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# Swallow Nest Tax Control in Cirebon Regency

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## ABSTRACT

This research investigates swallow nest tax controlling in Cirebon Regency. The swallow nest tax is tax on the activity of taking or exploiting swallow nest. Formulation of the problem in this study is based on the report issued by THE BPPD Cirebon Regency, which showed that there was tax disobedience or avoidance performed by the swallow nest taxpayers. There was also still lack of corrective action done by the government in deciding tax penalty for the tax breakers. It is assumed to happen due to the less optimized controlling process. Therefore, this research aimed at seeing how the controlling process of swallow nest tax in Cirebon Regency was conducted. The data collecting technique of the qualitative method was applied in this research by using the literature research, field research, and interviewing five informants. They were the Head of Control Sub-Department of THE BPPD of Cirebon Regency, the Head of Regional Tax 1 Department of THE BPPD of Cirebon Regency, the Head of Technical Implementation Unit (UPT) of THE BPPD of Cirebon Regency, the taxpayer, and the guard of swallow nest building. The research showed that the swallow nest tax collecting process in Cirebon Regency was not optimal at that time. It was because the performance had not met the determined target, the controlling process done had not been completely conducted based on the standard determined in the Regent's Regulation (Perbup) No. 14 of 2012, and the commitment in deciding needs of corrective action was not strong enough.

**Keywords :** *Controlling; Swallow Nest Tax; Cirebon Regency.*

## INTRODUCTION

The level of success and failure of an organization can be seen from how a control process is conducted regularly or whether the process is conducted. Basically, a control process is intended to prevent deviations in the implementation of an activity or work and to take corrective actions if there is a deviation from what was previously determined. The swallow tax control in Cirebon Regency is hoped to eliminate deviations according to procedures.

In this case, the Cirebon Regency government through the Regional Revenue Management Agency (THE BPPD, *Badan Pengelolaan Pendapatan Daerah*) of Cirebon

Regency is an element of implementing regional autonomy, which carries out a portion of government affairs in the management of regional taxes and levies to explore the potential of real local revenue (PAD, *pendapatan asli daerah*) in the Cirebon Regency. One of the local taxes managed by the BPPD of Cirebon Regency is the swallow nest tax. This swallow nest tax is a tax on the activities of swallow nest cultivation. The collection of the swallow nest tax is regulated through the Cirebon Regency Regional Regulation (Perda) No. 2 of 2011 concerning Regional Taxes and based on the Cirebon Regent's Regulation (Perbup, *Peraturan Bupati*) No. 14 of 2012 concerning the System and Procedure of Swallow Nest Tax Collection.

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In fact, the implementation of the swallow nest tax control process carried out by the regional government has not been running optimally. This control mechanism is expected to be an opportunity for regions to optimize their assets to increase their PAD.

The definition of control according to Richard L. Daft in his book entitled *Management* is: "Control is the systematic process of regulating organizational activities to make them consistent with the expectations established in plans, targets, and standards of performance." (Daft, 2003: 654). Control is defined as a systematic process and is conducted to regulate the activities of the organization so that it runs consistently in accordance with expectations built in planning, targets, and performance standards. The control process is particularly important in maintaining the stability of the organization in its efforts to achieve goals.

The formulation of the problem in this research is to find out how the control concept carried out by the Cirebon Regency government in carrying out swallow nest tax control has not been running optimally. This research employed a theoretical approach in explaining concepts and methods and using research data in discussing existing problems. This paper aims at providing an overview of controlling swallow nest tax in Cirebon Regency.

## LITERATURE REVIEW

Based on the research and the formulation of the existing problems, it was necessary to make a comparison and to reveal the same phenomenon from a different perspective to enrich the knowledge. Several researches were used as a comparison for this research. The first one was written by (Meybi Marlaine Pongoh and Ventje Ilat, 2016) entitled "The Determination and Collection System for Swallow Nest Tax in North Minahasa Regency". The research method used was a qualitative method with a descriptive approach. The conclusion obtained was regarding taxation: according to Regent's Regulation

Number 24 of 2012, the swallow nest tax carried out by the office was guided by the regional taxation laws and the regional tax system and procedures. Furthermore, the Regent's Regulations on swallow nest tax had been implemented well, so that the process of collecting swallow nest tax was able to achieve revenue targets in accordance with applicable regulations.

The second one was written by (Nurhidayati, 2010), entitled "The Evaluation of Swallow Nest Tax Collection in the City of Bengkulu". The purpose of this research was to evaluate swallow nest tax collection in the city of Bengkulu based on good tax collection criteria based on Smith's Cannon principles using qualitative methods. The results of the swallow nest tax evaluation research were found through an assessment based on local tax collection criteria. In addition, the swallow nest tax revenue was also calculated. Based on the obtained calculation results of the potential, this swallow nest tax revenue had a very large potential, so it contributed abundantly to the PAD.

The third one was research written by (Hafshah Muhardiana, 2011) entitled "The Contribution of Swallow Nest Tax in Increasing Meranti Regency's PAD". The purpose of this research was to determine the implementation of swallow nest tax collection using qualitative methods. The results showed that the implementation of the swallow nest tax collection had run well and been realized in accordance with the budgeted targets.

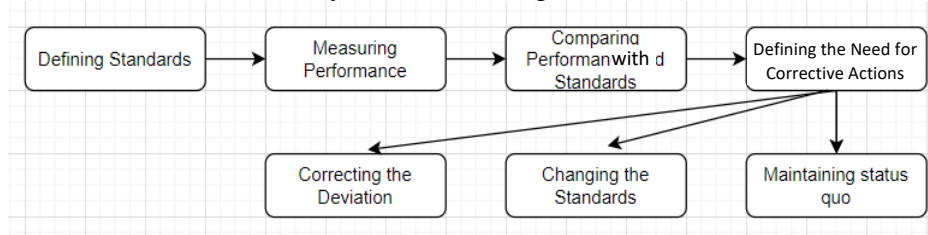
Those research, in some ways, have similarities with this research. One of the similarities is the focus of the study relating to efforts to collect swallow nest tax. On the other hand, the difference is in terms of the emphasis of the substance under research. This research focuses on the control system and procedures for swallow nest tax collection by the Regional Revenue Management Agency of Cirebon Regency.

According to Richard L. Daft, "control is defined as a systematic process and is carried out to regulate the activities of the organization

so that it runs consistently in accordance with expectations built in planning, targets, and performance standards. The control process is very important in maintaining the stability of the organization in its efforts to achieve goals”.

This research focuses on the control system and procedures for swallow nest tax collection by the Regional Revenue Management Agency of Cirebon Regency. In analyzing this research, Griffin's theory (2004:

167-169) was employed. The use of this theory was based on the relevance of the theory to the indication of the problem in this research. In addition, the control measures proposed by Griffin, (2004: 167-169) were in accordance with the context of the control implementation put forward by the Regional Revenue Management Agency of Cirebon Regency. The steps in the control process can be seen in the figure below.



Source: Management Book (Griffin 2004:167-169)

Based on the figure, there are four steps in the control process. The description of each step in the control process is as follows:

1. **Defining Standards;** control standards are targets that will be the reference point for future performance. Standards set for control purposes must be expressed in measurable terms.
2. **Measuring Performance;** Performance measurement is a constant and continuous activity for most organizations. This is done in order to control more effectively. The performance measurement must be valid.
3. **Comparing Performance with Standards;** This third step is to compare actual performance with standards. Performance can be higher, lower, or equal to the standard.

**Defining the Need for Corrective Action;** Decisions regarding corrective actions depend very much on the analytical skills of the manager's diagnosis. After comparing actual performance with control standards, managers can choose one of the three actions: maintaining the status quo (doing nothing), correcting the deviations, or changing the standards.

## RESEARCH METHOD

The qualitative method along with descriptive analysis were used in this research. This method was intended to describe and summarize the various conditions and situations that existed and to describe the concrete conditions of the object of research and linking variables, which then produced a description of the object of research.

Data source aspects in this study consisted of primary data and data collection techniques centered on observation, in-depth interviews, and documentation.

On the other hand, the determination of the information employed a purposive technique, which was the retrieval of data sources with certain considerations in accordance with the competence or background of the informant. Informants in this research included: the Head of the Control Sub-Department of THE BPPD of Cirebon Regency, the Head of Regional Tax 1 Department of THE BPPD of Cirebon Regency, the Head of Technical Implementation Unit (UPT) of THE BPPD of Cirebon Regency, the taxpayer, and the guard of swallow nest building.

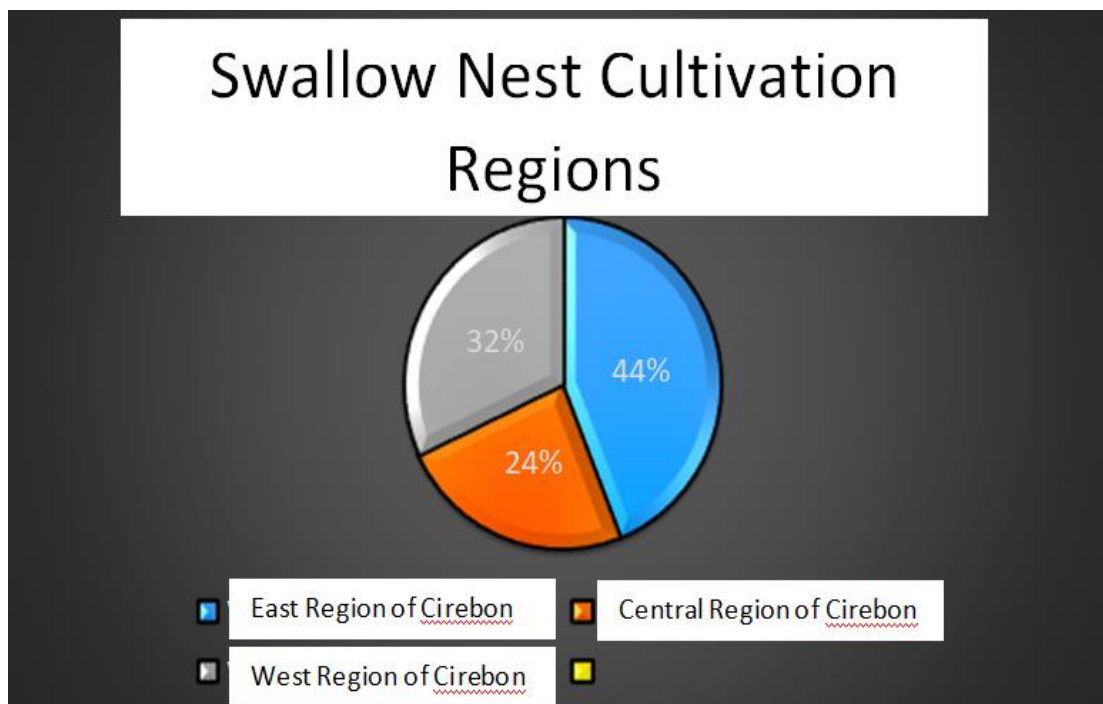
## RESULTS AND DISCUSSION

### Swallow Nest Tax Control in Cirebon Regency

Based on the conditions in the field and based on the data obtained, Cirebon Regency

was an area that was still potential in the management of swallow nest businesses, where there were still many areas that did swallow breeding. Out of a total of 40 districts in Cirebon Regency, there were 24 regions with swallow nest business.

**Figure 2 Swallow Nest Cultivation Location Map**



The importance of control was strongly felt by the Regional Revenue Management Agency of Cirebon Regency in its authority to manage regional potentials in order to optimize real local revenue (PAD) in Cirebon Regency. At that time, the number of taxpayers registered with the Regional Revenue Management Agency of Cirebon Regency could be said to be relatively large. In this case, the taxpayer data collection was very useful for the Regional

Revenue Management Agency of Cirebon Regency to re-examine and collect data related to taxes that had to be paid by taxpayers. In addition, if there were taxpayers who did not pay or underpaid after the payment due date, this could be used as a basic reference to decide the control process that had to be carried out by the BPPD of Cirebon Regency. The following is a list of taxpayers in Cirebon Regency.

**Table 1**  
**The List of Swallow Nest Taxpayers**

No	Year	Description	Taxpayers who do not pay taxes	Taxpayers with permission
1	2012	East Region's Tax UPT : 128 Central Region's Tax UPT: 18 West Region's Tax UPT: 40 <b>Total Number of Taxpayers: 186</b>	45	None
2	2013	East Region's Tax UPT : 108 Central Region's Tax UPT : 15 West Region's Tax UPT : 23 <b>Total Number of Taxpayers: 146</b>	40	None
3	2014	East Region's Tax UPT : 74 Central Region's Tax UPT : 8 West Region's Tax UPT : 22 <b>Total Number of Taxpayers: 104</b>	65	None
4	2015	East Region's Tax UPT : 91 Central Region's Tax UPT : 10 West Region's Tax UPT : 22 <b>Total Number of Taxpayers: 123</b>	46	1
5	2016	East Region's Tax UPT : 92 Central Region's Tax UPT : 10 West Region's Tax UPT : 26 <b>Total Number of Taxpayers: 128</b>	58	1
6	2017	East Region's Tax UPT : 94 Central Region's Tax UPT : 10 West Region's Tax UPT : 26 <b>Total Number of Taxpayers: 130</b>	56	None
7	2018	East Region's Tax UPT : 94 Central Region's Tax UPT : 10 West Region's Tax UPT : 26 <b>Total Number of Taxpayers: 130</b>	60	2
8	2019	East Region's Tax UPT : 94 Central Region's Tax UPT : 10 West Region's Tax UPT : 26 <b>Total Number of Taxpayers: 130</b>	60	2

(Source: THE BPPD of Cirebon Regency & Investment & PTSP Office of Cirebon Regency, 2019)

Based on the table above that was related to the list of swallow nest taxpayers in the Cirebon Regency Regional Revenue Management Agency, there were still many

taxpayers who had not or did not pay taxes each year. Moreover, based on data obtained from the Office of Investment and One-stop Integrated Services of Cirebon Regency, only a

few of the swallow nest entrepreneurs who had pocketed business licenses from the Cirebon Regency government.

By looking at the phenomena that occurred related to the management of this swallow nest tax, there was a non-compliance or tax avoidance carried out by the swallow nest taxpayers. This happened due to the control processes carried out by the Cirebon Regency government, or the Regional Revenue Management Agency of Cirebon Regency in this case, which was not optimal. Therefore, it was interesting to learn about the process of swallow nest tax control in Cirebon Regency.

Initial observations were conducted in November 2017. Based on the results, the mechanism of the swallow nest tax control process conducted by the Regional Revenue Management Agency of Cirebon Regency met many problems that occur in the field. The problems were non-compliance or tax avoidance by the swallow nest taxpayers in paying the tax to the Regional Revenue Management Agency of Cirebon Regency, and only a few entrepreneurs who had pocketed business licenses from the Cirebon Regency government.

Another problem was the mechanism of swallow nest tax control carried out by the Regional Revenue Management Agency (BPPD) of Cirebon Regency that had not run in accordance with the existing standard operating procedures (SOP), which were in accordance with Regent's Regulation No. 14 of 2012 concerning the Swallow Nest Tax Collection System and Procedures. In this case, the Regional Revenue Management Agency of Cirebon Regency only carried out its duties by issuing a warning letter to the problematic taxpayers without implementing the sanction.

Based on the description that had been described above, there were several indications of problems related to the non-optimal control process carried out by the Regional Revenue Management Agency of Cirebon Regency.

## **Discussion**

In analyzing the phenomenon found in this research, control theory based on Griffin's theory (2004: 167-169) was employed. This theory consisted of four stages, which are defining standards, measuring performance, comparing performance with standards, and defining the need for corrective action.

### **Defining Standards**

Implementation of controls carried out regularly and under guidance created a picture of the level of success or error in the implementation of work. Basically, the control was intended to prevent deviations in the implementation of activities or work and to take corrective actions if deviations occurred. The standards served as work references that had been set for the implementation of an activity. The standards were defined to assess whether an activity or work that was controlled was running accordingly or not.

The clarity of rules in implementing Swallow Nest Tax Control in Cirebon Regency conducted by the Regional Revenue Management Agency (BPPD) of Cirebon Regency referred to the applicable laws and regulations, which were based on Regent's Regulation No. 14 of 2012 concerning the System and Procedures of Swallow Nest Tax Collection. It was used as a guideline to disseminate information relating to the provisions of swallow nest tax control.

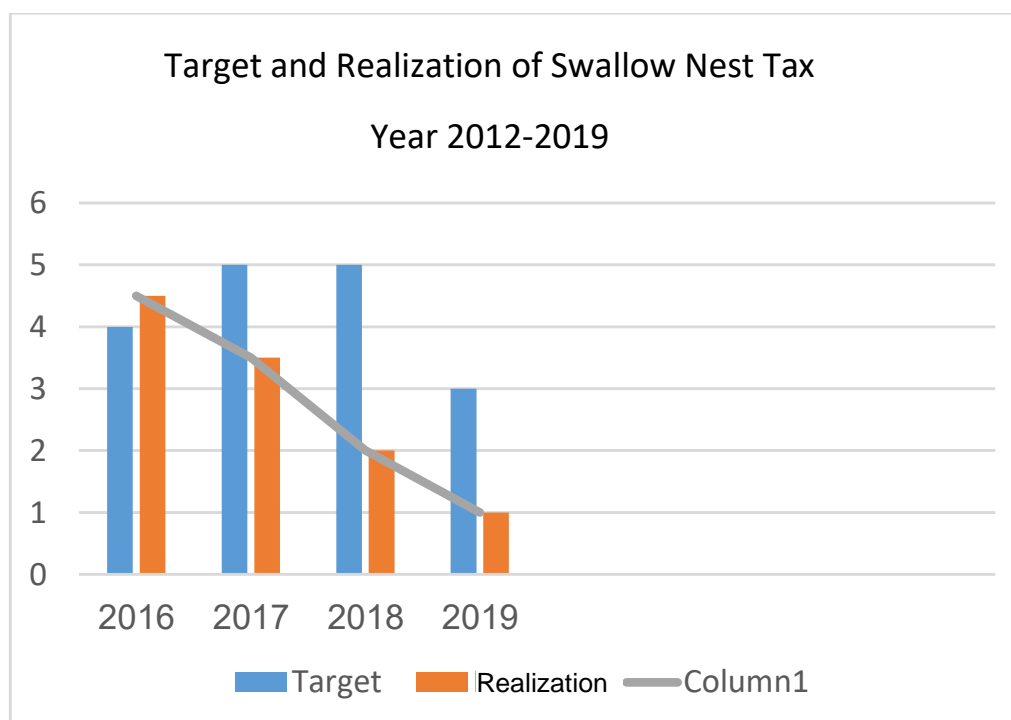
The Regional Revenue Management Agency (BPPD) of Cirebon Regency in carrying out the swallow nest tax control process had referred to the applicable Standard Operating Procedure (SOP), which referred to Cirebon Regent's Regulation No. 14 of 2012 concerning the System and Procedures of Swallow Nest Tax Collection. It was used as a guideline in controlling swallow nest tax collection in Cirebon Regency.

### **Measuring the Performance**

This aspect was carried out based on established performance indicators. The results showed that this aspect of measuring the

performance of the Regional Revenue Management Agency (BPPD) Cirebon Regency had not achieved the goals set previously. The objectives were in the form of targets to be achieved by an organization that made an indicator of success in carrying out an activity. This was due to the non-optimal control process carried out by the Cirebon

Regency Regional Revenue Management Agency (BPPD). It had an impact on revenue from the swallow nest tax sector, which had decreased or had not reached its target. The following data were related to the target and realization of the swallow nest tax in the period 2016 to 2019:



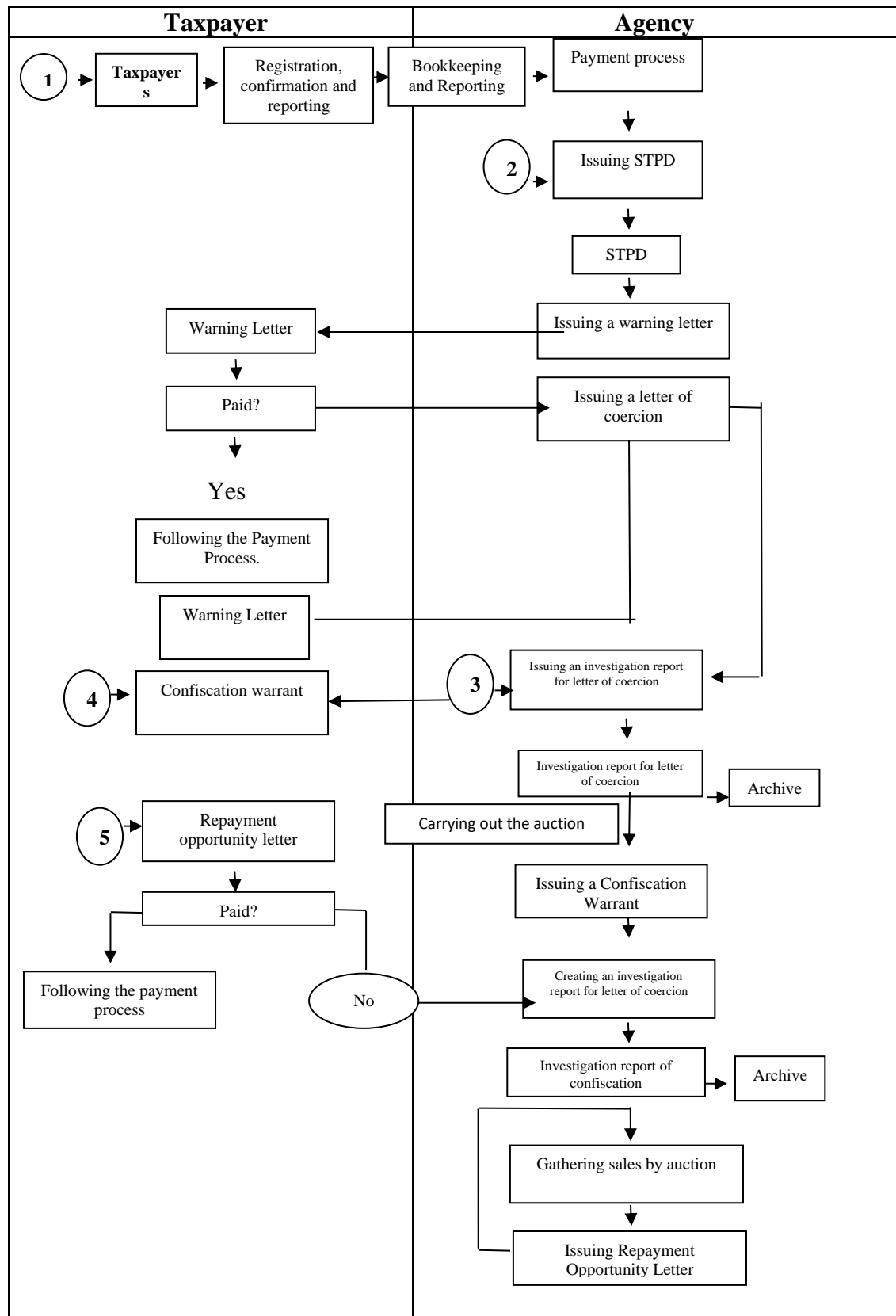
Based on the findings, this was caused by several factors. One of the factors was the process of supervision or control of the BPPD of Cirebon Regency was constrained by the difficulty in access both to meet the business owners and to enter the location of swallow nest cultivation in order to determine the potential actually happened.

Still in the aspect of measuring performance which in this case was the control mechanism carried out by the Regional Revenue Management Agency (BPPD) of Cirebon

Regency in curbing problematic taxpayers, the BPPD of Cirebon Regency formed a team called the Regional Tax Integrated Operations Team (TOTPD, *Tim Operasi Terpadu Pajak Daerah*) in coordination with Satpol PP and the One-Stop Integrated Investment and Services Office. However, this method had not yet been fully implemented by the Regional Revenue Management Agency (BPPD) of Cirebon Regency, meaning that there was still no clear or scheduled time related to monitoring by going directly to the field.



**Figure 3**  
**Tax Collection System Process and Procedure**

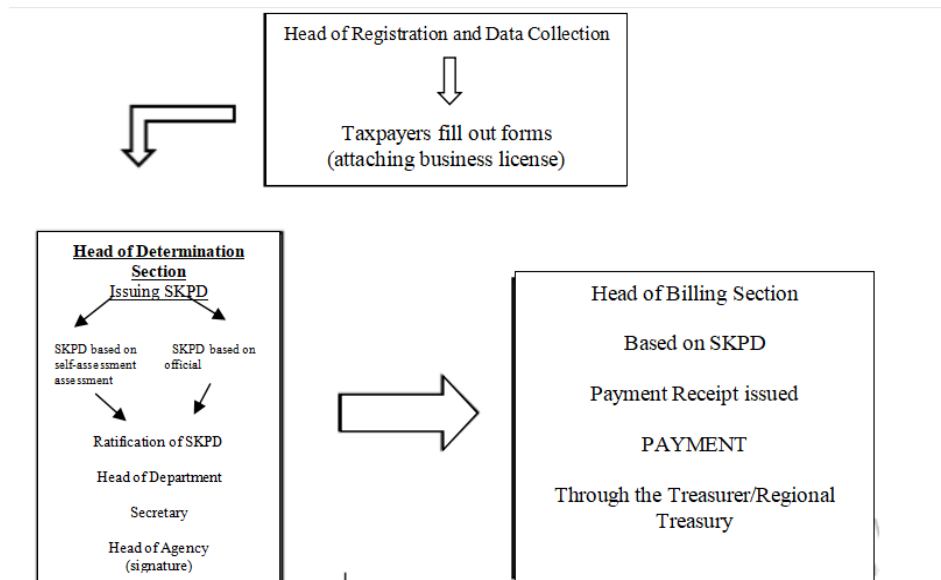


(Source: Regent's Regulation No. 14 of 2012)

By looking at this phenomenon, there were several things that had to be corrected in the swallow nest tax collection procedure carried out by the Regional Revenue

Management Agency of Cirebon Regency. In summary, the mechanism for swallow nest tax collection procedures that had to be considered more is as follows:

**Figure 4**  
**Mechanism of Swallow Nest Tax Collection and Determination**



In the picture, there were new things related to the procedure for the determination and collection of swallow nest tax mechanism which was expected to have a positive impact. One of them was the mechanism of swallow nest tax collection carried out by the Regional Revenue Management Agency of Cirebon Regency. The agency had to pay attention to the following stages:

#### 1. Head of Registration and Data Collection Section.

In the registration and data collection stage for taxpayers, in addition to completing the form, the taxpayer should also be simultaneously required to attach a business permit from the relevant office, which was the One-stop Investment & Services Office. This was because based on the findings, it was shown that there were still many swallow entrepreneurs who did not have business licenses from related agencies.

#### 2. Head of Determination Section

In this stage, it was found that the BPPD of Cirebon Regency used Self-Assessment System principle in carrying out the swallow nest tax. This system was a tax collection system that gave authority, trust, and responsibility to the taxpayers to calculate, pay, and report the tax that must be paid by themselves. On one hand, this system saved costs. On the other hand, it was prone to fraud. Some taxpayers would try to reduce the amount of tax that would be paid. If there was no good inspection mechanism, it was certain that taxpayers would not pay taxes properly. The inspection mechanism was not carried out in-depth for all taxpayers due to the limitations of tax officers. Even if the officers found violations, the solution was often not in accordance with existing regulations.

Therefore, in this case, the BPPD of Cirebon Regency was proposed to apply not

only one system in collecting the swallow nest tax. On the contrary, the government had to implement two systems. The second system was the Official Assessment System in making its determination as a comparison.

The mechanism for swallow nest tax collection with the Official Assessment System included:

- a. The employees of the BPPD of Cirebon Regency in the field of income and determination had to collect data on the results of swallow nest sales. The data from the sales had to be collected and the swallow nest tax assessment letter had to be issued.
- b. The collected data had to be submitted to the billing and control section to collect taxes from swallow entrepreneurs.
- c. After the tax data were collected, the employees of the BPPD of Cirebon Regency in the field of billing and control had to submit a Regional Tax Assessment Letter (SKPD, Surat Ketetapan Pajak Daerah) to the swallow entrepreneur.

### 3. Head of Billing Section

In this stage, based on SKPD payment receipts that had been issued, swallow entrepreneurs were able to deposit funds or make payments to the local treasury.

With a change in procedure in collecting swallow nest tax, taxpayers were required to take care of their business licenses to the relevant offices. In addition, the BPPD of Cirebon Regency did not only implement a single system, which was the Self-Assessment System. On the contrary, the BPPD of Cirebon Regency had to apply two systems at the same time as a comparison material by applying both the principle of the Self-Assessment System and the principle of the Official Assessment System as previously explained. Therefore, the mechanism was expected to have a positive impact on overcoming deviations that occurred in swallowing nest tax collection.

### Defining the Need for Corrective Action

This aspect was intended as a follow up to the deviations found during the process of comparing performance with the standard (evaluation) of these activities so the control could run well. At this stage, the Regional Revenue Management Agency (BPPD) of Cirebon Regency was considered to be still weak in carrying out or determining the need for corrective action. In general, the BPPD of Cirebon Regency had taken a number of corrective actions in response to deviations that occurred related to non-compliance of taxpayers. However, these actions were only limited to giving a letter of warning while the sanction itself had not proceeded properly. Of course, sanctions in the form of reprimand alone had not had a deterrent effect on violations that occurred. Therefore, sanctions in the form of reprimand had to be taken to the next level, which was confiscation.

### CONCLUSION

Based on the description of the discussion on Swallow Nest Tax Control in Cirebon Regency through the Regional Revenue Management Agency of Cirebon Regency, a conclusion was drawn that the control process had not been running optimally because it was not going well, smoothly, and in accordance with the existing provisions. In the aspect of comparing performance with standards, swallow nest tax control in Cirebon Regency had been carried out based on the standard control process referring to the Cirebon Regent's Regulation No. 14 of 2012 concerning the Swallow Nest Tax Collection System and Procedures. However, the commitment to determine the need for corrective action had not been strong.

In the aspect of Defining the Need for Corrective Action, the corrective action was still in the form of a reprimand to those who committed violations or deviations so that it did not cause a deterrent effect for the business actors. Therefore, a different approach pattern was needed by THE BPPD officers in Cirebon Regency.

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