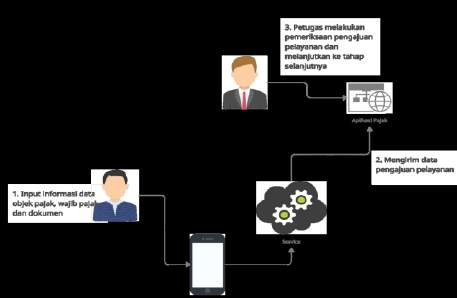
**Figure 3. Verification Flow in the V-Tax Tax Application**

1. Mutation Services



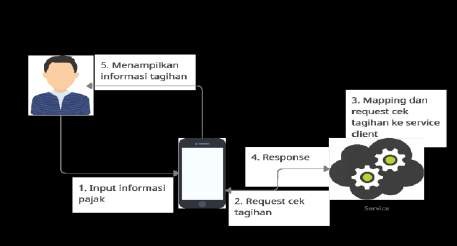
**Figure 4. Mutation Service Flow in the V-Tax Tax Application**

1. New Tax Object Services

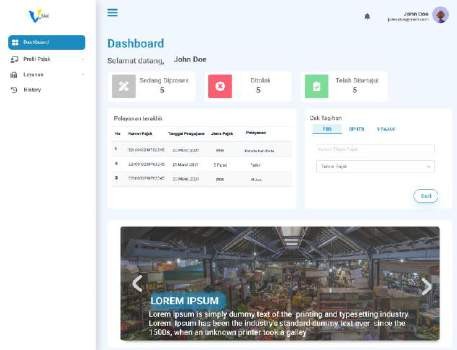


**Figure 5. New Tax Object Service Flow in the V-Tax Tax Application**

1. Check Bill



**Figure 6. Bill Check Flow in the V-Tax Tax Application**



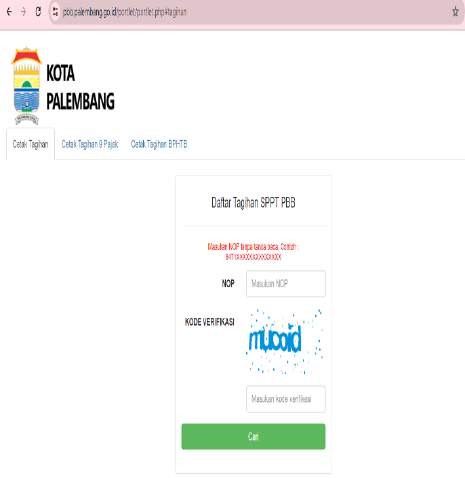
**Figure 7. History and information related to services submitted on the V-Tax Tax Application**

Preparation*Software* (*Office*)and Related applications TaxLand and buildings in the city of Palembang are sufficient, namely:*Virtual Account* via the V-Tax Tax Application, but needs further development. The V-Tax Tax Application is an independent Taxpayer service which includes verification, mutation services, new tax object services and bill checking. This application also allows taxpayers to view history and information related to the services being submitted

*Local Area Networks*

Providing Internet Networks in Digital Transformation The Policy for Providing Land and Building Tax Stimulus in the City of Palembang is sufficient, through collaboration with Internet Network Provider Vendors at the Regional Revenue Agency of Palembang City as well as UPTs within the District and Service Application Developer Vendors for network maintenance and tax payments so that they can be accessed properly

*World Wide Web*



**Figure 8. W*ebsite* related to Land and Building Tax in Palembang City**



**Figure 9. *Utilization of social media to convey information related to the UN in Palembang City***

Preparation*website* in the Digital Transformation Policy for Providing Land and Building Tax Stimulus in the City of Palembang is accommodated in*website* Palembang City Regional Revenue Agency which is managed independently by staff and can be accessed well, via the link https://pbb.palembang.go.id and can be accessed well, apart from that, information related to PBB payments can also be found from social media in the form of Instagram Bapenda City of Palembang"

*Digital Technologies* in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang related to the Provision of Computer equipment and the Implementer's Ability to operate Computer equipment in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang is quite adequate. Provision*Software* (*Office*)and Applications related to Land and Building Tax in Palembang City are quite adequate but need further development. Providing Internet Networks in Digital Transformation The Policy for Providing Land and Building Tax Stimulus in the City of Palembang is sufficient in collaboration with Internet Network Provider Vendors at the Regional Revenue Agency of Palembang City as well as UPTs within the District and Service Application Developer Vendors for network maintenance and tax payments so it can be accessed properly. In this case Provision*website* in the Digital Transformation Policy for Providing Land and Building Tax Stimulus in the City of Palembang is accommodated in*website* Palembang City Regional Revenue Agency which is managed independently by staff and can be accessed well.

The obstacle/problem faced in the Digital Technology Dimension in the Digital Transformation Policy for Providing Land and Building Tax Stimulus in the City of Palembang is the absence of services*self service for* based taxpayer*mobile* or*web* which is digitally integrated online into the regional tax service system, so it still requires taxpayers to come directly to the Regional Revenue Agency of Palembang City and complete the files manually to be input into the service system and verified manually as well. So efforts to overcome these obstacles include: by improving the quality of regional tax services through service applications with Application Developer Vendor PT. Mutiara Bintang Abadi to strive for service*self service* for taxpayers based*mobile* or*web* which is integrated*digital online* on the regional tax service system as well as adequate Human Resources and Infrastructure support.

***Pressure on Government***

*Modernize*

Efforts to modernize the Policy for Providing Land and Building Tax Stimulus in the City of Palembang through innovations in making tax payments easier with additions*channel* payments are not only via Bank Sumsel Babel, but can also be via Bank Jabar Banten, Post Office, Alfamart, Indomaret, Tokopedia, Onpays and Masago, as well as providing easy access to information to check Billing Info and PBB Payment Status via the website as well as preparing a printed PBB SPPT independently.

*Improve Internal Efficiency*

Efforts to increase internal efficiency of the Land and Building Tax Stimulus Provision Policy in Palembang City are carried out by optimizing cooperation in network maintenance and tax payments carried out by the Application Developer Vendor, namely PT. Mutiara Bintang Abadi to continue developing regional tax service applications according to developments in digital technology and meeting the needs of taxpayers

*Increase access to information*

Efforts to increase access to information on the Policy for Providing Land and Building Tax Stimulus in the City of Palembang by continuing to provide outreach to Taxpayers both through the media*online* or print, sub-districts and sub-districts and provide easy access to information to check billing information and PBB payment status via the website as well as strengthening the information system network

*Preserve Public Records*

Efforts to improve the service quality of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang are of course by strengthening professional Human Resources with adequate abilities to use advances in digital technology in providing services to Taxpayers, developing service applications that can provide easy access to Taxpayers, strengthening regulations through (Palembang Mayor Regulations Number 5 of 2020 About Amendments to Palembang Mayor Regulation Number 49 2019 concerning Technical Instructions for Collection Procedures for Urban Land and Building Tax in Palembang City); SOP for regional tax services and the application of strict sanctions for violations committed by Service Officers and Taxpayers

*Build Digital Foundations*

Efforts to build a digital foundation in the Policy for Providing Land and Building Tax Stimulus in the City of Palembang through the PBB Vtax Online Service Application developed by PT. Mutiara Bintang Abadi as Application Developer Vendor as a relay for Land and Building Tax management from the Central Government to Regional Governments to prepare Land and Building Tax data bases, both spatial data and tabular data on tax objects

Pressure on the Government in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang, this is carried out through efforts to modernize the Policy for Providing Land and Building Tax Stimulus in the City of Palembang through innovation in the ease of paying taxes with additional*channel* payments are not only via Bank Sumsel Babel, but can also be via Bank Jabar Banten, Post Office, Alfamart, Indomaret, Tokopedia, Onpays and Masago, as well as providing easy access to information to check Billing Info and PBB Payment Status via the website as well as preparing a printed PBB SPPT independently.

Efforts to increase internal efficiency of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang by optimizing cooperation in network maintenance and tax payments carried out by Application Developer Vendor PT. Mutiara Bintang Abadi to continue developing regional tax service applications according to developments in digital technology and meeting the needs of taxpayers.

Efforts to increase access to information on the Policy for Providing Land and Building Tax Stimulus in the City of Palembang by continuing to provide outreach to Taxpayers either through online or print media, Districts and Villages as well as providing easy access to information to check Billing Info and PBB Payment Status via the website as well as strengthening the system network information.

Efforts to improve the service quality of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang are of course by strengthening professional Human Resources with adequate abilities to use advances in digital technology in providing services to Taxpayers, developing service applications that can provide easy access to Taxpayers, strengthening regulations and SOPs for regional tax services as well as implementing strict sanctions for violations committed by Service Officers and Taxpayers.

Efforts to build a digital foundation in the Policy for Providing Land and Building Tax Stimulus in the City of Palembang through the PBB Service Application*Vtax Online* developed by PT. Mutiara Bintang Abadi as the Application Developer Vendor as a relay for Land and Building Tax management from the Central Government to the Regional Government to prepare the Land and Building Tax data base, both spatial data and tabular data on tax objects.

Constraints/problems faced in Dimensionspressure on the GovernmentIn the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang, there is still a gap in determining PBB NJOP which is not appropriate and there is still data on PBB tax objects that has not been carried out.*updating* according to actual conditions in the field. To overcome obstacles in Dimensionspressure on the Governmentin the Digital Transformation of the Policy for Providing Stimulus for Land and Building Taxes in the City of Palembang, of course through updating PBB Tax Object Data, either passively through submissions from Taxpayers or actively through field verification as well as completing spatial data through mapping tax objects and improving tabular data on tax objects resulting from updating data in the field.

***Digital Institutionaliza tion***

*Paperwork Reduction*

The application of the service simplicity of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang is carried out automatically in the service system without the need to submit it first, making it easier for Taxpayers to directly pay PBB on the designated payment channel with the calculation of the stimulus provided in the PBB SPPT which is submitted to the Taxpayer

*Freedom of Information*

Freedom of information in the Policy for Providing Land and Building Tax Stimulus in the City of Palembang is carried out through the Tax Application*Online* which makes it easier for Taxpayers to access Payment Data Information

*Universal access/broadband*

Universal access in the Policy for Providing Land and Building Tax Stimulus in the City of Palembang has been carried out by providing digital services that are easily accessible to Taxpayers to obtain local tax services

*National Cyber Infrastructure*

Efforts to build national cyber infrastructure in the Policy for Providing Land and Building Tax Stimulus in Palembang City are carried out in collaboration with the Palembang City Communication and Information Service as*leading sector* digitalization of government to improve regional tax services to taxpayers by adapting to technological advances

*Information Society/Economy*

Table 1. PBB Revenue Realization in 2022

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No | Description | Target (Rp) | Realization | % |
| *1* | Land and  Building Tax (PBB) | *264.000.000.000* | *67.583.392.932* | *25,60* |
| *2* | Land and Building Rights Acquisition Fee (BPHTB) | *245.000.000.000* | *78.503. 573.952* | *32,04* |

*Source: 2022 Bapenda Coordination Meeting Report*

Efforts to create a corruption-free zone in the Land and Building Tax Stimulus Provision Policy in the City of Palembang must of course begin with the commitment of the leadership and staff to carry out their duties and responsibilities in accordance with the provisions of the applicable laws and regulations.

Digital Institutionalization in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang, carried out through the application of the service simplication. The Policy for Providing Land and Building Tax Stimulus in the City of Palembang is carried out automatically in the service system without the need to submit it first, making it easier for Taxpayers to pay PBB directly on the channel The payment designated by calculating the stimulus provision is stated in the PBB SPPT which is submitted to the Taxpayer.

Striving for freedom of information in the Policy for Providing Land and Building Tax Stimulus in the City of Palembang through the Tax Application*Online* which makes it easier for taxpayers to access payment data information. Efforts to create universal access in the Policy for Providing Land and Building Tax Stimulus in the City of Palembang by providing digital services that are easily accessible to Taxpayers to obtain local tax services. Efforts to build national cyber infrastructure in the Policy for Providing Land and Building Tax Stimulus in the City of Palembang are of course in collaboration with the Palembang City Communication and Informatics Service as*leading sector* digitalization of government to improve regional tax services to taxpayers with technological advances. Efforts to create a corruption-free zone in the Policy for Providing Land and Building Tax Stimulus in the City of Palembang must of course begin with the commitment of the leadership and staff to carry out their duties and responsibilities in accordance with the provisions of the applicable laws and regulations.

However, there are obstacles faced in Dimension*Digital Institusionalization* in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang, the determination of the PBB NJOP carried out by the Palembang City Revenue Agency is still not appropriate and the PBB tax object data has not been updated according to actual conditions in the field, efforts to overcome these obstacles is by updating PBB Tax Object Data periodically and continuously together with the UPT, District and Village.

**Supporting and Inhibiting FactorsinDigital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang**

Fsupporting factorsDigital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang, including:

1. The demand for financing regional expenditure continues to increase so it must be balanced with adequate regional original income receipts
2. There is an adjustment to the 2019 Palembang City Urban PBB NJOP whose value is quite close to market prices
3. Service Application Developer Vendor Support PT. Eternal Star Pearl.
4. Commitment from the leadership and staff as well as support from relevant stakeholders to anticipate problems that occur in the field
5. Availability of Human Resources and Facilities and Infrastructure for Regional Tax Services.

Inhibiting factorsDigital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang, including:

1. There are still gaps and differences in PBB NJOP provisions due to tax object data not being in accordance with actual conditions in the field.
2. There is still resistance from Taxpayers towards the Increase in BB Payments as a result of the PBB NJOP Adjustment.
3. There is still a lack of efforts to monitor and audit regional taxes, especially in calculating, paying and reporting regional taxes correctly.
4. There is a lack of socialization and information about paying regional taxes, so there are still many people who do not understand the rules, requirements and ease of paying regional taxes.
5. The Corona Virus Disease 19 (Covid-19) pandemic is an extraordinary non-natural disaster in the global order

**Discussion of Research Results**

**Analysis of*Digital Technologies* in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang**

In the theoretical basis and framework of thought, it is explained that the first subject of discussion is the application of digital technology in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang, which is analyzed through 5 (five) indicators, namely: 1) *Mainframe Computers*; 2) *Personal Computers*; 3) *Office Software*, 4) *Local Area Networks* and 5)*World Wide Web*

Based on the results of the description and data analysis, it is known that*Digital Technologies* in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang related to the Provision of Computer equipment and the Implementer's Ability to operate Computer equipment in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang is quite adequate. Provision*Software* (*Office*)and Applications related to Land and Building Tax in Palembang City are quite adequate but need further development. Providing Internet Networks in Digital Transformation The Policy for Providing Land and Building Tax Stimulus in the City of Palembang is sufficient in collaboration with Internet Network Provider Vendors at the Regional Revenue Agency of Palembang City as well as UPTs within the District and Service Application Developer Vendors for network maintenance and tax payments so it can be accessed properly. In this case Provision*website* in the Digital Transformation Policy for Providing Land and Building Tax Stimulus in the City of Palembang is accommodated in*website* Palembang City Regional Revenue Agency which is managed independently by staff and can be accessed well.

The obstacle/problem faced in the Digital Technology Dimension in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang is that there is noservice*self service for* based taxpayer*mobile* or*web* which is digitally integrated online into the regional tax service system, so thatstill requires taxpayers to come directly to the Regional Revenue Agency of Palembang City and complete the files manually to be input into the service system and verified manually as well. So efforts to overcome these obstacles include: by improving the quality of regional tax services through service applications with Application Developer Vendor PT. Eternal Star Pearls to strive for existenceservice*self service* for taxpayers based*mobile* or*web* which is integrated*digital online* on the regional tax service system as well as adequate Human Resources and Infrastructure support.

**Analysis of*Pressure on Government* in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang**

In the theoretical basis and framework of thought, it is explained that the first subject of discussion is the pressure on the Government in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang, which is analyzed through 5 (five) indicators, namely: 1) *Modernize*, 2) *Improve Internal Efficiency*, 3) *Increase access to information*, 4) *Preserve Public Records* and 5) *Build Digital Foundations*

Based on the results of the description and data analysis, it is known that*Pressure on Government*in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang, this is carried out through efforts to modernize the Policy for Providing Land and Building Tax Stimulus in the City of Palembang through innovation in the ease of paying taxes with additional*channel* payments are not only via Bank Sumsel Babel, but can also be via Bank Jabar Banten, Post Office, Alfamart, Indomaret, Tokopedia, Onpays and Masago, as well as providing easy access to information to check Billing Info and PBB Payment Status via the website as well as preparing a printed PBB SPPT independently.

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Efforts to increase access to information on the Policy for Providing Land and Building Tax Stimulus in the City of Palembang by continuing to provide outreach to Taxpayers either through online or print media, Districts and Villages as well as providing easy access to information to check Billing Info and PBB Payment Status via the website as well as strengthening the system network information.

Efforts to improve the service quality of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang are of course by strengthening professional Human Resources with adequate abilities to use advances in digital technology in providing services to Taxpayers, developing service applications that can provide easy access to Taxpayers, strengthening regulations and SOPs for regional tax services as well as implementing strict sanctions for violations committed by Service Officers and Taxpayers.

Efforts to build a digital foundation in the Policy for Providing Land and Building Tax Stimulus in the City of Palembang through the PBB Service Application*Vtax Online* developed by PT. Mutiara Bintang Abadi as the Application Developer Vendor as a relay for Land and Building Tax management from the Central Government to the Regional Government to prepare the Land and Building Tax data base, both spatial data and tabular data on tax objects.

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**Analysis of*Digital Institutionalization* in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang**

In the theoretical basis and framework of thought, it is explained that the first subject of discussion is digital institutionalization in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang, which is analyzed through 5 (five) indicators, namely: 1)*Paperwork Reduction*, 2) *Freedom of Information*, 3) *Universal access/broadband*, 4) *National Cyber Infrastructure* and 5)*Information Society/Economy*

Based on the results of the description and data analysis, it is known thatDigital Institutionalization in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang, carried out through the application of the service simplication. The Policy for Providing Land and Building Tax Stimulus in the City of Palembang is carried out automatically in the service system without the need to submit it first, making it easier for Taxpayers to pay PBB directly on the channel The payment designated by calculating the stimulus provision is stated in the PBB SPPT which is submitted to the Taxpayer.

Striving for freedom of information in the Policy for Providing Land and Building Tax Stimulus in the City of Palembang through the Tax Application*Online* which makes it easier for taxpayers to access payment data information. Efforts to create universal access in the Policy for Providing Land and Building Tax Stimulus in the City of Palembang by providing digital services that are easily accessible to Taxpayers to obtain local tax services. Efforts to build national cyber infrastructure in the Policy for Providing Land and Building Tax Stimulus in the City of Palembang are of course in collaboration with the Palembang City Communication and Informatics Service as*leading sector* digitalization of government to improve regional tax services to taxpayers with technological advances. Efforts to create a corruption-free zone in the Policy for Providing Land and Building Tax Stimulus in the City of Palembang must of course begin with the commitment of the leadership and staff to carry out their duties and responsibilities in accordance with the provisions of the applicable laws and regulations.

However, there are obstacles faced in Dimension*Digital Institusionalization* in the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang, the determination of the PBB NJOP carried out by the Palembang City Revenue Agency is still not appropriate and the PBB tax object data has not been updated according to actual conditions in the field, efforts to overcome these obstacles is by updating PBB Tax Object Data periodically and continuously together with the UPT, District and Village.

# CONCLUSION

The research results show that the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang has been implemented although it is still experiencing obstacles. Based on the Digital Technologies dimension, the Socialization of the Policy for Providing PBB Stimulus in Palembang City has minimal access to information on websites and social media, so the level of public compliance in paying taxes is still low. Based on the Pressure on Government dimension, the Policy for Providing Land and Building Tax Stimulus is no longer provided to the PBB which was published on July 1 2019, as well as minimal accommodation regarding demands for the amount of stimulus provided. Based on Digital Institutionalization, there is minimal competency for Tax Officers (UPT) in applying technology, including providing explanations about tax calculations and NJOP increases.

Factors that support the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang: The demand for financing regional expenditure continues to increase so it must be balanced with adequate local revenue receipts. There are adjustments to the 2019 Palembang City Urban PBB NJOP whose value is quite close to market prices, Support from Service Application Developer Vendors, Commitment from leadership and staff as well as support from relevant stakeholders to anticipate problems that occur in the field as well as the Availability of Human Resources and Regional Tax Service Facilities and Infrastructure . Factors that hinder the Digital Transformation of the Policy for Providing Land and Building Tax Stimulus in the City of Palembang: There are still gaps and differences in the PBB NJOP provisions due to tax object data not being in accordance with actual conditions in the field, There is still resistance from Taxpayers towards the Increase in BB Payments as a result of the PBB NJOP Adjustment. There is still a lack of efforts to monitor and audit regional taxes, especially in calculating, paying and reporting regional taxes correctly, lack of socialization and information about paying regional taxes so that there are still many people who do not understand the rules, requirements and ease of paying regional taxes, and the pandemic Coronavirus Disease 19 (Covid-19) is an extraordinary non-natural disaster in the global order.

Efforts made to overcome obstacles in the Digital Transformation Policy for Providing Land and Building Tax Stimulus in the City of Palembang include:

1. Socialization and education related to the policies provided
2. Monitoring in the development of digitalized service applications
3. Prepare policy regulations as a legal basis.
4. Providing data updating teams in several sub-districts to carry out field verification and validation
5. Optimization of PBB fines of 2% every month after a maximum maturity of 24 months, Active collection of receivables by UPT officers after a maximum maturity of 3 times and
6. Coordinate with relevant stakeholders in providing information
7. The Kejari collaboration issued a SKK (Special Brush Letter) for PBB collection for a nominal value of 100 million. So it is hoped that the Policy for Providing Land and Building Tax Stimulus in the City of Palembang can be implemented optimally.

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