

Hotel Tax Imposition on Households Review of the Principles of Tax Collection (The Four Maxims Adam Smith)

Fenny Andriani
State Administrative Law
Lampung University
Lampung, Indonesia
Fennyandriani1988@gmail.com

Nurmayani
State Administrative Law
Lampung University
Lampung, Indonesia
nurmayani.1961@fh.unila.ac.id

Eka Deviani
State Administrative Law
Lampung University
Lampung, Indonesia
Eka.Deviani@fh.unila.ac.id

Abstract—The imposition of hotel taxes on boarding houses needs special attention because the imposition of taxes equivalent to hotel taxes is considered unfair by the community, especially boarding house owners. Local district/city governments as representatives of the state in the regulation regarding the imposition of hotel taxes on boarding houses are expected to be able to create the policy of applying hotel taxes to boarding houses following the principle of tax collection, to increase the compliance of boarding house taxpayers.

Keywords— *Local Tax, Boarding House Tax, Tax Collection Principle*

I. INTRODUCTION

Housing is a basic need guaranteed by the constitution. One type of house is a house that is organized to make a profit, which can be a boarding house. The establishment of a boarding house is a community business activity that aims to make a profit.

Community business activities are protected by Article 28 C paragraph (1) of the 1945 Constitution of the Republic of Indonesia (UUD 1945) that everyone has the right to develop themselves through fulfilling their basic needs to improve the quality of their life and for the welfare of mankind. Business is a form of self-development right, that is, by doing business, everyone can develop themselves. One form of business is a boarding house business.

With the progress and development of an area, the number of boarding house businesses is increasingly mushrooming. Economically, the boarding house business is one of the business activities that have the potential to increase Regional Original Income in terms of regional taxes to support development.

Regional Tax is a mandatory contribution to the Region that is owed by an individual or entity that is coercive based on the law, with no direct compensation,

and is used for the Region for the greatest prosperity of the people. Based on the authority to collect, regional taxes can be divided into provincial taxes and district/city taxes whose collection is carried out based on Regional Regulations following Law Number 28 of 2009 concerning Regional Taxes and Regional Levies [1].

The boarding house tax is included in the Hotel Tax, which is a type of district/city local tax that was mentioned earlier in Law No. 28 of 2009 because this type of tax has the most potential compared to other types of district/city local taxes. This is due to the increasing mobility and growth of the community so that the use of hotels and boarding houses also develops.

The role of the State in regulating the imposition of hotel taxes on boarding houses must also pay attention to the provisions of Article 18 paragraph (1) of the 1945 Constitution (second amendment) which stipulates that "The Unitary State of the Republic of Indonesia is divided into provincial areas and the provincial area is divided into districts and cities which each -Each province, district, and the city has a regional government which is regulated by law [2].

The Bandar Lampung City Government has enacted the Bandar Lampung City Regional Regulation Number 07 of 2018 concerning the Permit to Organize and Arrange Boarding Houses, but so far the imposition of boarding house taxes have not gone well. Many boarding house owners are reluctant to pay taxes because the imposition of taxes that are equated with hotel taxes is considered unfair.

Based on the description above, it is necessary to have a way of imposing a tax on the policy of applying hotel taxes to boarding houses following the principles of tax collection, to increase the compliance of the boarding house taxpayers.

II. RESEARCH METHODS

This research is legal, so following the scientific character of legal science as a practical science with authoritative norms, a statute approach [3] is used related to the imposition of local taxes and other documents related to the imposition of hotel taxes on boarding houses. In addition, it is supported by the addition of data or empirical elements through a socio-legal, statute, and conceptual approach to examine legal phenomena and the socio-economic implications of laws and policies related to the imposition of hotel taxes on boarding houses using the theory of taxation principles. As well as data analysis was carried out in a prescriptive-analytic manner, namely examining legal concepts, legal principles, legal norms, and legal systems related to the imposition of hotel taxes on boarding houses.

III. DISCUSSION

Policies in taxation made by the government must be based on statutory regulations [4]. Taxes can be categorized into 2 types according to the collection agency, namely central taxes and regional taxes [5]. There are several types of local taxes regulated in the PDRD Law which is a source of Regional Original Income (PAD). Bandar Lampung City as an autonomous region also does not want to be left behind in exploring sources of income through local taxes. The phenomenon of the number of boarding houses in the area being used as a type of business in the area has made the government make boarding houses an object of local taxes [6]. As a form To increase Regional Original Revenue (PAD) through local taxes, the Bandar Lampung City Government-issued Bandar Lampung City Regional Regulation Number 12 of 2017 concerning Amendments to Bandar Lampung City Regional Regulation Number 1 of 2011 concerning Regional Taxes.

Article 1 Number 12 Regional Regulation of Bandar Lampung City No. 11 of 2011 explains that hotels are facilities that provide lodging/rest services including other related services for a fee, which includes motels, inns, tourism huts, tourism guesthouses, guesthouses, cottages, villas, , lodging houses and the like, as well as boarding houses with more than ten (10) rooms. This is in line with Article 1 of the PDRD Law which explains that what is meant by a hotel is a boarding house with more than 10 (ten) rooms. This is what is used as the basis for local governments to make boarding houses a source of regional income.

The imposition of hotel taxes on boarding houses should adhere to the principles of tax collection. There are 4 principles (principles) of taxation put forward by Adam Smith, namely [7]:

A. *Principle of Equality (equality or balance)*

In this principle, the state must adjust the amount of tax imposed on each taxpayer so that it is proportional

to its ability. The state must not act discriminatory against every taxpayer who has standard capabilities.

This indicates that the taxpayer who has more assets, then he must pay more taxes. However, if the taxpayer has a standard ability, the tax paid is also smaller.

B. *Certainty Principle (legal basis)*

This principle explains that tax collection must be regulated in a law that is clear and has binding power. The goal is to keep tax collection in the right frame.

In addition, this also serves to prevent tax evasion from both taxpayers and tax collectors. If there is a violation, the violator will get strict sanctions from the laws in force in each country.

C. *Principle of Convenience of Payment (on time)*

This principle underlies that taxes collected from taxpayers must be at the right time. For example, when the taxpayer receives work wages. The goal is that taxpayers do not mind when paying taxes so that the tax payment process can run smoothly.

D. *Efficiency Principle (efficiency or economy)*

In this principle, it is explained that tax collection must be carried out efficiently. The point is that the funds collected must be greater than the funds spent when collecting taxes.

Based on the taxation principles, the principle of equality or balance plays an important role in the imposition of boarding house taxes. The balance and equality in question are related to the ability of the taxpayer and to see the condition of the taxpayer so that justice is expected to be realized.

However, in practice, it turns out that there are several problems in the application of the article on the imposition of hotel taxes on boarding houses. This can lead to public perception that the hotel tax provisions on 10-room boarding houses are unfair. In addition, the condition of boarding houses in practice is of various types, some have simple facilities and some have luxurious facilities. The hotel tax onboarding houses which are only measured from the number of 10 rooms is considered unclear, so it raises many questions whether if there are more than 10 rooms it is considered as a hotel, what if the conditions for boarding houses with simple and luxurious facilities are the same or not.

The community also does not rule out the perception that the boarding house tax is borne by the owner of the boarding house, so that some consider the existence of a double tax by the owner of the boarding house, namely income tax (article 4 paragraph (2) on income from renting land and/or buildings that are final Law No. 36 of 2008 concerning Income Tax) and hotel tax (article 32 of the PDRD Law). There is no double tax because the tax object is different. This public perception raises the misunderstanding of boarding house owners, so they are not willing to pay hotel taxes.

Addressing this wrong perception requires socialization from the government to the community, especially boarding house owners, which in the end minimizes the level of non-compliance of boarding house business owners in paying taxes.

IV. CONCLUSION

The City Government of Bandar Lampung is an autonomous region that seeks to increase PAD through the imposition of hotel taxes on boarding houses based on the Regional Regulation of the City of Bandar Lampung Number 12 of 2017 concerning Amendments to the Regional Regulation of the City of Bandar Lampung Number 1 of 2011 concerning Regional Taxes in line with the Law Regional Taxes and Regional Levies.

There are problems in the application of the article on the imposition of hotel taxes on boarding houses. This can lead to public perception that the hotel tax provisions on boarding houses are unfair. This public perception raises the misunderstanding of boarding house owners, so they are not willing to pay hotel taxes.

There is a need for socialization from the competent government to the community, especially boarding

house owners, which in the end minimizes the level of non-compliance of boarding house business owners in paying taxes.

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