



## State Revenue Policy: Analysis of the Tax System and Non-Tax State Revenue (PNBP)

Risma Mawarni

Universitas Pasundan, Bandung, Indonesia

Article Info	ABSTRACT
<p><b>Corresponding Author:</b> Risma Mawarni E-mail: <a href="mailto:rmawarni88@gmail.com">rmawarni88@gmail.com</a></p>	<p>Non-Tax State Revenue (PNBP) plays a crucial role in fiscal consolidation and economic sustainability. The Indonesian government continues to optimize state revenue through tax reform, natural resource management, and service innovation, with the aim of driving post-pandemic economic recovery. Although the Covid-19 pandemic caused a decline in state revenue performance in 2020, the economic recovery in 2021 has resulted in a significant increase in tax revenue and PNBP. This study uses a literature review method to evaluate the effectiveness of fiscal policy and provide recommendations for improving state revenue management. Tax revenue remains the primary source, while PNBP has experienced an increase influenced by global commodity prices. Targeted fiscal policy and the use of information technology are considered crucial in optimizing state revenue to support fiscal consolidation and economic growth.</p> <p><b>Keywords:</b> State Revenue Policy; Tax System Analysis; Non-Tax State Revenue (PNBP); Fiscal Consolidation; Fiscal Reform.</p>

This is an open access article under the [CC BY-NC](https://creativecommons.org/licenses/by-nc/4.0/) license



### INTRODUCTION

To achieve quality fiscal consolidation and support fiscal sustainability, the Government will continue to mobilize state revenues more optimally in 2023 while maintaining the investment climate and business sustainability. The Government continues to strive to optimize revenue from taxes, Non-Tax State Revenue (PNBP), and grants while maintaining purchasing power, the investment climate, and protecting the community and the environment. To this end, the Government will continue to promote effective tax reform, asset management reform, and service innovation. From a tax perspective, the Government will maintain the effective implementation of the Law on the Harmonization of Tax Regulations (UU HPP), including increasing the tax ratio and continuing to provide targeted and measurable tax incentives. From a PNBP perspective, optimization is carried out, among other things, through reforms in the management of assets, natural resources (SDA), and dividends of State-Owned Enterprises (SOEs), as well as improving innovative and quality services. In line with this, strengthening state revenue governance must continue to be enhanced through strengthening administration, increasing tax compliance, improving regulations, strengthening synergies, and increasing the use of ICT.

*State Revenue Policy: Analysis of the Tax System and Non-Tax State Revenue (PNBP) – Risma Mawarni*

State revenue performance has shown improvement despite experiencing pressure due to the COVID-19 pandemic. In 2020, the COVID-19 pandemic caused an economic recession, resulting in a 15.96 percent contraction in state revenue, the lowest level in 10 years. This contraction was due to limited socio-economic activity and the massive provision of tax incentives and non-tax state revenues to support COVID-19 management and accelerate economic recovery. However, in 2021, state revenue increased significantly by 22.07 percent in line with improving economic activity and the rise in global commodity prices.

Judging from the composition of state revenue, tax revenue remains the primary source of state revenue. During the 2017-2021 period, tax revenue contributed an average of 78.56 percent, and PNBP contributed an average of 20.18 percent to state revenue. During this period, nominal tax revenue continued to increase, except in 2020, when it declined due to the economic contraction resulting from the COVID-19 pandemic. Tax revenue increased again in 2021 and reached a level relatively similar to pre-pandemic levels, driven by economic recovery, increased trade activity, and rising commodity prices throughout 2021. Meanwhile, PNBP performance in the 2017-2021 period also showed an upward trend, despite a decline in 2020. For 2021, the economic recovery had a significant impact on PNBP realization, exceeding pre-pandemic levels. One of the main factors is the significant increase in commodity prices which has a direct impact on PNBP, especially PNBP from Natural Resources.

## METHOD

This study uses a literature review method to analyze state revenue policies, focusing on the tax system and Non-Tax State Revenue (PNBP). Data sources include scientific articles, academic journals, reference books, government reports, and publications from international institutions such as the World Bank and the IMF that discuss fiscal policy and state revenue. The selected literature will be screened based on the topic's relevance and relevance, prioritizing sources with high credibility. The analytical techniques applied include thematic analysis to identify key themes, theoretical synthesis to understand policy principles, and comparative analysis to compare policy implementation across countries. This study aims to provide a deeper understanding of tax and PNBP policies, evaluate their effectiveness, and provide recommendations for improving the state revenue management system based on findings from the existing literature.

## RESULTS AND DISCUSSION

### Tax Revenue

Tax revenue performance generally fluctuated between 2017 and 2021, reaching its lowest point in 2020 during the COVID-19 pandemic. This tax revenue performance is reflected in the development of the tax-to-GDP ratio. In 2017, the tax ratio reached 9.89 percent and increased to 10.24 percent in 2018. Meanwhile, the tax ratio declined again to 9.76 percent in 2019 and reached a low of 8.33 percent in 2020. The tax ratio increased again in 2021 to 9.12 percent in line with the economic recovery. Figure 1. Development of the Tax Ratio and Tax Bouncy



Sumber: Kemenkeu

The development trend of the tax ratio is influenced by various factors. These include global and national economic developments, commodity price dynamics, and tax policies addressing pressures from the impact of the Covid-19 pandemic, particularly in 2020-2021. In 2018 and 2021, there was a commodity boom, which resulted in increased export performance. Tax revenues from the mining sector and related businesses, as well as revenues from Indonesia's international trade taxes, were the main factors contributing to the increase in the tax ratio. In 2019, the trade war between the US and China put pressure on the global economy, causing the tax ratio to decline. The Covid-19 pandemic reduced economic activity and impacted tax revenue performance. As a fiscal policy response during the pandemic, the government provided tax incentives and massive fiscal stimulus in 2020, resulting in a decline in the tax ratio. These policies were evident in 2021, with the Indonesian economy recovering and growing, driving increases in tax revenues and the tax ratio.

Furthermore, Indonesia's tax performance is also reflected in the tax buoyancy indicator. This indicator measures the growth of tax revenue compared to economic growth (nominal). The average tax buoyancy between 2017 and 2019 was 0.72, or less than 1. This means that every 1 percent increase in economic growth only drives an average of 0.72 percent growth in tax revenue. A tax buoyancy below 1 indicates that tax performance is still unable to fully reflect nominal GDP growth. In 2018, the tax buoyancy reached 1.42, triggered in part by rising global oil prices at the time. In 2020, the tax buoyancy reached 6.68, but this does not necessarily indicate an increase in tax buoyancy. This figure is derived from a 16.88 percent contraction in tax revenue and a 2.53 percent contraction in nominal GDP. In 2021, the tax buoyancy ratio reached 2.24, driven by the national economic recovery and the impact of rising global commodity prices, such as crude palm oil (CPO), minerals, natural gas, and other commodities.

During the 2017-2021 period, tax revenue experienced both increases and decreases. Tax revenue, consisting of tax revenue and customs and excise revenue, recorded an average growth of 4.59 percent during that period. Tax revenue, customs and excise revenue, grew by an average of 3.87 percent and 11.21 percent, respectively, during the same period. Specifically, in 2020, tax revenue contracted due to restrictions on economic and social activities to prevent the spread of Covid-19. Meanwhile, customs and excise revenue, particularly import duties, also experienced negative growth, while export duties and excise revenue maintained positive performance in 2020.

Tax revenue performance in the 2017-2021 period was influenced by tax policy factors, including tax reforms implemented by the government. The tax amnesty policy, which ran from July 2016 to March 2017, was able to drive increased tax revenue from redemption fees, totaling approximately Rp130 trillion. Furthermore, the tax amnesty program also encouraged increased formal compliance in submitting Annual Tax Returns (SPT) and the number of taxpayers (WP) in 2017.

Chart 2 Development of Tax Revenue



Sumber: Kemenkeu

In 2018, several tax policies were also implemented. These policies included a reduction in the tax rate for MSMEs from 1 percent to 0.5 percent and accelerated tax restitution. In customs and excise, in 2017 and 2018, the Tobacco Products Excise (CHT) tariff adjustment policy was implemented with a weighted average rate of 10.50 percent and 10.04 percent, respectively. Furthermore, in 2018, the CHT tariff group was also simplified. This tariff adjustment policy drove excise revenue growth of 4.11 percent. The policy related to the CHT tariff increase in 2017 and 2018, in addition to increasing revenue, was also intended to limit cigarette consumption as a form of the Government's responsibility to protect public health.

Tax policies were also continued in 2019. Several tax policies were issued by the Government related to the follow-up of the 2016 and 2017 tax amnesty policies. These policies include the implementation of Automatic Exchange of Information (AEOI) and Compliance Risk Management (CRM) to improve the exploration of tax potential and taxpayer compliance. This is expected to encourage increased tax revenue. On the other hand, to limit the consumption of alcoholic beverages, an adjustment was made to the excise tax rate for beverages containing ethyl alcohol (MMEA). Meanwhile, for CHT, the Government did not make any tariff adjustments, but conducted Operation Gempur to suppress the circulation of illegal cigarettes. With these policies, tax revenues, customs and excise grew by 1.47 percent and 3.90 percent in 2019, respectively, with excise revenues growing by 8.04 percent.

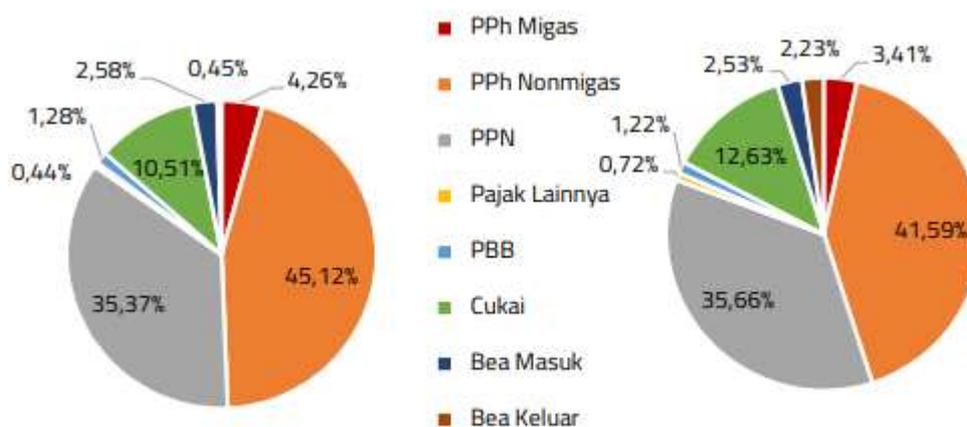
In 2020, several tax policies were issued to respond to the impact of the Covid-19 pandemic and encourage economic recovery. Tax incentive policies within the framework of the National Economic Recovery (PEN) program were aimed at supporting cash flow and the provision of raw materials for businesses, maintaining public purchasing power, and supporting investment, which is expected to drive economic recovery. Some of these policies include facilities for Income Tax (PPh) for MSMEs DTP, PPh 21 DTP, Import Duty (BM) DTP for Covid-19 handling, reduced PPh 25 installments, exemption from PPh 22 imports, exemption from BM, accelerated VAT refunds, and a reduction in the Corporate Income Tax

rate from 25 percent to 22 percent, as well as tax incentives for medical devices and the Covid-19 vaccination program. The provision of these massive tax incentives put further pressure on tax revenues impacted by the Covid-19 pandemic, resulting in a 16.88 percent contraction in tax revenue growth. From the customs and excise side, CHT rates were adjusted again with a weighted average rate of 23.05 percent.

In 2021, the tax stimulus policy for the National Economic Recovery (PEN) continued. The types of tax incentives provided remained relatively the same as in 2020, but with a more selective sector coverage. To accelerate economic recovery, additional incentives were provided for the Luxury Goods Sales Tax (PPnBM) on motor vehicles, VAT on certain residential or housing, and VAT on rental of space and buildings. Various government policies to accelerate economic recovery and the upward trend in global commodity prices were able to boost tax revenues in 2021 to reach IDR 1,547.88 trillion, or a growth of 20.45 percent. More specifically, tax revenues grew 19.27 percent, while customs and excise grew 26.37 percent. In nominal terms, this tax revenue realization represents the highest tax revenue growth in the last 10 years and approaches pre-pandemic levels.

During the commodity boom in 2018 and 2021, the composition of tax revenue types was relatively similar. 2018 is used as a reference for pre-pandemic tax revenue, while 2021 is used to reflect the level of tax revenue during the pandemic. Tax revenue in 2018 and 2021 was still dominated by non-oil and gas income tax, VAT, and excise. In both years, tax revenue growth was also the highest in the last five years (2017-2021). In 2018, tax revenue grew 13.04 percent, while in 2021, tax revenue grew 20.45 percent.

Chart 3 Composition of Tax Revenue: (a) 2018; (b) 2021



Sumber: Kemenkeu

The contributions of non-oil and gas income tax and VAT were relatively similar in 2018 and 2021. In 2018, non-oil and gas income tax contributed 45.12 percent to total tax revenue, while VAT contributed 35.37 percent. In 2021, the portion of non-oil and gas income tax revenue decreased slightly to 41.59 percent. This was due to the decline in global and domestic economic performance due to the Covid-19 pandemic. Meanwhile, VAT contributed relatively the same at 35.66 percent. The relatively similar VAT proportion indicates that tax revenue based on public consumption is relatively stable. In addition, the components of VAT and non-oil and gas income tax revenue are influenced by the dynamics and trends of global commodity prices through VAT and Sales Tax on Luxury Goods Imports as well as Corporate Income Tax and Article 22 Import Income Tax.

Several components of tax revenue, as well as customs and excise, that contribute significantly to tax revenue are excise, oil and gas income tax, import duties, export duties, and land and building tax (PBB). The contribution of excise revenue in 2018 was 10.51 percent and increased to 12.63 percent in 2021. This increase was driven more by CHT revenue which was less affected by the pressure of the pandemic in 2021. The development of oil and gas income tax in 2021 contributed less due to lower ICP and oil and gas lifting in 2021 compared to 2018. The contribution of BM and PBB remained relatively stable in the 2018-2021 period with contributions ranging from 2.50 percent and 1.20 percent of total tax revenue, respectively. Meanwhile, export duty revenues experienced the most significant growth in 2021. While the contribution of export duties was relatively low in 2018, at around 0.45 percent, it rose to 2.23 percent of total tax revenue in 2021. This was influenced by increased export activity and the push for commodity prices, particularly palm oil and copper products, which rose significantly in 2021 in line with commodity price trends and global economic dynamics.

In 2022, the government will continue the tax policies of the previous year to encourage national economic recovery. Several tax policies to support the National Economic Recovery (PEN) program include PPnBM DTP for motor vehicles, VAT DTP for housing, exemption from Article 22 import income tax, discounts on Article 25 installments, and accelerated VAT refunds. These incentives are provided in a more targeted and measurable manner through several changes to the distribution scheme, while also considering the recovery rate of several business sectors deemed to still require government support for growth.

### **Non-tax revenue**

Non-Tax State Revenue (PNBP) originates from various sources, so its performance is influenced by numerous factors. This revenue is divided into natural resource revenue (oil and gas natural resources and non-oil and gas natural resources), Revenue from Separated State Assets (KND), Other Non-Tax State Revenue (PNBP), and Public Service Agency (BLU) Revenue. The performance of Non-Tax State Revenue (PNBP) realization is influenced by many factors, such as commodity prices, production volume, the Rupiah exchange rate against the USD, the number of services provided, and the type and amount of tariffs. These various factors encourage the Government to continuously strive to optimize Non-Tax State Revenue (PNBP) in line with the ever-increasing standards of service quality provided to the public.

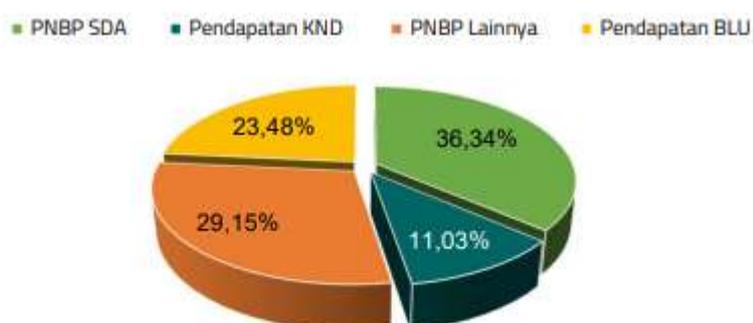


Sumber: Kemenkeu

Graph 4. Development of PNBP

Non-Tax State Revenue (PNBP) performance from 2017 to 2021 averaged 13.53 percent growth per year, but experienced pressure, particularly due to the COVID-19 pandemic in 2020. Despite experiencing negative growth in 2020 due to the impact of the COVID-19 pandemic, performance improved in line with the economic recovery trend. Non-Tax State Revenue (PNBP) realization in 2021 reached IDR 458.53 trillion, or 153.76 percent of the 2021 State Budget target of IDR 298.20 trillion. This increase was primarily due to rising commodity prices such as crude oil, coal, and CPO, as well as improved services from ministries/agencies (K/L) and public service agencies (BLU). This year's realization was the highest compared to previous years.

In the 2022 State Budget, the Non-Tax State Revenue (PNBP) target is still dominated by Natural Resources Revenue. Specifically, the 2022 Non-Tax State Revenue (PNBP) target is IDR 335.56 trillion, comprising IDR 121.95 trillion (36.34 percent) of Natural Resources Revenue, IDR 37.00 trillion (11.03 percent) of Non-Tax State Revenue (PNBP) from the National Government and Regional Government (KND), IDR 97.81 trillion (29.15 percent) of Other Non-Tax State Revenue (PNBP), and IDR 78.80 trillion (23.48 percent) of Public Service Agency (BLU). As of the first quarter of 2022, the PNBP realization reached IDR 99.10 trillion (29.54 percent).



Sumber: Kemenkeu

Chart 4: Portion of Non-Tax State Revenue (PNBP) Components in the 2022 State Budget

The government has undertaken various efforts to improve the management of PNBP. These improvements include improving PNBP regulations at ministries/agencies, improving and enhancing, and integrating the SIMPONI system with other ministries/agencies. Furthermore, the government is also encouraging the implementation of synergy/joint system programs, intensifying PNBP receivables collection through the implementation of the Automatic Blocking System (ABS), initiating system integration by establishing the Mineral and Coal Management Information System between Ministries/agencies (SIMBARA), and profiling taxpayers (minerba) to improve PNBP oversight.

The 2023 Non-Tax State Revenue (PNBP) policy is also aimed at optimizing state revenues to support fiscal consolidation. This optimization is supported by the 2021 PNBP achievement, which demonstrated quite good performance. In 2022, amidst recovery efforts following the COVID-19 pandemic, current global developments indicate new challenges arising from the Russia-Ukraine war. This situation impacts the global and domestic economy, including commodity prices, which will impact PNBP performance. Furthermore, PNBP management still faces the need for continuous governance improvements, such as the use of IT and increased oversight.

The 2023 Non-Tax State Revenue (PNBP) management policy to support the direction of fiscal consolidation policy is carried out according to the variety and type of revenue sources. Optimizing Non-Tax State Revenue (PNBP) to increase state revenue will improve the funding capacity of the State Budget (APBN) and thereby reduce the APBN deficit. This effort is carried out through various policies. The general policies in 2023 are: (a) optimizing the utilization of natural resources through policy refinements, improving the management of natural resources utilization, and increasing added value, while still paying attention to environmental sustainability; (b) optimizing SOE dividends by considering factors such as profitability, company funding needs, investor perceptions, regulations and covenants, and by encouraging improved performance and efficiency; (c) increasing innovation and service quality of work units and Public Service Agencies (BLU) and optimizing the management of State-Owned Enterprise (BMN) assets; and (d) strengthening governance through increased synergy, expanding the use of technology and information, and improving supervision and compliance.

## CONCLUSION

The conclusion of this analysis of state revenue policy indicates that the Indonesian government continues to strive to optimize state revenue sources, both from the taxation sector and Non-Tax State Revenue (PNBP). Despite being under pressure due to the Covid-19 pandemic, state revenue performance has experienced a significant recovery, driven by adaptive fiscal policies, such as the provision of tax incentives and asset management reforms. Tax revenue remains the primary source of state revenue, although PNBP also shows a positive trend, particularly from the natural resources sector. Strengthening administrative governance, improving tax compliance, and service innovation are important steps to support future fiscal sustainability and consolidation. In the context of PNBP, the government continues to focus on optimizing natural resource management and SOE dividends, while maintaining environmental sustainability and efficiency. These efforts are expected to strengthen state budget funding, reduce the deficit, and encourage sustainable national economic recovery.

## REFERENCE

- Kementerian Keuangan Republik Indonesia. (2024). *Laporan Realisasi Anggaran Pendapatan dan Belanja Negara Tahun 2023*. Jakarta: Kementerian Keuangan Republik Indonesia.
- Badan Kebijakan Fiskal. (2024). *Analisis Kebijakan Pendapatan Negara dan Penerimaan Negara Bukan Pajak (PNBP) Tahun 2023*. Jakarta: Kementerian Keuangan Republik Indonesia.
- Direktorat Jenderal Pajak. (2023). *Peningkatan Kepatuhan Pajak dan Efektivitas Sistem Administrasi Pajak di Indonesia*. Jakarta: Direktorat Jenderal Pajak.
- Kementerian Energi dan Sumber Daya Mineral. (2023). *Laporan Pengelolaan Sumber Daya Alam dan Penerimaan Negara Bukan Pajak (PNBP) Tahun 2023*. Jakarta: Kementerian Energi dan Sumber Daya Mineral.
- Bank Indonesia. (2023). *Laporan Ekonomi dan Kebijakan Fiskal Indonesia 2023*. Jakarta: Bank Indonesia.
- Peraturan Pemerintah Republik Indonesia No. 123/2023 tentang *Optimalisasi Penerimaan Negara dan Reformasi Fiskal*. Jakarta: Pemerintah Republik Indonesia.