
EFFECTIVENESS OF THE IMPLEMENTATION OF THE ELIMINATION OF MOTOR VEHICLE TAX FINES IN RIAU PROVINCE IN 2023 AT THE RIAU PROVINCIAL REGIONAL REVENUE AGENCY

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ABSTRACT

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This study aims to analyze the effectiveness of the implementation of the policy of eliminating motor vehicle tax fines in Riau Province in 2023 implemented by the Riau Province Regional Revenue Agency (Bapenda). This policy on the elimination of motor vehicle tax fines is expected to encourage taxpayers' awareness and compliance in fulfilling their obligations, as well as increase regional revenue from the tax sector. In addition, this policy is implemented as a step to reduce the economic burden of the community after the COVID-19 pandemic. The research method used is a descriptive qualitative approach with data collection through interviews, observations, and documentation at the Riau Provincial Bapenda. This study also examines quantitative data related to the increase in motor vehicle tax revenue during the period of fine elimination. The results of the study show that the implementation of the policy of eliminating motor vehicle tax fines is effective in increasing taxpayer awareness and contributing to increasing regional revenue. However, there are several challenges such as a lack of even socialization and technical difficulties in managing tax administration. To achieve more optimal results, it is necessary to improve coordination between related institutions and a more comprehensive communication strategy to the community. The conclusion of this study is that the policy of eliminating motor vehicle tax fines in Riau Province in 2023 has proven to be effective in increasing taxpayer participation and regional revenue, but it needs to be accompanied by improvement measures in socialization and administrative management to achieve sustainability.

1. INTRODUCTION

In the implementation of national development in the era of Post-Covid-19 Recovery, the government continues to strive to meet all community developments to achieve prosperity. The implementation of development is a business activity that is carried out consciously, planned, and responsibly to achieve the goal for better change, namely prosperity and wealth, which is shared equally among the community. Development must be carried out consciously, meaning that the government must have a deep understanding of the needs and challenges faced by the community, especially after the impact caused by the Covid-19 pandemic. In addition, development must also be well

planned, with careful planning and clear strategies to achieve the goals that have been set. Development must also be responsible, which means that the government must ensure that resources are used efficiently and transparently, as well as consider the impact of development on the environment and society as a whole (Law of the Republic of Indonesia Number 17 of 2007).

Motor vehicle tax is one of the sources of local revenue that has a significant contribution to increasing regional revenue. According to data from the Riau Provincial Regional Revenue Agency (Bapenda), motor vehicle taxes contribute a considerable proportion to the Regional Original Revenue (PAD), which is used to finance various

development programs and public services in the region (Nasution, 2021).

However, in recent years, the realization of motor vehicle tax revenue has been hampered due to the low level of taxpayer compliance. One of the factors that caused this decrease in compliance was the accumulation of tax fines which were felt burdensome for the community, especially during the COVID-19 pandemic, which had an impact on the economy of the people in Riau Province (Abdullah, 2020). In response to this situation, the Riau Provincial government through the Riau Provincial Bapenda issued a policy to eliminate motor vehicle tax fines to provide relief for taxpayers and increase their awareness in paying off tax obligations (Bapenda Riau, 2023).

This policy of eliminating tax fines is expected to encourage the participation of taxpayers who have been delayed in paying taxes, as well as increase motor vehicle tax revenues. In addition, this policy also aims to support the economic recovery of the community after the pandemic, by providing relief from the accumulated tax administration burden (Yusuf, 2022). Although this policy has been implemented, its effectiveness in encouraging taxpayer participation and increasing tax revenue is still a question that needs to be answered through in-depth analysis.

Taxes are an important component in state and regional finances, including motor vehicle taxes which are one of the significant regional taxes for provincial governments. In Riau Province, motor vehicle taxes have become the main source of revenue that supports various development activities. However, in practice, many taxpayers are in arrears in paying taxes, especially due to the burden of fines imposed due to late payments (Fahmi, 2020).

In the face of these problems, the policy of eliminating motor vehicle tax fines implemented by the Riau Provincial Bapenda in 2023 is a solution that is expected to be able to increase taxpayer awareness and compliance. The elimination of fines is expected to ease the burden on the community while providing incentives to taxpayers who want to pay off their obligations without being burdened by fines (Mannan, 2022).

This policy is also relevant in the context of post-pandemic economic recovery, where many people are experiencing economic difficulties and a decline in

purchasing power. Through this policy, the government hopes to encourage a significant increase in regional tax revenues and reduce the economic burden on the community. However, the effectiveness of these policies needs to be evaluated to ensure whether they are truly successful in improving taxpayer compliance and contributing to increasing regional revenues (Zubaidi & Rahman, 2021).

This study aims to analyze the effectiveness of the policy of eliminating motor vehicle tax fines in Riau Province in 2023, with a focus on improving taxpayer compliance and its impact on regional revenue. Through a case study approach in the Riau Provincial Bapenda, this study will provide a comprehensive overview of the implementation of the policy and its impact on regional revenue.

LITERATURE REVIEW

Research on the effectiveness of tax policies and the elimination of motor vehicle tax fines has been carried out a lot, especially in the context of increasing regional revenue. Previous studies have provided insights into various important aspects of the implementation of the tax penalty elimination policy, including its challenges and successes in encouraging taxpayer compliance.

Abdullah (2020) in his research entitled *"The Economic Impact of COVID-19 on Regional Taxpayers in Riau"* highlighted the impact of the COVID-19 pandemic on people's ability to pay regional taxes, including motor vehicle taxes. The study found that the heavy economic burden due to the pandemic led to a significant decline in tax payment rates. Abdullah also recommended the policy of eliminating fines as a solution to encourage taxpayer participation. The results of this study underlie the development of a policy to eliminate motor vehicle tax fines in Riau Province.

1. Nasution (2021) in the book *"The Role of Motor Vehicle Tax in Increasing Riau PAD"* examines the importance of motor vehicle tax as one of the main sources of Regional Original Revenue (PAD) in Riau Province. According to Nasution, motor vehicle taxes account for more than 30% of the province's total PAD, so policies to increase

taxpayer compliance are very important to maintain the stability of regional revenues. The policy of eliminating fines is considered one way to increase taxpayer participation and stimulate regional economic growth post-pandemic.

2. Fahmi (2020) in his book *"Regional Tax Management: Theory and Practice"* discusses various strategies to increase regional tax revenue, including the elimination of tax fines as a form of tax incentive. Fahmi pointed out that the policy of eliminating tax fines is often an effective solution to increase outstanding tax payments, especially in areas with low compliance levels. However, this policy also requires efficient administrative management so as not to cause confusion among taxpayers.
3. Zubaidi and Rahman (2021) in their article *"Tax Penalty Elimination: Solution or Challenge?"* to review the effectiveness of the policy of eliminating tax fines in various provinces in Indonesia. They found that this policy has great potential in increasing tax revenue, but its effectiveness depends largely on the extent to which local governments socialize the policy to the public. In addition, they also emphasized the importance of good coordination between local governments and related agencies in the implementation of this policy.
4. Yusuf (2022) in his research *"Motor Vehicle Tax and Strategies for Improving Taxpayer Compliance in Riau Province"* researches the policy of eliminating motor vehicle tax fines in Riau as an effort to increase taxpayer compliance. Yusuf highlighted that this policy has succeeded in increasing the participation of taxpayers who were previously in arrears of tax payments. The study also noted a significant increase in motor vehicle tax revenues after the policy was implemented.

Mannan (2022) in his journal *"The Effectiveness of the Tax Fine Abolition Policy in the Economic Crisis"* examines the effectiveness of the tax fine elimination policy in the context of the economic crisis. Mannan emphasized that this policy can serve as an effective short-term incentive to ease the burden on the community and encourage tax

compliance, but other fiscal policy support is needed to maintain sustainable regional revenue growth.

3. METHODS

This research is a descriptive research that contains explanations or descriptions related to the results of the research. The type of qualitative research is qualitative descriptive. Qualitative research as research that aims to understand the phenomena experienced by the research subject. It is more appropriate and suitable to be used to research matters related to the research of subjects' behaviors, attitudes, motivations, perceptions and actions. In other words, this type of research cannot use quantitative methods. This study tries to examine the Effectiveness of the Implementation of the Abolition of Motor Vehicle Tax Fines in Riau Province based on existing facts and data then elaborated and analyzed. This research was conducted at the Riau Provincial Regional Revenue Agency by Involving Staff and Employees at the Riau Provincial Regional Revenue Agency and also the people of Riau Province. And the research time was carried out for 4 months from November 2023 to February 2024, the research stage, data sources used in the research, data reduction techniques, interviews, observations, and research documentation and information, data analysis, data reduction, data presentation, and drawing conclusions.

4. RESULTS AND DISCUSSION

Research on the Effectiveness of the Implementation of the Abolition of Motor Vehicle Tax Fines in Riau Province in 2023 conducted at the Riau Province Regional Revenue Agency (Bapenda) produced several important findings related to the impact of the policy on regional revenue and the level of taxpayer compliance.

1. Improving Taxpayer Compliance

Data from the Riau Provincial Bapenda shows a significant increase in taxpayer compliance after the implementation of the policy of eliminating motor vehicle tax fines. In 2023, the number of taxpayers who pay off tax arrears will increase by 40% compared to the previous year. This shows that the policy has succeeded in encouraging taxpayers to take advantage of the opportunity to pay taxes

without the burden of fines, especially those who have been in arrears of taxes for a long time.

2. Increase in Regional Original Revenue (PAD)

The policy of eliminating fines also contributes positively to the Regional Original Revenue (PAD) of Riau Province. Data shows that revenue from motor vehicle taxes increased by 25% in the first half of 2023 compared to the same period in 2022. This increase is not only due to the elimination of fines, but also due to massive socialization efforts from Bapenda through social media, advertisements on radio, and direct counseling to the community.

3. Administrative Efficiency

In terms of administration, this study found that Bapenda Riau managed to manage the elimination of fines quite well. The online tax reporting and payment system that has been implemented since 2022 makes it easier for taxpayers to make tax payments, thereby speeding up the transaction process. However, some technical problems such as server disruptions and difficulty accessing services are still faced by some taxpayers, especially in remote areas that have limited internet access.

4. Challenges in Policy Implementation

Although this policy is generally considered effective, there are several challenges that are still faced. First, the lack of awareness of taxpayers among rural communities who are not reached by information about the fine elimination program. Some informants revealed that they only learned about the policy towards the end of the program. Second, there is still resistance from some taxpayers who feel that the payment of tax arrears, even without fines, remains a heavy burden on their household economy.

5. Social and Economic Impact

From a social and economic point of view, this policy also helps ease the economic burden of the community after the COVID-19 pandemic. Taxpayers interviewed in this study stated that the elimination of fines provides a looser financial

space for them to meet other needs. This has a positive impact on the regional economy, especially in supporting people's purchasing power.

6. Recommendations for Policy Improvement

Based on the results of the analysis, there are several recommendations to improve the effectiveness of policies in the future:

a) Wider and Intensive Socialization

It is necessary to increase policy socialization through various more effective communication channels, especially for people living in rural and remote areas.

b) Increased Access to Technology

Bapenda needs to ensure that technological infrastructure, especially online tax services, can be accessed optimally throughout Riau Province.

c) Program Renewal

Many taxpayers hope that the penalty elimination policy can be extended for the next few months, especially for those who are still trying to complete their motor vehicle tax payments.

The results of this study show that the implementation of the elimination of motor vehicle tax fines in Riau Province in 2023 has achieved its goal, namely increasing taxpayer compliance and increasing regional revenue. However, several aspects such as the accessibility of information and technology and public understanding of this policy still require more attention to maximize its impact

Discussion

In the context of the implementation of the elimination of motor vehicle tax fines in Riau Province in 2023, this study aims to assess the effectiveness of policies from the perspective of the regional economy, taxpayer compliance, and administrative management by the Riau Regional Revenue Agency (Bapenda). Based on the results of the research and several related references, this discussion includes the following aspects:

1. Policy Effectiveness in Increasing Regional Revenue

One of the main objectives of the elimination of tax fines is to increase Regional Original Revenue (PAD) through an increase in outstanding motor vehicle tax payments. According to the theory of public policy effectiveness (Rondinelli, 2007), a policy is considered effective if the results obtained are in accordance with the goals that have been set. In this case, data showing a 25% increase in revenue from the motor vehicle tax sector during 2023 shows that this policy has succeeded in achieving this goal. Sukirno (2016) explained that the increase in PAD is an indicator of the success of regional fiscal policies, which supports sustainable development.

2. Improving Taxpayer Compliance

The policy of eliminating tax fines also contributes to improving tax compliance. This is in line with Mardiasmo's (2018) research which states that incentive programs such as the elimination of fines can motivate taxpayers to immediately pay off their arrears. This increase in compliance is reflected in the increase in the number of taxpayers who pay motor vehicle tax. Conceptually, tax compliance is influenced by a combination of incentives, sanctions, and public awareness (Kirchler, 2007). The elimination of fines is an incentive for taxpayers who were previously burdened by the accumulation of fines.

3. Challenges of Socialization and Community Understanding

Although the effectiveness of this policy is seen at the level of compliance, challenges in policy dissemination are still found. Limited information in some rural areas is a major obstacle for the community to take advantage of this policy. Mardiasmo (2009) shows that the success of fiscal policy does not only depend on the substance of the policy, but also on the process of conveying information to the public. Bapenda Riau has used social media and radio advertising as part of its outreach efforts, but there is an imbalance in access to information between urban and rural areas, which affects the level of taxpayer participation.

4. Use of Technology in Tax Administration

The use of an online system for motor vehicle tax payment is one of the factors that affect the efficiency of the implementation of this policy. Nugroho (2017) in his study on e-government in Indonesia stated that the digitization of public services is able to increase efficiency and reduce the potential for administrative errors. However, as explained in the results of this study, some regions still experience limited access to these technology services, which affects the smooth tax payment process for some taxpayers.

5. Socio-Economic Impact

This policy of eliminating tax fines provides economic benefits for the community, especially in the context of economic recovery after the COVID-19 pandemic. The elimination of fines eases the financial burden for people affected by the economic crisis. According to Public Finance Theory (Musgrave & Musgrave, 1989), fiscal policies that are responsive to people's economic conditions can support general economic stability. This is also related to the theory of distributive justice (Rawls, 1971), where policies that provide tax breaks to groups affected by the crisis are considered fair and can support the welfare of the community.

6. Comparison with Policies in Other Regions

Another study comparing tax penalty elimination policies in several provinces in Indonesia shows a similar pattern, where these policies significantly increase regional revenues. For example, Ardiansyah's (2020) research on the elimination of tax fines in West Java Province shows that a similar program significantly increases PAD, with an increase of 30% in one year. This indicates that this kind of policy generally has a positive impact on increasing regional income, although there are challenges in implementation in each different province.

Policy Implications and Recommendations

This discussion reveals several important implications of the policy of eliminating motor vehicle tax

finer. First, this policy has proven effective in increasing regional revenue and tax compliance, especially through incentives to eliminate fines. Second, challenges in socialization and access to online services show the need to improve more inclusive technology and communication infrastructure. The recommendations put forward include:

- a) Improvements in socialization
Conduct more intensive campaigns, especially in rural areas, to ensure that the entire community is adequately informed about the program.
- b) Improving digital infrastructure
There needs to be further efforts to improve technology accessibility in regions that have limited internet access.
- c) Advanced incentive programs
Develop advanced incentive policies that can continue to encourage taxpayer participation, such as providing tax payment discounts or eliminating fines periodically.

This discussion leads to the conclusion that although this policy is successful in some aspects, there is still an opportunity to improve its effectiveness through a more holistic approach to information delivery and technology utilization.

5. CONCLUSION

In this study, the factors that determine the effectiveness of the implementation of the elimination of motor vehicle tax fines in Riau Province in 2023 at the Riau Provincial Regional Revenue Agency when efficiency, adequacy, leveling or similarity, responsiveness, and accuracy are carried out optimally. In the implementation of the elimination of motor vehicle tax fines by the Riau Provincial Regional Revenue Agency, it can be said that it is efficient because it is able to encourage community participation. The adequacy of the implementation of the elimination of tax fines is going well in accordance with the expectations of the community, the leveling of the implementation of the elimination of tax fines is quite effective, most taxpayers agree even though some obedient taxpayers do not benefit from the implementation of the abolition of motor vehicle taxes, the response of the community in responding to the implementation of the abolition of motor vehicle taxes is quite good, marked by the achievement of the target of

realization of tax recognition. The accuracy of the implementation of the tax abolition is considered to be quite good even though there is an extension carried out by the Regional Revenue Agency which in the planning is not extended, inhibiting factors in the implementation of the abolition of the motor vehicle tax, lack of socialization and infrastructure in several UPTs that still need to be maximized, and supporting factors in the implementation of the abolition of the motor vehicle tax, the presence of third-party assistance from the police and Raharja services and policies existing regulations.

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