



**Legal Analysis of Management of Provincial Regional Retributions
Riau Islands Fiscal Year 2024**

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ABSTRACT

As is known, the Regional Regulation of the Riau Islands Province concerning Regional Retribution began in 2012 with the issuance of Regional Regulation of the Riau Islands Province Number 1 of 2012 concerning Regional Retribution which was subsequently amended by the issuance of Regional Regulation of the Riau Islands Province Number 5 of 2014 concerning Amendments to Regional Regulation Number 1 of 2012 concerning Regional Retribution of the Riau Islands Province. Furthermore, in 2017, Regional Regulation of the Riau Islands Province Number 9 of 2017 concerning the Second Amendment to Regional Regulation Number 1 of 2012 concerning Regional Retribution of the Riau Islands Province was issued. In conducting this research, the researcher used a type of normative legal research. Normative legal research is conceptual legal research as contained in statutory regulations and conceptually contained in other legal rules that exist in society regarding a particular legal problem. In this research, the researcher used a type of normative research, namely research conducted by examining statutory regulations or other regulations that are applied in resolving a particular legal problem. This Normative Research is often called doctrinal research where the object of study is the documents of the Law and library materials which are basic data which in research science are classified as secondary data. Conclusions of the laws and regulations, including but not limited to: Article 23A of the 1945 Constitution of the Republic of Indonesia; Article 156 paragraph (1) of the Republic of Indonesia Law Number 28 of 2009 concerning Regional Taxes and Regional Retributions; Article 285 paragraph (1) and Article 286 paragraph (1) of the Regional Government Law; and the Regional Regulation of the Riau Islands Province Number 1 of 2012 concerning Regional Retributions which have been amended several times, namely with the Regional Regulation of the Riau Islands Province Number 5 of 2014 concerning Amendments to Regional Regulation Number 1 of 2012 concerning Regional Retributions of the Riau Islands Province and the Regional Regulation of the Riau Islands Province Number 9 of 2017 concerning the Second Amendment to Regional Regulation Number 1 of 2012 concerning Regional Retributions of the Riau Islands Province.

Keywords: *Legal Analysis, Regional Retribution, Riau Islands*



Introduction

With the enactment of the Regional Tax and Regional Retribution Law, the ability of regions to finance their expenditure needs is greater because regions can easily adjust their income, in line with the increase in the regional retribution base and discretion in setting rates. The policy of increasing the retribution base will reduce regional dependence on Central to Regional Transfer Funds (Balance Funds) which in many ways reflect the level of regional independence. On the other hand, with the small opportunity for regions to determine new types of retribution, this will provide legal certainty for the community and the business world, which in turn is expected to have a positive impact in the form of increasing public awareness in fulfilling the obligation to pay regional retribution.

Compared to regional taxes, regional levies often receive less attention due to the tendency of regional levies' contribution to Regional Original Income (PAD) which is much smaller compared to regional taxes. However, especially in the Riau Islands Province, the opportunity for maximizing and efficient collection of regional levies is still very potential. If managed properly, regional levies can also be a source of Regional Original Income (PAD) which can help develop the local community, considering the characteristics of levies which are more service/goods-based which are actually offered by the local government and directly felt by those who pay them.

As is known, the Regional Regulation of the Riau Islands Province concerning Regional Retribution began in 2012 with the issuance of Regional Regulation of the Riau Islands Province Number 1 of 2012 concerning Regional Retribution which was then amended with the issuance of Regional Regulation of the Riau Islands Province Number 5 of 2014 concerning Amendments to Regional Regulation Number 1 of 2012 concerning Regional Retribution of the Riau Islands Province. Furthermore, in 2017, Regional Regulation of the Riau Islands Province Number 9 of 2017 concerning the Second Amendment to Regional Regulation Number 1 of 2012 concerning Regional Retribution of the Riau Islands Province was issued.

The change in the regional regulation is due to the elimination of the object of the Retribution for Business Services for Calibration/Recalibration which is the authority of the district/city government. Furthermore, there are additional new types of services in the



Retribution for the Use of Regional Assets, namely the Fish Seed Center (BBI) Service of the Marine and Fisheries Service and the Plant Seed Center of the Food Security, Agriculture and Animal Health Service.

Based on the above explanation, this Scientific Work will analyze **the Legal Analysis of the Management of Regional Retributions for the Riau Islands Province for the 2024 Fiscal Year**. In order to realize a comprehensive, aspirational and implementable Regional Regulation, it is necessary to conduct an academic paper to obtain in-depth philosophical, sociological and legal references to the urgency of collecting Regional Retributions. Based on the description above, the following problem formulation can be drawn: What is the theory and practice of implementing regional retribution collection at present? How is the implementation and regulation of regional retribution in draft regional regulations and related laws? What is the scope, reach and direction of regulation in the preparation of draft regional regulations on regional retribution?

Research methods

In conducting this research, the researcher uses a normative legal research type. Normative legal research is conceptual legal research as contained in statutory regulations and conceptually contained in other legal rules that exist in society regarding a particular legal problem. In this research, the researcher uses a normative research type, namely research conducted by examining statutory regulations. or other regulations applied in resolving a particular legal problem. This normative research is often called doctrinal research where the object of study is are regulatory documents and library materials which are basic data which in research science are classified as secondary data. Normative Legal Research, consists of:

1. Research on legal principles
2. Research on legal systematics
3. Research on the level of legal synchronization
4. Legal history research
5. Comparative legal research



In accordance with the type of research, namely normative legal research (normative juridical), more than one approach can be used. In this study, the Legislation approach and the concept approach were used. The Legislative Approach is carried out to examine the statutory regulations that regulate. From a legal theory perspective, justice is the main objective of the natural law school.

Research Results and Discussion

How is the theory and practice of implementing regional retribution collection at present?

Regional governments are often faced with the problem of high regional fiscal needs while regional fiscal capacity is insufficient. This causes a *fiscal gap*. Management of regional original income is related to efforts to increase regional fiscal capacity, while for regional fiscal needs, comprehensive regional expenditure management is needed, one way is to create cost standards (for example, Expenditure Analysis Standards).

1. Locally-generated revenue

According to Law Number 33 of 2004, regional original income is income obtained from sources within its own region which is collected based on Regional Regulations in accordance with applicable laws and regulations, which consist of:

- a) Regional tax results, namely levies made by the Regional Government to all tax objects, such as individuals, movable/immovable objects; Regional retribution results, namely levies made in connection with a service/facility that is valid by the Regional Government directly and in real terms;
- b) The results of regionally owned companies and the results of managing separated regional assets, including dividend profits, sales of shares owned by the Region; and
- c) Other legitimate income includes proceeds from the sale of fixed assets, current account services, receipt of tax fines and receipts from Regional Business Service Agencies.



According to Mahi (2000:58-59), regional original income cannot yet be relied upon as the main source of financing for provincial and district/city regional autonomy, due to the following reasons:

- a) Relatively low regional tax/levy base. Taxes/levies set for Provincial and Regency/City Regions have a relatively small levy base and vary between regions. Tourism areas and areas with extensive activities will enjoy large local revenues. Meanwhile, remote areas and agricultural areas will enjoy relatively small local revenues;
- b) Its role is relatively small in total regional revenue. Most regional revenue still comes from central to regional transfer fund revenue. In terms of efforts to collect regional taxes and levies, the large allocation of transfer fund revenue reduces regional efforts in collecting regional original revenue, and regions rely more on their negotiation skills with the Center to obtain additional assistance;
- c) The administrative capacity of collection in the Regions is still low, Collection in the Regions tends to be burdened with large collection costs and the management of regional original income is determined based on targets. As a result, some Regions are more inclined to meet the target, although in terms of economic growth, tax and levy revenues can actually exceed the targets that have been set; and
- d) Weak financial planning and supervision capabilities. The collection of regional taxes and levies always experiences quite large leaks, as a result of the weak capabilities of financial planning and supervision officers.

2. Regional Retribution

The terminology of "Regional Retribution" according to Law Number 28 of 2009 concerning Regional Taxes and Regional Retributions is a Regional levy as payment for services or granting of certain permits that are specifically provided and/or granted by the Regional Government for the benefit of individuals or Agencies. The characteristics of regional retribution are:

- a) Levies collected based on Regional Regulations;



- b) Payment of regional levies must be entered into the Regional Treasury;
- c) The party paying the levy receives a counter-performance or direct reward from the Region;
- d) Retribution is owed if there are services provided by the Regional Government which are enjoyed by individuals or bodies; and
- e) The sanctions imposed on levies are economic sanctions, namely that if the levies are not paid, the person concerned will not receive services from the Regional Government.

The basic principle of regional levies is different from regional taxes, which are essentially community contributions to the Region, the implementation of which can be enforced. In this case, taxpayers do not receive any return that can be directly enjoyed. This ensures justice and legal certainty, so that the Regional Government cannot arbitrarily set tax rates. Regional taxes are allocated for financing general expenditures related to the Region's obligations to organize government, development and services to the community.

How is the implementation and regulation of regional levies in draft regional regulations and related laws?

The regulation of Regional Retributions in the Riau Islands Province began in 2012 with the issuance of Regional Regulation of the Riau Islands Province Number 1 of 2012 concerning Regional Retributions, which was subsequently amended with the issuance of Regional Regulation of the Riau Islands Province Number 5 of 2014 concerning Amendments to Regional Regulation Number 1 of 2012 concerning Regional Retributions of the Riau Islands Province. The change in the regional regulation is due to the elimination of the object of the General Health Service Levy for the services of the Regional General Hospital (RSUD) which has changed to the Regional Public Service Agency (BLUD) so that it is not an object of regional levy. Furthermore, the change in the regional regulation is also due to the addition of new levy objects, namely the General Education Service Levy and Certain Licensing Levy for the Extension of Foreign Worker Employment Permits (IMTA).



Furthermore, in 2017, the Riau Islands Province Regional Regulation Number 9 of 2017 concerning the Second Amendment to Regional Regulation Number 1 of 2012 concerning the Riau Islands Province Regional Retribution was issued. The change in the regional regulation was due to the elimination of the object of the Retribution for Business Services for Calibration/Recalibration which was the authority of the district/city government. Furthermore, there were additional new types of services in the Retribution for the Use of Regional Assets, namely the Fish Seed Center (BBI) and Plant Seed Center Services.

Then, an evaluation was carried out on the types of levies that have been regulated in the Regional Regulation of the Riau Islands Province Number 9 of 2017 concerning the Second Amendment to Regional Regulation Number 1 of 2012 concerning Regional Retribution of the Riau Islands Province. There are several types of levies that have been removed due to the change in collection authority to the Regency/City Government and the addition of new types of levies that have the potential to be collected according to the authority of the Provincial Government . In addition, there is also an evaluation related to the simplification of levies where there are several levies on the use of regional assets that have been removed because their use by third parties is carried out through a lease agreement or because the regional assets in question are used by the Provincial Government itself.

What is the scope, reach and direction of the regulations in the preparation of draft regional regulations on regional levies?

Scope and study of the implications of implementing a new system can be done by using the *Regulatory Impact Assessment instrument* to analyze the impact of a regulation and help policy makers determine which alternative is best in estimating the potential benefits and burdens through *cost and benefit analysis* if a regulation is implemented. The study and mapping can also be done further by mentioning aspects of the regional financial burden related to the regulation of new regulations, if a regulation is implemented.

On the one hand, the new paradigm of regional retribution implementation demands fast public sector services and service *excellence orientation* . On the other hand, this good



service must also be accountable, safe, and reliable. In this case, regional retribution has a very vital role in its role to balance and guarantee the realization of the new paradigm.

The new paradigm in managing regional levies begins with internal improvements to the Riau Islands Provincial Government itself, both starting from personnel and through system improvements, openness of information on regional levy collections and maintaining good relations between regional levy collectors and levy payers who pay the regional levy. Regional levies are a real manifestation of giving birth to this paradigm, so that independence will be created from levy payers in fulfilling their obligations. As a result, all of this must start from improving the laws and regulations that underlie the collection of the regional levy in question.

Conclusion

Based on the descriptions in the previous chapters, several conclusions were obtained, including the following: What is the theory and practice of implementing regional retribution collection at present? In this theoretical study, the common thread between the decentralization system and regional autonomy has been outlined, which gives rise to regional authority to manage its own territory. Furthermore, based on this authority, it is clear which is the business of the central government and which authority is the business of the regional government (the relationship between the center and the regions). All of this is combined into the constellation of the formation of regional regulations to provide legal legitimacy for regional governments to carry out their affairs, authorities and responsibilities in the regions. Then the theoretical explanation continues to how the regional income management process works and how a levy can become one of the main components in Regional Original Income (PAD). In practice, it has also been specifically described regarding the types of regional levies currently collected and the collection process. In addition, it is also described regarding the principles underlying the preparation of norms, regulations for regional levies collection and a study of the implications of implementing this new system on people's lives and regional finances.

How is the implementation and regulation of regional levies in draft regional regulations and related laws? Regulations regarding regional levies have been regulated in



several provisions of laws and regulations, including but not limited to: Article 23A of the 1945 Constitution of the Republic of Indonesia; Article 156 paragraph (1) of the Republic of Indonesia Law Number 28 of 2009 concerning Regional Taxes and Regional Levies; Article 285 paragraph (1) and Article 286 paragraph (1) of the Regional Government Law ; and Riau Islands Province Regional Regulation Number 1 of 2012 concerning Regional Levies which has been amended several times, namely with Riau Islands Province Regional Regulation Number 5 of 2014 concerning Amendments to Regional Regulation Number 1 of 2012 concerning Regional Levies of the Riau Islands Province and Riau Islands Province Regional Regulation Number 9 of 2017 concerning the Second Amendment to Regional Regulation Number 1 of 2012 concerning Regional Levies of the Riau Islands Province.

What is the scope, reach and direction of the regulation in the preparation of the draft regional regulation on regional levies , the scope is in the implementation of the State must be based on the philosophy and policies of the state in national development as stated in Pancasila and the 1945 Constitution of the Republic of Indonesia which states that the purpose of the State is to protect, advance public welfare, and educate the life of the nation based on Pancasila and the ideals to build economic democracy as stated in Article 33 of the 1945 Constitution.

Suggestion

Based on the conclusions above, it can be suggested that there is an urgency and need to implement a new legal product in the form of regional regulations in the Riau Islands Province regarding regional levies, one and the other by considering the theoretical and practical aspects of the implementation of regional levies in the Riau Islands Province; the existence of other laws and regulations that are relevant to regional levies hierarchically and the dynamics of changes in laws and regulations that result in changes in the conditions of regional levy collection so as to increasingly emphasize the existence of a more up-to-date legal product to answer the dynamics of law and society; and several philosophical, sociological and juridical bases that justify the need for a new legal instrument.

On this occasion, it is also suggested that it is necessary to immediately draft regional regulations (ranperda) on regional levies in the Riau Islands Province by considering related



and relevant laws and regulations, as well as the dynamics of society and law. Taking advantage of this momentum and opportunity, it is also necessary to explore more deeply the potential for regional levies in each Regional Apparatus Organization (OPD) to become input for the draft of new regional regulations.

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