Technology Constraints in Online Tax Payment: Case of Surabaya City

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ARTICLE INFORMATION   ABSTRACT

This study aims to explore in depth the application of the online system of payment of land and building tax (PBB). The research location is in a government office, the Surabaya City Financial and Tax Management Board (BPKPD). This study uses a qualitative method. Interviews were conducted with the intended informants, namely the Surabaya City BPKPD as the tax authorities, and also the citizen as Taxpayers (WP). Miles Huberman's approach is used to analyze data. Stages of research include data collection, then reduced, presented and verified, so as to obtain valid conclusions. Informants are chosen based on the information needs needed by researchers. It can be concluded that the web display of online tax payment services is considered attractive and able to optimize public services. Online service brainware factor namely Human Resources (HR) plays an important role in realizing online services. The hardware factor in the online system is quite good using a good computer, but the internet connection is complained about being slow. Online tax payments that can be done through ATMs and m-banking at three banks in collaboration with the Surabaya City BPKPD are still complained of being convoluted by taxpayers. Fear of making payments online makes taxpayers still pay cash at the teller. The changing of service systems from offline to online requires time for the community to adapt.

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INTRODUCTION

The development of the technologies are currently increasing rapidly in the digital direction. With the science of information and communication technology as well, humans today can do things that have never been imagined (Efendi, 2014). The digital era is a consequence. Technology will move in the middle of human life. So there is no other choice besides mastering and control technology correctly and adequately in order to provide maximum benefits. As a developing country, digital technology can drive various advances in Indonesia. From the infrastructure and laws governing activities with the internet, Indonesia is ready to live in the digital age. Indonesia's readiness in internet connections is now getting better with the 4G era with Electronic Information and Transactions. Indonesian citizens are generally enthusiastic about adopting digital life, triggered by internet penetration and the use of smartphones that continue to increase every year (Gemiharto, 2015).

Public service is a measure of the success of implementation tasks and measurement government performance through the bureaucracy. Public service as a prime mover is considered necessary for all actors from the element of good governance. Three crucial reasons are underlying that public service reforms can encourage good governance practices in Indonesia. First, improving the performance of public services is considered necessary by stakeholders, that is the government, citizens, and the business sector. Secondly, public service is the domain of the three elements of governance in a very intensive interaction. Third, the points that have characterized the practice of good governance are defined more easily and clearly through public services. The phenomenon of public service by the government bureaucracy is full of problems, for example, service procedures that tend to be complicated, the uncertainty of time and price that cause services to be doubted by the public (Kurniawan, 2017). The Government in Indonesia realizes good governance by initiating E-Government in order to improve the quality of public services, as well as making it easier for people to find information through electronic digital media that they have so that Government can compete in the Digital Era.

Regional Work Units in Indonesia have started to make a Web-accessible to the public to help obtain and access information, not only that

the public can also manage files through an online system provided by the government. Land and Building Tax Payment is also the same. Currently, the payment of Land and Building Tax can be through an online service system, so that it is easier to manage files for Land and Building Tax payments. Tax collection is not an easy job, aside from the active participation of tax officials, as well as the willingness of taxpayers. One of the elements that can be emphasized by officials in raising awareness of paying taxes is to socialize tax regulations, both through counselling, moral appeal both with media billboards, and open a tax regulation site that is accessible to taxpayers at any time. Tax awareness in Indonesia is still low and needs to be increased through more structured education so that they understand the functions and uses of tax in society and the benefits for themselves. Tax awareness followed by a sense of interest in paying taxes and finally gave birth to a disciplined attitude in paying taxes with an awareness of paying taxes. Awareness of paying taxes is higher than tax compliance. Awareness of paying taxes based on an understanding of the uses and benefits of taxes for the community and themselves (Ratnasari *et al*., 2014)

Table 1. Realization of Surabaya Land and Building Tax Revenue

Year	Realization of Surabaya Land and Building Tax Revenue
2011	498.640.108.489
2012	572.292.265.076
2013	606.061.761.816
2014	683.255.105.037
2015	834.028.175.318
2016	851.202.583.297
2017	1.002.264.901.556

Source: http://bpkpd.surabaya.go.id//

Based on Table 1 each year, the income from the Land and Building Tax in Surabaya City increases. It is inseparable from the hard work to improve the quality of services to the community, such as facilitating the community with payment through ATMs. However, the weakness of human resources is an obstacle that must be faced by the Government.

The implementation of e government has five obstacles (Novita, 2014), namely:

1. Processes-People related issues (eg Mission related issues such as vision, goal and strategy

aspects, Human capital development, Coordination, Involvement, Adjustments and streamlining of processes, Organizational structure, Job responsibilities and Power distribution, Rules and regulations, Bureaucracy, Policies, Privacy, Information management)

2. People-Technology issues (e.g. employee skills and training)
3. Process-Technology issues (e.g. enterprise architecture issues)
4. Organizational Adaptability issues (e.g. change management, participation, organizational learning)
5. Technology related issues (e.g. data interoperability and integration of technical systems, data security).

This research focuses on points two, three and five. First, related to the issue of system user competence, technological processes and technical issues. These three issues become the main part in forming a computer system because it is related to brainware, software and hardware. This study takes the case of the innovation of Indonesian government services, especially the city government of Surabaya. The city government of Surabaya took the initiative in facilitating the payment of local taxes, namely land and building taxes through an online tax payment system.

LITERATURE REVIEW

The definition of e-government, according to the Indonesia Ministry of Communication and Information is a public service that is carried out through a government website where the domain used by government agencies must indicate the government domain namely go.id. According to Purwaningdyah (1994: 1-41), the Land and Building Tax is an objective tax, meaning that the amount of the tax determined by the state of the object, namely the earth (land) and building. The conditions and circumstances of the tax subject do not participate in determining the amount of tax payable.

According to Law No. 25 of 2009, public services are activities or series in the framework of meeting service needs following statutory regulations for every citizen and resident of goods, services, and administrative services provided by public organizers. Meanwhile, the term public comes from public English, which means general, community, country. The word public has been

accepted as standard Indonesian to be public, which means general, multitude, crowded. The exact equivalent of the word used is Praja which means the people so that the term civil service was born, which means a government that serves the interests of all people. According to (Syafri, 2012) in the book Study of Public Administration, the term New Public Management was initially introduced by Christopher Hood in 1991 as a modern management approach that emerged in Europe in the late 1980s or early 1990s as a reaction to public administration (country) which is traditionally considered inefficient, unproductive, less innovative. The focus of NPM's attention is on the implementation of decentralization, devolution, and modernization of public services. Other terms NPM used are 'managerialism' (Meyer & Hammerschmid, 2006), 'market-based public administration' (Shareef *et al.*, 2013), 'post-bureaucratic paradigm' (Denning, 2019) or 'entrepreneurial government' (Harris & Harris, 2012), but what often used is the New Public Management. In general, NPM saw as an approach in public administration that applies knowledge and experience in the world of business management to improve the efficiency, effectiveness and performance of public services in the modern bureaucracy. NPM is also a public management theory that adopts private management practices that are considered better, more efficient, and more productive. NPM also focuses heavily on market mechanisms in directing public programs.

For business-oriented government organizations (looking for-profit) such as financial institutions, State-Owned Enterprises, Regional-Owned Enterprises, the country's strategic industries, administrative practices and public policies would be more suitable to use the NPM paradigm. While institutions oriented to public services in realizing justice and social welfare such as health, education, public services, social services/institutions, will be more suitable to use the NPS or governance approach (Review, 2013).

METHOD

This type of research used by researchers is a type of descriptive research using a qualitative approach that is the data and facts collected then described in the form of words or images, to provide an explanation and in-depth understanding so that it makes it easy to get objective results about implementing an online tax payment service. Based

on the problems that have formulated, the focus of research determined by researchers in this study is:

1. Display software in the form of a web used in Land and Buildings Tax online services
2. The influence of the brain factor producer with the implementation of the Land and Buildings Tax online system
3. Hardware to support Land and Buildings Tax online services

The research location chosen was Surabaya City, East Java. The city of Surabaya was chosen as the location of this research, because the city of Surabaya has carried out the transfer of Land and Building Tax since 2011, and Surabaya is the city that first carried out the transfer of Land and Building Tax since the enactment of Law Number 28 of 2009 concerning Regional Taxes and Regional Retribution.

This research uses primary and secondary data. The initial informants of this study were employees Land and Building Tax of the Surabaya City, then in getting data based on snowball sampling it means that it can develop according to the data needed or in other words, it is possible to meet new informants more specifically. Whereas secondary data obtained from literature books, laws, personal records, documents, statistical data or archives from the Surabaya Land and Building Tax Office, and compilation of data and several research reports, as well as notes relevant to the object of research that provided information in the research done. Data collection methods used by researchers in this study were interviews and documentation.

A research instrument is a tool used by researchers in collecting data. (Guba & Lincoln, 1994) explain that humans as data collection instruments provide benefits, where they can be flexible and adaptive and can use all their senses to understand something. So that in this study, researchers as research instruments must have advantage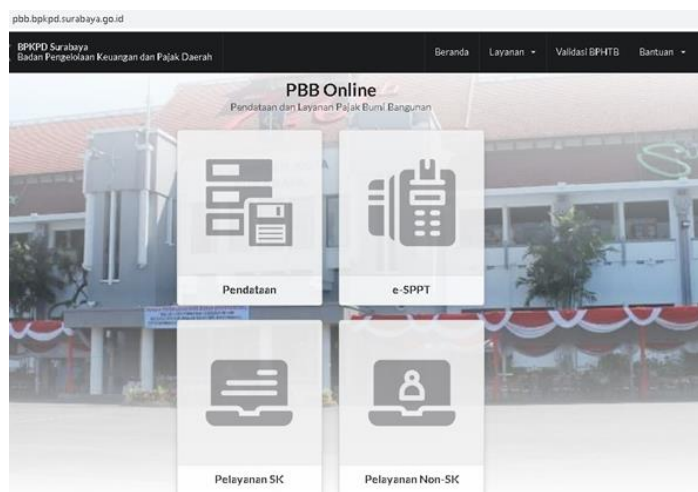s in research procedures, research ethics, personality, intellect, and ways to communicate well in conducting research. Furthermore, to help researchers during the research activities used several supporting instruments, among others: Interview Guide, Field Note and Recorder. This study uses qualitative data analysis techniques in the interactive Miles and Huberman Model field. The analysis consists of three activities that coincide: data reduction, data presentation, concluding/verification (Miles & Huberman, 1994).

RESULT AND DISCUSSION

There are three very popular dimensions related to computerization, namely hardware, brainware and software. Hardware is a component of a computer system in the form of electronic devices which builds a computer. Brainware related with computer users. These are key element in a computer system in order to function and be useful. Brainware is responsible for running, monitoring and managing computer systems. Therefore the users need ICT literacy in terms of technical, social, norms and law. Software is a component of a computer system in the form of an application or program that is embedded in hardware and functions as an intermediary / interface between hardware and brainware.

Software issues on tax payment online

Online service system for Land and Building Taxes, is a transfer from the Central Government to Local Governments, where services previously had a Tax Object Information Management System. Delegation is needed to support the administration of land and building tax continues to run well. To access the online web service system Land and Building Tax there are two ways, we can directly go to the website of Land and Building Tax services http://pbb.bpkpd.surabaya.go.id/ and can through the website http://bpkpd.surabaya.go.id/ then click "PBB" and select "Layanan PBB", then it will go directly to http://pbb.bpkpd.surabaya.go.id/

Figure 1. Web homepage BPKPD

There are four main windows on the online website for building land tax payments in Surabaya, namely "pendataan", e-SPPT, "pelayanan SK" and "pelayanan Non-SK". Data collection is related to the registration of initial taxpayer registration. E-SPPT related to printing tax payable. "Pelayanan SK" related to the addition of new tax objects. "Pelayanan Non-SK" related to administrative services that are not related to the number of tax bills. "Pendataan" is data collection for the registration of New Tax Objects, for Subject Movements and Tax Objects. Stakeholders who want to register New Tax Objects must ensure that they understand and know the data regarding the Tax Object to be registered. Registration of New Tax Objects submitted through the online system will later await validation from the centre, that is Land and Buildings Tax Surabaya City Office. Submitting a request for registration of a New Tax Object that has been validated by the central government, then the person concerned as the applicant will be contacted by the head office of the Data Collection and Stipulation Department to notify when the survey conducted. Decision Letter from the results of the New Tax Object must take at the Land and Buildings Tax Surabaya City Office. The mutation of the subject and tax object fills in the data collection form provided at the form table, which includes the Tax Object registration form.

In addition to "Pendataan", there is a service to print "e-SPPT", which is to print the Tax Return Forms independently. Stakeholders can click on "e-SPPT" to see the tax payable in question for that year, for example, currently, in 2019, the tax return that is displayed is 2019.

"*Land and building tax reductions can already be done online for retired civil servants, soldiers and police*" (B)

"*If for the reduction of land and building tax for retired civil servants, the army and police can already be online with the condition that they have submitted the required documents manually to the Surabaya city land and building tax office,*" (C)

"*You can, the submission of pension tax and building tax reductions can be online*" (D)

The researcher tries to prove whether or not the statement is true, the researcher tries to make a submission reduction for retired civil servants, and when they click, continues appears the phrase "Error when retrieving data. Object reference not set to an instance of an object".

"for the nominal reduction in the tax return owed indeed can not be online either publicly or for retired civil servants, military and police, in 2019 we have just registered so that retired civil servants, soldiers and police in the future can be online Land and Building Tax reduction services, for that In 2019, retired civil servants, soldiers and police who want to get reductions must submit their manual data to the central and branch office tax services"

"Pelayanan Non-SK" or non-statement letter is a service for land and building tax which results are not in the form of the decree, such as

legalization, copy of tax payable, certificate of the sale value of tax object, certificate of payment in full. In the non-statement letter services, the file submitted by the Land and Building Taxpayer will be processed directly by the validator, and the Taxpayer can immediately get the results in the fastest time of five minutes. Of course, the processed application is one that meets the requirements requested on the webpage. Submitting an application for legalize tax returns payable the taxpayer concerned must pay all arrears including in the current year, and not applying for other documents, for example, such as filing a reduction, if the taxpayer concerned has not paid all arrears or is making other applications, "Legalisir SPPT" cannot be done. In addition to "Legalisir SPPT" there is an option "Salinan SPPT" copy of Notification Letter of Tax Payable, if the Taxpayer requires a tax notice owed for the previous year's Land and Building Tax, the Taxpayer does not need to come to the Central or Branch Surabaya City Land and Building Tax Office. The Applicant can check the final status of the application by entering the service number that has obtained, after that if the application status is "Ready to Print" then the Taxpayer or Applicant can directly print it.

An online service system for handling applications for land and building tax is still under development. The online service system http://pbb.bpkpd.surabaya.go.id/ is currently only able to serve the Registration of New Tax Objects, and Non-Decree Services, also, it must still be done manually. Manual or offline service is done by coming to the Head Office or Branch of the Surabaya City Land and Building Tax Service. The target of online services for reducing tax bills for Pajka Bumi and Building Payables for veterans and retired civil servants, army and police have not been realized because at present it is still in the registration stage for retirees.

Brainware issues on tax payment online

"We design and create our own web, until now we will continue to develop it" (R)

One of the speakers gave an explanation that the web used to conduct online services for Land and Building Taxes was made internally by IT employees, designed and tested in 2017 until now still under development.

"Our service officers are required to master online services, especially for Land and Building Tax, so that if there are any obstacles from the Taxpayer service employees can already handle the problem" (E)

For Local Tax services, many service counters can help taxpayers related to the tax management they will do. With the enactment of the online system of course the community needs adaptation to the new system, need guidance and socialization from the officers. In addition to serving, the ticket window clerk also guides taxpayers to perform their services independently by utilizing the independent counters in the office, so that in the future taxpayers can perform their own services from home by relying on an internet connection.

"Socialization from here. Secondly, when a car goes around, that car means that we go door to door to the neighbourhood to the RT or to the Balai RW that is the name of a moving car, we approach residents. The third at the Branch Office" (E)

The socialization that was carried out to introduce the online system to the public was through word of mouth, with brochures, from news on the internet and also from counseling officers when taxpayers came to the office. Cultural transition from a manual to an online system is certainly not easy, many people still hesitate to use the online system, both the web or online payment. Based on figure 1, there can be seen 4 points of online service, but in reality not all points can be used, although existing employees claim that the web can already be operated normally with complete file requirements, but when further research is carried out, the statement incorrect, for example they claim that the service for reducing land and building tax bills for retirees can be done online, in fact the case cannot be done online.

Hardware issues on tax payment online

"For internet connection, we join the office of communication and information; the connection is rather slow. Yes, because we participated in communication and communication, so it was limited, slow" (A)

The existence of this online service system is the development and simplification of the application procedure management system related to Land and Building Tax from a manual system that tends to be complicated to become an online system that is more effective and efficient in terms of service. The IT Team of the Land and Building Tax Service Office especially those who maintain and develop the web continues to work so that later it can be used optimally, where services can be done online without taxpayers needing to come to the Head Office and the Branch of Land and Building Tax Services. To support better service performance, in addition to software that continuously developed, it supports adequate hardware such as computers. The development of infrastructure concerns the provision of services that are safer, more convenient, fast, accurate, secure and reliable.

> "*If the communication and information office has a connection problem, we are also affected, automatically the service must be delayed*" (A)

The internet connection provided comes from the communications and information office; if there are problems such as an unconnected connection, the Land and Building Tax service must wait until the connection reestablished. Computers that can be used by taxpayers to access online land and building tax services independently. The owned internet connection can be said to be not too slow; it can still be said to be sufficiently adequate to perform public services.

The occurrence of web errors and server errors make online services stop, and taxpayers whose interests are related to land and building tax must also delay the processing of the file. The occurrence of server errors on the web http://pbb.bpkpd.surabaya.go.id/ resulted in delays in online services, the trouble that occurred applies to all online services of Land and Building Tax in the City of Surabaya.

> "*Own hardware, computers and every employee in the office has a computer on their desk*" (A)

The land and building tax self-assessment system is a semi-self-assessment system because in determining the amount of tax collection, the authority contained in the Taxpayer and Fiscus, in this case, the Surabaya City Land and Building Tax Service Office. The implementation of online public services by the Government must fit in with the provision of hardware such as electronic devices and internet devices. Based on the informant's information, the procurement of computer facilities for employees to support the online services of the Land and Building Tax is sufficient, computers are almost at every desk, only for the internet is still limited because of the existing internet facilities obtained from the centre, so the connection is slow. Server errors can occur and hamper land and building tax services because employee access to the web cannot be connected. Computer facilities also are given to Land and Building Taxpayers in the form of a self-service computer that can be used to print "e-SPPT" or online Tax Returns as well as "Non-SK services". Independent computer counters can function properly, the internet connection is not too slow, it is still good enough for public services, and the existence of independent counters can also train self-assessment of taxpayers.

> "*Prefer to pay manually to come to the counter, because if you are scared online, proof of payment is a receipt whose writing is easily lost*" (D)

Online payment systems have indeed socialized. Land and Building Taxpayers are still reluctant to make online payments because they feel that manual payments are safer, as evidenced by evidence of payment of the Land and Building Tax bill. Taxpayers still assume that the online payment system is complicated and deemed insecure, Taxpayers are afraid if they have paid Bumu and Building Taxes but have not received proof of payment and will bill back later.

CONCLUSION

Based on qualitative research techniques of observation, interviews and documentation conducted at the Surabaya Land and Building Tax Service Office. The conclusion is as follows:

1. The web display managed by the Surabaya City Land and Building Tax Service Office, namely http://bpkpd.surabaya.go.id/ and http://pbb.bpkpd.surabaya.go.id/ can be said to be exciting and looks that the Surabaya City Land and Building Tax Office focused on

optimizing public services. Overall, the web http://pbb.bpkpd.surabaya.go.id/ can thoroughly carry out online, namely registration of New Tax Objects, whereas for "e-SPPT" it can be accessed to find out the tax and tax receipts owed on the Land and Building Tax on That year, the Decree service cannot be online, and the Non Decree service can all used online. Services that are not yet online are done manually through service counters.

2. The implementation of online public services by the Government must fit in with the provision of hardware such as electronic devices and internet devices. Based on the informant's information, the procurement of computer facilities for employees to support the online services of the Land and Building Tax is sufficient, computers are almost at every desk, only for the internet is still limited because of the existing internet facilities obtained from the centre, so the connection is slow. Server errors can occur and hamper land and building tax services because employee access to the web cannot be connected. Computer facilities also are given to Land and Building Taxpayers in the form of a self-service computer that can be used to print "e-SPPT" or online Tax Returns as well as "Non-SK services". Independent computer counters can function properly, the internet connection is not too slow, it is still good enough for public services, and the existence of independent counters can also train self-assessment of taxpayers

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