

# Swallow's Nest Tax Collection (Study on the Implementation of Swallow's Nest Tax Collection Policy Based on Regional Regulation No.1 / 2011 in North Sangatta District East Kutai Regency)

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## ABSTRACT

Swallow's nests have received considerable attention from the local government and from the surrounding community. The high economic value of the swallow's nest business causes many people or entities to be interested in doing this business. Where from this type of business, entrepreneurs can receive very high profits. However, the high economic value of the swallow's nest business has not been able to have a maximum positive impact on local income. This study aims to describe and analyze how the implementation of the swallow's nest tax collection policy based on Regional Regulation No. 1 of 2011 in North Sangatta District, East Kutai Regency, along with what factors encourage and hinder the implementation of the tax collection policy. Through a descriptive-qualitative approach, this study succeeded in concluding that implementation of swallow's nest tax collection policy based on Regional Regulation No.1 of 2011 in North Sangatta District East Kutai Regency seen from the aspects of communication, resources, disposition, and the bureaucratic structure is good but still not optimal and running smoothly. The failure to implement the policy is due to, among others not yet have sufficiency in terms of the number and quality of human resources / policy implementers; providing incentives for implementers is not sufficient; lack of support from the tax object community; and the ineffective cooperation with law enforcement officials in applying strict sanctions against tax fraudsters.

**Keywords:** Local Taxes, Swallow's Nest Business, Policy Implementation.

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## 1. INTRODUCTION

In implementing this broad, real and responsible regional autonomy, the East Kutai Regency government has issued a number of public policies in the form of Regional Regulations and their derivative regulations; one of which is the Regional Regulation of East Kutai Regency Number 1 of 2011 concerning Regional Taxes. The Regional Regulation also regulates taxes on activities for taking and / or exploiting swallow nests. This Regional Regulation basically seeks to regulate people's lives in order to achieve order and prosperity, besides that it also aims to extract or increase local revenue. 2 Regional financial policies have been implemented by increasing the capacity of regional government financing, especially those originating from taxes and levies. With the increase in regional revenues, in addition to improving the regional financing structure, it will also reduce the role of sources of financing, either from the central government or loans from abroad. To further increase independence in financing activities in the regions, income from taxes will continue to be increased through efforts to streamline the collection of each tax and levy by considering the potential that should be achieved (Saerang, 2017). Building a home swallow nest business is not easy, apart from having to really understand how to bring in birds, caring for

nests until the harvest stage, home swallow bird nests must also get permission from the local government. For the initial permit, at least there must be a building permit (IMB) accompanied by other permits such as from the Tax Office or the Regional Revenue Service. If we look, in several corners of the sub-district, there are many buildings of swallow nest business houses (Nanang, 2016). The East Kutai Regency government admits that it is difficult to collect taxes on swallow's nests, which are estimated to be worth billions of rupiah. The Secretary of the Regional Revenue Agency (Bapenda) said that until now, an accurate detection system for sales activities carried out by swallow entrepreneurs is not yet available. Swallow's nest tax is currently being collected based on the time of the transaction and the amount of the transaction. These two things are the key for Bapenda to determine the tax payable. According to him, so far the swallow business is considered to be less transparent. At each transaction, most of them do not report and deposit the tax to Bapenda. Based on Bapenda data, there are hundreds of swallow nest businesses in East Kutai Regency.(DDTCNews, 06 September 2019). The aforementioned problems have encouraged researchers to conduct a study with the title: "Swallow's Nest Tax Collection (Study on the Implementation of Swallow's Nest Tax Collection Policy Based on Regional Regulation No. 1 of 2011 in North Sangatta District. East Kutai Regency). " This research is located in the area of Sangatta Utara District, East Kutai Regency, East Kalimantan Province. The choice of North Sangatta Subdistrict as the location of this research is based on the following considerations: that this sub-district is one of the areas with the largest number of swallow nest businesses in East Kutai Regency, this district is considered to have great potential in contributing to swallow's nest tax in East Kutai Regency and Sangatta District. Utara is the center of government, trade and business in East Kutai Regency. Based on the description above, the formulation of the problems in this study are: (1) how is the implementation of the swallow's nest tax collection policy based on Regional Regulation Number 1 of 2011 in North Sangatta District East Kutai Regency in 2020? (2) What is the factors that encourage and hinder implementation of swallow's nest tax collection policy based on Regional Regulation No.1 of 2011 in North Sangatta District East Kutai Regency in 2020?

## **2. LITERATURE REVIEW**

### **2.1. Theory of Public Policy Implementation George C. Edward III**

Public policy is a decision intended to solve problems that arise in certain activities carried out by government agencies in the context of government administration (Mustopadidjaja, 2002: 101). Dye (in Sadhana, 1998: 169) explains that the intended public policy can be in the 3 form of regulations (in various hierarchies). In other words, a policy or program must be implemented in order to have the desired impact or goal. Nugroho (2008: 92) divides public policy into two. The first is public policy in the form of legally codified laws and regulations. The second form of public policy is the statement of public officials. According to Nugroho (2008: 94) public official statements have a very broad impact on society. Therefore, Several theories on policy implementation emphasize that there are factors that influence the success of public policy implementation. In policy implementation studies, the factors that influence the success of policy implementation as suggested by experts in many theories. The theory of policy implementation George C. Edward III (1980) states that the implementation of a program or policy is influenced by several factors, namely: communication (transmission, clarity, and consistency), resources (staff, information, authority, and facilities), disposition ( effects of disposition, staffing, and incentives), and bureaucratic structures (implementation procedures, and division of responsibilities). The theory of policy implementation put forward by Edward III (1980) is what researchers will use this time. The first variable that affects the successful implementation of a policy, according to George C Edward III, is communication. Communication, according to him further, very much determines the success of achieving the goals of effective implementation if the decision makers already know what they are going to do. There are three indicators that can be used in measuring the success of these communication variables, namely transmission, clarity, and consistency. The second variable or factor that affects the successful implementation of a policy is resources. Resources are another important thing in implementing policies. The resource indicator consists of several elements, namely: staff, information, authority, and facilities. The third variable that affects the success rate of public policy implementation is disposition. The disposition or attitude of the policy implementer is an important factor in the approach regarding implementing a public policy. If the implementer of a policy wants to be effective, then the policy implementer not only knows what to do but must have the ability to carry it out, so that in practice there is no bias. Important things that need to be considered in the disposition variable are the effect of disposition, staffing the bureaucracy, and incentives. The fourth variable that affects the success rate of

public policy implementation is bureaucratic structure. There are two characteristics that can boost the performance of the bureaucratic / organizational structure towards a better one.

## **2.2. Tax Theory**

According to Soemitro (1983), taxes are the transfer of wealth from the people to the state treasury to finance routine expenditures and the surplus is used for government savings which is the main source for financing public investment. PJA Adriani states that taxes are contributions to the state that can be enforced, which are owed by those who are obliged to pay them according to the laws and regulations, without getting a direct return that can be appointed, which is used to finance general expenses related to the state's duty to organize the government. (Sutrisno & Indrawati, 2009). This meaning is not much different from what is mandated by the legislation that has been previously described.

## **2.3. Local tax Swift's nest**

Swallow's nest tax is one of the taxes classified as district / city tax. Thus, it is known that the process of collecting swallow's nest tax can be carried out at the district / city level. Based 4 on Law Number 28 of 2009 concerning Regional Taxes and Regional Levies, it is stated in Article 1 point 35 that: "Tax on swallow's nests is a tax on the activities of taking and / or exploiting swallow's nests". Then it is also stated in Article 1 point 36 that: "Swallow birds are animals belonging to the collocalia clan, namely collocalia fuchliap haga, collocalia maxina, collocalia esculanta, and collocalia linchi." In the Law on Regional Taxes in Article 72, it is stated that: (1) The tax object for swallow nests is the taking and / or exploitation of swallow nests. (2) Not included in the tax objects as referred to in paragraph (1) are: taking swallow's nest which has been subject to Non-Tax State Revenue (PNBP); and other activities of taking and / or exploiting swallow nests which are stipulated by Regional Regulations. Article 73 states: (1) Subjects to swallow bird's nest tax are individuals or bodies that take and / or exploit swallow nests. (2) Taxpayers for swallow's nest tax are individuals or bodies that take and / or exploit swallow nests. The selling value of swallow's nests that applies in one area and another is not the same depending on the conditions and the number of swallow nests which in this case can be used as tax objects. Furthermore, in relation to the calculation of swallow's nest tax, based on Article 76 of Law Number 28 of 2009 it is stated that: (1) The principal amount of tax on swallow's nest owed is calculated by multiplying the rate as referred to in Article 75 paragraph (2) by imposition of tax as referred to in Article 74. (2) Swallow's nest tax owed is collected in the regional area where swallow bird nests are collected and / or exploited. As the characteristics of the swallow's nest tax are regulated based on Law Number 28 of 2009, it is a general regulation. Further and more detailed regulations regarding the collection of swallow's nest tax will be regulated by each region through local regulations which have the potential for swallow's nest.

## **2.4. Local regulation East Kutai Regency Number 1 of 2011**

According to the Regional Regulation of East Kutai Regency Number 1 of 2011 concerning Regional Taxes, what is meant by "Swallow's Nest Tax" is a tax on the activities of taking and / or exploiting swallow's nests. Swallow birds are animals belonging to the collocalia clan, namely collocalia fuchliap haga, collocalia maxina, collocalia esculanta, and collocalia linchi (Article 1 Paragraph 27 and 28). The object of tax on swallow's nests is the taking and / or exploitation of swallow's nests. (2) Excluding the tax object as referred to in paragraph (2) is the removal of swallow's nest which has been subject to Non-Tax State Revenue (PNBP) (Article 44 Paragraph 2 and 3). Subjects of swallow's nest tax are private persons or entities that take and / or operate swallow nests. The basis for taxation on swallow's nests is the selling value of swallow's nests. The selling value of the swallow's nest is calculated based on the multiplication of the general market price for swallow's nest and the volume of the swallow's nest. The general market price for swallow's nest is determined by a Regent Regulation (Article 46 Paragraph 1-3). The tax rate for swallow's nest is set at 10% (ten percent) (Article 47). The tax base for swallow's nest owed is calculated by multiplying the rate with the tax base (Article 48).

## **3. METHODS**

### **3.1. Research Approach**

Based on this approach, this research uses descriptive research. Descriptive research is a case study that leads to a detailed and in-depth description of the condition portrait of what actually happened according to what it is in the field of study

### **3.2. Research focus**

Based on the problems and objectives to be achieved, the focus of this research is: (1) Implementation of swallow's nest tax collection policy based on Regional Regulation No. 1 of 2011 in North Sangatta District. East Kutai Regency in 2020. Research indicators are communication, resources, disposition, and bureaucratic structure. (2) The factors that encourage and hinder the implementation of the tax on swallow's nest tax based on Regional Regulation No.1 of 2011 in North Sangatta District East Kutai Regency in 2020. Research indicators are: internal factors and external fact.

### **3.3. Data collection technique**

Collecting data in this study using three techniques, namely: (1) interviews, (2) observation, and (3) documentation. The three data collection techniques are cross-linked and complementary.

### **3.4. Data Analysis Techniques**

The data analysis technique used in this research is as stated by Miles, Huberman & Saldana (2014), that qualitative research data analysis is carried out in three steps, namely: (1) data condensation, (2) presenting data ( display data), and (3) draw conclusions or verification (conclusion drawing and verification).

## **4. RESULTS AND DISCUSSION**

### **4.1. The implementation of the swallow's nest tax collection policy is based on Regional Regulation No.1 of 2011 in North Sangatta District East Kutai Regency In this study, the implementation of**

the swallow's nest tax collection policy based on Regional Regulation No. 1 of 2011 in North Sangatta District East Kutai Regency will be seen in four research indicators, namely communication, resources, disposition, and bureaucratic structure

#### **4.1.1. Communication**

The results of this study reveal that: (1) The policy of collecting tax on swallow's nest in North Sangatta District has been carried out through an effective communication delivery process so that it can be understood by implementers or users in the field, (2) swallow's nest tax collection policy in North Sangatta District already have clarity in the objectives, targets, and applications so that the implementers have the same perception of the concept of the policy, and (3) the swallow's nest tax collection policy in North Sangatta District has consistency between the expected objectives and its implementation in the field so that the policy is appropriate targets, does not cause confusion, and avoids conflict arising. The results of this study are consistent with the explanation of Edward III (1980) which states that communication is one of the factors that can influence the successful 6 implementation of a policy. Communication is critical to the success of achieving the goals of effective implementation if the decision makers already know what they will do. The success of a communication can be determined by the communication transmission process, clarity of communication, and consistency of orders.

#### **4.1.2. Resource**

The results of this study reveal that: (1) Tax collection for swallow's nest in North Sangatta District not yet have sufficiency in terms of the number and quality of human resources / policy implementers, (2) The collection of swallow's nest tax in North Sangatta District has There are guidelines for implementing policies, (3) tax collection for swallow's nests in North Sangatta District have a strong legal basis as a basis for policy legitimacy, (4) HR / policy implementers in implementing swallow's nest tax collection policies in North Sangatta District has the authority / authority that is in accordance with the Tupoksi, and (5) collection of swallow's nest tax in North Sangatta District already didukung with adequate infrastructure and facilities resources. The results of this study are in line with the explanation of Edward III (1980) which states that resources are a factor that can affect the success of a policy implementation. Resources are important in implementing policies. Resources consist of several elements, namely staff, information, authority and facilities.

#### **4.1.3. Disposition**

The results of this study reveal that: (1) Human resources / implementers of the swallow's nest tax collection policy in North Sangatta District has been has a strong commitment, (2) on tax collection of swallow's nest in North Sangatta District has carried out the placement of staff / implementers appropriately, and (3) providing incentives / salaries for staff / implementers in the implementation of the swallow's nest tax collection policy in North Sangatta District has not been carried out adequately. The disposition or attitude of the policy implementer is an important factor in the approach regarding implementing a public policy. If the implementer of a policy wants to be effective, the policy implementer not only knows what to do but must have the ability to implement it, so that in practice there is no bias. Important things that need to be considered on the disposition variable are the effect of disposition, staffing the bureaucracy, and incentives.

#### **4.1.4. Bureaucratic Structure**

The results of this study reveal that: (1) the tax collection for swallow's nest in North Sangatta District has used the standard operating procedure (SOP) as a reference, and (2) in collecting swallow's nest tax in North Sangatta District there is a division of duties and responsibilities. efficient answer to each

implementer. The results of this study are in line with the explanation of Edward III (1980) which states that one of the factors that can influence the success rate of public policy implementation is bureaucratic structure. There are two characteristics that can improve the performance of the bureaucratic / organizational structure towards a better direction, namely making standard operating procedures (SOPs) and performing fragmentation. SOPs need to be made more flexible. SOP is a routine activity that allows employees to carry out their activities on a daily basis in accordance with established standards. Performing fragmentation is to spread the responsibilities of various activities, activities, or programs to several work units in accordance with their respective fields.

#### **4.2. The factors that encourage and hinder the implementation of the swallow's nest tax collection policy based on Regional Regulation No.1 of 2011 in North Sangatta District East Kutai Regency**

##### **4.2.1. Driving Factors**

The driving factor as follows: 1) Internal factors include: (1) on the "communication" aspect, this policy has been done through an effective communication delivery process, already have clarity in their objectives, objectives and applications, and there is consistency between the expected goals and their implementation in the field; (2) on the "resource" aspect, the implementation of this policy has a strong legal foundation as a basis for policy legitimacy, human resources / the implementer have has the authority that is in accordance with the Tupoksi, already supported by adequate infrastructure and facilities; (3) on the "disposition" aspect, human resources / implementers of this policy has been has a strong commitment, has carried out the placement of staff / implementers appropriately; and (4) in the aspect of "bureaucratic structure", the implementation of this policy has used a standard operating procedure (SOP) as a reference, and there is an efficient division of duties and responsibilities for each of its implementers. 2) External factors, among others, have received support from members of the East Kutai Regency DPRD who come from Sangatta Utara District.

##### **4.2.2. Inhibiting Factors**

The factors that hinder the implementation of the swallow's nest tax collection policy based on Regional Regulation No.1 of 2011 in North Sangatta District. East Kutai Regency in 2020 as follows: 1) Internal factors include: (1) on the resource aspect, the implementation of this policy not yet have adequate number and quality of human resources / policy implementers; and (2) in the disposition aspect, the provision of incentives / salaries for staff / implementers in the implementation of this policy has not been carried out adequately. 2) External factors include: (1) lack of support from the public as the object of the swallow's nest tax, and (2) the inadequate cooperation with law enforcement officials in implementing strict sanctions against swallow's nest tax fraudsters.

## **5. CONCLUSION**

Based on the discussion of the research results, it can be concluded that the following matters: 1. Swallow's nest tax collection is based on Regional Regulation No.1 of 2011 in North Sangatta District East Kutai Regency seen from the aspects of communication, resources, disposition, and the bureaucratic structure is good but still not optimal and not running smoothly. 2. Driving factors among others: the delivery of communication is effective, has clarity in its objectives, objectives and applications, and there is consistency between the expected objectives and their implementation; have a strong legal basis as a basis for policy legitimacy, human resources / executors have the authority according to their main duties and functions; already supported by adequate infrastructure and facilities; HR / executor has been has a strong commitment, has carried out the placement of staff / implementers appropriately; already using SOP as a reference, and there is already an efficient division of tasks and responsibilities; and has received support from members of the East Kutai Regency DPRD. While inhibiting factors among others: not yet have adequate number and quality of human resources / implementers; providing incentives for staff / implementers is not sufficient; lack of support from the tax object community; and the ineffective cooperation with law enforcement officials in dealing with tax fraudsters.

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