

Understanding Local Government System through E-Tax System

P Bestari*

Department of Civic Education, Universitas Pendidikan Indonesia, Jl. Dr. Setiabudi
229, Bandung 40154, Indonesia

*yogabestari@upi.edu

Abstract. This paper is aimed to give understanding on an e-tax system as the teaching media in strengthening the understanding on the lecture of local government system. E-government is a nowadays phenomenon in the world to fix the quality of services towards society and the internal efficiency of the government's organization. E-tax system policy in operating local government system is understood as an order changing on local government which in turn affecting the systemic changing related to employee performance system, service system, licensing system, and workforce management system. Besides, an e-tax system as one of the public service models which can be a solution in overcoming the local bureaucracy and public service still becomes the obstacle in actualizing the good and clean government

1. Introduction

Decentralization and huge autonomy administration to District head give discretion to local district head to do various innovation policies in their own district. After reformation followed by huge decentralization policy, enshrined in the constitution of the Republic of Indonesia in 1945 [1], article 18 paragraph 1-6 and constitution number 23 in 2014 about local government that local right to organize and manage their own household is not only guaranteed but also expanded the scope and the depth. Local government through district head has bigger authority and discretion to do some efforts creatively to build and advance their area to prosperous the society through some innovative policy.

E-government concept was created by the instruction of president no.23 in 2003 [2] about the policy and national development strategy of E-government. The service based on e-government is a nowadays phenomenon in the world to reform the service to the society and the internal efficiency of government organization. Internet resolution has brought significant transformation in the way service gave not only for the customer but also the citizens and business [3]. The definition from World Bank that e-government is related to the use of information and technology berkaitan dengan (such as wide area network, the internet, and mobile communication) by government institution which has the ability to transform the relationship between the government and the society, businessmen, and other government institutions [4].

The purposes of using technology are improving the better government service for society, improving the interaction with industry and business world, empowering society through accessing information and more efficient government management. The expected result of utilizing technology is reducing corruption, improving transparency, improving pleasure, increasing income or reducing cost. E-government presents a number of challenges for public administrators [5]. So that, the application of e-government will help to reduce the obstacles in sharing information between societies



and countries, improving the access of information and public service, expanding and deepen the scope of information, improving transparency and reforming the efficiency of public service, and smoothing the interaction between government institutions both with central or local level with the society.

Local government performance measurement pays much less attention to the determinants, or means of achieving long-term, sustained organizational improvement in internal business processes, and innovation and learning [6]. Some local governments have already proposed and applied public service system base electronic or e-government on a limited scale. Right now, the government center through the Ministry of Utilization of State Apparatus and Bureaucracy Reform or (Menpan RB) encourages local government to do some innovation policies in servicing the society in each region or as we know as service base e-government, one of them is the implementation of tax collection services.

2. Discussions

2.1. *E-tax system as a form of local bureaucracy reform*

The local successful implementation is indeed influenced by the ability of local government to implement public service which can satisfy society. Technology has to cause some bureaucracy to be rearranged either government or private bureaucracy. Bureaucracy which has been done by many people can be done by one or less people if technology is utilized, activities which usually need a long time can be shortened, more accurate and be treated which clearly effect the bureaucracy system. By technology, bureaucracy system can be detected earlier so that it can be prevented to be bigger. E-tax system supports to change bureaucracy system from efficiency side, from difficult into easy, expensive into cheap, consuming time into a shorter time.

Talking about an e-tax system in the scope of government administration in local authority era, the thing needs to be concerned to be the systemic changing, not just the innovation product itself. The policy of an e-tax system in the local government administration is understood as the order changing in local government which in turn affecting the systemic changing whether related to the performance of employees system, service system, licensing system, workforce system etc. Each individual and group is related to have necessity toward each system. The result from of systemic changing side is needed, considering there is macro context which covers it [7]. The innovation development in local authority era is moving along with the process of democratization. This process gives space for the appearance of new actors (multi stakeholders) to be included in various policies [8,9]. Through the development of e-tax, the ordering management system and working process in government environment are done by optimizing the use of information technology. The utilized of information technology includes two linked activities, those are (1) data processing, information management, management system and working process electronically; (2) the utilization of technology and information advances are aimed to make public services can be accessed easily and cheaply by the local society.

2.2. *E-tax system as the model of public service which can fulfil the society willingness*

The issues of public services are still facing some problems such as quality and human resources placement, inadequate facilities and infrastructure, a rule-based regulation which is not optimal, the laws, and *Perlap* which is appropriate to the current situation. The development of the e-tax system is an effort to develop the local government administration which is electronic-based in order to improve the quality of public service effectively and efficiently. The public service which is currently expected by the society is the easy, cheap, and quick service. To develop the model of public service by using e-tax, the understanding of the community characteristics which can be grouped based on the conventional and modern are needed first. The community characteristics can be seen in the table 1 below:

Table 1. The Characteristics of Conventional and Modern Community

No	Conventional Community	Modern Community
1.	<ul style="list-style-type: none"> Residence location is far from the central government 	<ul style="list-style-type: none"> Residence location is near to the central government
2.	<ul style="list-style-type: none"> Residence is far from the central banking 	<ul style="list-style-type: none"> Residence is near to the central banking
3.	<ul style="list-style-type: none"> Most of the community already familiar with the internet 	<ul style="list-style-type: none"> Already familiar with the
4.	<ul style="list-style-type: none"> The quality of internet technology is still limited 	<ul style="list-style-type: none"> The quality of internet technology is very high
5.	<ul style="list-style-type: none"> Most of the livelihood are farmer and trader 	<ul style="list-style-type: none"> Most of the livelihood are employee and company worker
6.	<ul style="list-style-type: none"> Low mobility 	<ul style="list-style-type: none"> High mobility
7.	<ul style="list-style-type: none"> Reactive 	<ul style="list-style-type: none"> Proactive
8.	<ul style="list-style-type: none"> Minimum accessibility 	<ul style="list-style-type: none"> Good accessibility
9.	<ul style="list-style-type: none"> Inadequate facilities and infrastructure 	<ul style="list-style-type: none"> Adequate facilities and infrastructure
10.	<ul style="list-style-type: none"> Low education level 	<ul style="list-style-type: none"> High education level

From the indicators of conventional and modern community characteristics above, to fulfill the public service which can fulfill the desire of the community in implementation, the model of public service by using e-tax can be presented on the table 2 below.

Table 2. The Model of Public Service Using E-Tax System

The Innovation of Integrated Tax Online Collection	Description
1. <i>One-Touch Application Tax Online</i>	<ul style="list-style-type: none"> <i>One-Touch Application Tax Online</i> is an android-based application which contains the information of service kinds, complaints, payment of online-based taxes which involve multi institutions and in collaboration with some banking.
2. Car Tax Integrated online	<ul style="list-style-type: none"> <i>Car Tax Integrated online</i> contains information and payment of tax service which is semi conventional-based by visiting the village, sub-district, and the center of the crowd such as mall, market, and exhibitions through the online system.
3. Minimarket E-tax	<ul style="list-style-type: none"> The service of Minimarket e-tax is the collaboration between the local government and minimarket. The existence of minimarket is very easy to be reached and met by the community nowadays, either community in the village or in the city.
4. E-Performance	<ul style="list-style-type: none"> The supervision by using E-Performance system is useful to improve the performance of tax service office in controlling the tax official and tax payers. E-performance system can improve the employee target performance and implicating on the improvement of Key Performance Indicator (KPI) of the leader and organization.

The model of public service by using an e-tax system offered by the researcher towards the tax collection policy is using innovation of integrated tax online collection through one-touch application tax online, Car Tax Integrated online, an e-tax market, and supervision based e-performance system. An E-tax can simply improve the quality of public service in the process of servicing, quick in the time efficiency, qualified in utilizing the information and technology and electronic transaction, secure in the protection, sense of security, and legal certainty. If e-tax system based application is applied well, it will affect to the administration's saving time and costs for government. It will also give qualified public service for the society easily, cheaply, and quickly to overcome their annual tax liability [10]. Public service model based e-tax system above can be one of the government solutions to give public service for society so that the result expected is the improvement of locally-generated revenue or *Pendapatan Asli Daerah (PAD)*, significantly through the local tax.

3. Conclusions and Suggestion

E-government concept is a nowadays phenomenon in the world to revise public service and the internal efficiency of the government organization. E-government concept in Indonesia was created by the instruction of president no.23 in 2003 about the policy and national development strategy of E-government. E-tax system in local governance in authority era is indeed important to be analyzed is its systemic changing, not the product quality of the policy. The e-tax policy in local governance is understood as the order changing in local government which in turn affecting the systemic changing either effecting employee performance system, service system, licensing system, or workforce system, etc. Public service model by using e-tax to fulfill society willingness can use one touch application tax online, Car Tax Integrated online, e-tax market, and supervision based e-performance system. E-tax system can simply improve the quality or public service in the process of servicing, quick in the time efficiency, qualified in utilizing the information and technology and electronic transaction, secure in the protection, sense of security, and legal certainty

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