

**PUBLIC PERCEPTION OF THE VEHICLE OWNERSHIP TRANSFER FEES  
(BBNKB) INCREMENT POLICY IN BANDAR LAMPUNG**

**PUBLIC PERCEPTION OF THE VEHICLE OWNERSHIP TRANSFER  
FEES (BBNKB) INCREMENT POLICY IN BANDAR LAMPUNG**

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**Abstract**

*The aim of the study is to estimate the number of vehicles with Lampung outside police numbers operating in Lampung and to find out the public perceptions of the Lampung Provincial Government's policy through Local Regulations Number 2 of 2011, regarding the increase in vehicle ownership transfer fees (BBNKB) from 10 percent to 12.5 percent, along with willingness to pay from the policy. This research applies survey method in Bandar Lampung city with the population of the people who are the owner of new motor vehicles including the four-wheeled and two-wheeled which were purchased starting in 2012 outside the province of Lampung. The sampling method used is cluster sampling, meaning that the population is divided into several clusters. As the population of vehicles which have no BE police number operating in Lampung is unknown, then the number of the sample is set to 100 respondents.*

*Based on the result of the survey, it is unravelled that there are 18 percent of cars which have non-BE plate number operating in Lampung, and for motorcycles, there are only 4 percent. Another finding shows the fact that respondents buy vehicles outside the province of Lampung because the price difference is quite significant and they do not do second BNKB in Lampung Province in accordance with its operational area. From the willingness to pay, all respondents approve that if the rate of BBNKB decreases back to 10 percent, most of them will return to buy a new vehicle in Lampung due to the fact that there will be smaller price difference between the price of a new car purchased in Lampung Province and new car purchased outside Lampung Province. BBNKB tariff reduction will provide opportunities for trade of vehicles in Lampung Province to be more competitive, thus, they can develop better. Moreover, there will be more exciting investments and more job fields in the automotive sector.*

**JEL Classification:** H20, H21, H24

**Keywords:** BBNKB Tariff, Public Perception, Willingness to Pay

## **1. INTRODUCTION**

### **Background**

The application of regional autonomy gives authority to local governments to regulate their own households with the aim of bringing the welfare of the community in their area into realisation. Regional autonomy is in the form of giving authority to manage finances more broadly. For example, the implementation of Law Number 28 of 2009 concerning Regional Taxes and Regional Retributions, the central government transfers some of the taxes which was originally withdrawn by the central government to regional taxes. One of them is Motor Vehicle Tax (PKB) and Vehicle Ownership Transfer Fees (BBNKB). PKB and BBNKB become potential sources of Regional Original Income (PAD) and become a mainstay in receiving PAD. Although there are still different opinions about the influence of BBNKB on PAD, Wahfar et al. (2014) found that there is a positive effect of BBNK rates on PAD in Pidie District, Nangroe Aceh Darussalam province, while Wijaya et al (2016) found different things, in which

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BBNKB rates negatively affect PAD in Central Java. On the contrary, Anggraini et al. (2014) actually see no influence of BBNK on PAD in South Sumatra.

One of the freedoms given by the central government in the management of BBNKB and PKB is the giving of authority to the provincial regions to set the BBNKB and PKB rates in accordance with applicable regulations. The tariff setting is based on economic conditions and local government policies to regulate transportation facilities and infrastructure. The Government of Lampung Province through Perda No. 2 of 2011, stipulates the increase of transfer fees for motorized vehicles (BBNKB) and the implementation of progressive taxes. BBNKB rates for four-wheeled vehicles or new private cars changed from 10 percent to 12.5 percent. BBNKB two-wheeled vehicles or motorbikes also changed to 15 percent, while cars for the public amounted to 7.5 percent. This tariff setting is different from the BBNKB tariff that applies in neighboring Lampung Province, such as the Provinces of South Sumatra, Bengkulu and DKI Jakarta, in which stipulate BBNKB to 10 percent.

The BBNKB tariff difference, in absolute terms, will increase revenue from BBNKB by 2.5 percent multiplied by the sales volume of new cars, or an increase of 5 percent multiplied by the sales volume of new motorcycles. With the increasing cost of motorized vehicles in Lampung Province, it is expected that the number of vehicles can be reduced, thereby it can reduce congestion in Lampung Province. However, revenues from BBNKB are expected to increase, and PAD will not decline.

BBNKB tariff differences in practice lead to various problems in the acceptance of BBNKB and PKB in Lampung Province. High BBNKB tariff causes rational economic actors to try to avoid tax avoidance by purchasing new vehicles in other provinces, such as in DKI Jakarta which imposes the first BBNKB tax of 10 percent, then they rename or do second BBNKB in Lampung Province. The impact is that Lampung Province does not get a share of BBNKB. More ironically, vehicle owners who buy vehicles outside Lampung do not carry out the second BBNKB in Lampung Province. As a result, the number of vehicles increases, leading to the higher congestion levels on the road.

Table 1 shows the contribution of BBNKB and PKB receipts received by the Lampung Provincial Dispenda before the tariff was applied at 12.5 percent for Cars and 15 percent for motorcycles from 2008 - 2013

Table 1 BBNKB and PKB contributions to total tax revenues in Lampung Province

Year	BBNKB (%)	PKB (%)	Other taxes (%)
2008	40,47	28,40	31,13
2009	34,88	34,71	30,41
2010	43,21	31,26	25,53
2011	45,78	29,94	24,27
2012	47,67	30,36	21,97
2013	44,48	31,84	23,68

Source: BPS, 2014

Based on Table 1.1, it can be seen that the increase in BBNKB rates in 2012 turned out to only increase the contribution of BBNKB which was relatively small compared to year of 2011. In 2013, the role of BBNKB declined significantly from 47.67 percent to 44.48 percent. Likewise, in PKB, although there was an increase after the enactment of new tariffs, the increase in contributions from PKB was relatively small, which was below one percent. Increased acceptance of BBNKB and PKB in Lampung Province was also aided by government policy to stop BBNKB for vehicles with Lampung outside police numbers who wanted BBN to Lampung numbers, as well as suspending PKB payments for vehicles that had previously no longer paid PKB.

## **PUBLIC PERCEPTION OF THE VEHICLE OWNERSHIP TRANSFER FEES (BBNKB) INCREMENT POLICY IN BANDAR LAMPUNG**

### **Research Problem**

The policy of increasing BBNKB rates in Lampung Province from 10 percent to 12.5 percent for the purchase (first handover) of cars and 10 percent to 15 percent for motorcycles, was initially expected to have a positive impact on increasing PAD and also reducing traffic congestion in Lampung Province. However, in the implication of the policy, it turned out that it had not given the effect as expected.

### **The Aims of Research**

1. To estimate the number of non-BE vehicles operating in Lampung Province.
2. To know consumer perceptions of buying vehicles outside Lampung with different rates between provinces
3. To know consumers' willingness to pay in buying vehicles outside Lampung with different tariffs between provinces

## **2. LITERATURE REVIEW**

### **Tax Objectives and Functions**

The aim of taxation is to achieve a state of economic improvement; (1) to limit consumption and thereby transfer the source of consumption, (2) to encourage savings and invest, (3) to transfer resources from the hands of the people to the government so that the government investment exists, (4) to modify the pattern of investment, (5) to reduce economic inequality, (6) to mobilize economic surplus (Mardiasmo, 2011).

According to the authorities, collecting taxes consists of central and regional taxes, in which both objectives are the same, namely used for development and public welfare. The central tax is the tax collected by the central government and used to finance state households. The examples in Indonesia are Value Added Tax, Luxury Goods Sales Tax, and Stamp Duty. Regional taxes are taxes collected by the regional government and used to finance regional households. Regional taxes in Indonesia consist of provincial taxes such as Motor Vehicle Taxes, Vehicle Taxes on Water, Motorized Fuel Taxes, and district / city taxes such as Hotel Taxes, Restaurant Taxes, Entertainment Taxes, and Advertising Taxes. Of the several types of Provincial Taxes, the Tax on Transfer of Vehicle Title Fees (BBNKB) is a type of local tax that is quite interesting to study and to analyse regarding the role of the tax sector in regional revenues if the BBNKB tax rate which was originally higher than the area is reduced to the original rate before being raised.

#### **1. Tax Functions**

##### **a. Budgetair Function**

The function of budgetair is as a source of funds for the country. With tax, it is used as a tool to gain as much money as possible into the state treasury in accordance with applicable regulations to be able to finance the state's expenditure. The effort is taken by extending and intensifying tax collection through improving regulations on various types of taxes.

##### **b. Regulatory Function**

The regulatory function is also referred as the function of regulating / regulating tool for economic activities. Tax serves as a tool to regulate or implement government policies in the social and economic fields and to achieve certain objectives outside the financial field. As a regulatory function, it functions to regulate the economy towards faster economic growth and to establish income distribution and economic stability.

### **Principles of Tax Collection**

In implementing tax collection, there are several principles of tax collection according to Mardiasmo (2009) as explained below.

#### **1. The Principle of Equity**

Taxes imposed on taxpayers must be comparable to the ability to pay taxes and in accordance with the benefits principle. The higher the ability to pay one's taxes, the greater the portion of tax paid. In addition, the greater the tax paid, the greater the benefits received by taxpayers.

2. The Principle of Certainty

This stands for the fact that the tax collection must be based on the law, meaning that there must be clarity, firmness, and the existence of legal guarantees.

3. Principle of Convenience

This means that tax collection should not be burdensome to taxpayers so that taxpayers feel that paying taxes is not as a compulsion but as an obligation carried out wholeheartedly.

4. Principle of Economy

This means that the costs of collecting and fulfilling tax obligations for taxpayers must be proportional. Collection fees must be lower than the tax burden that must be paid. In the principle of economy, the cost of collecting taxpayers is expected to be as minimal as possible as well as the burden carried by taxpayers. The high tax collection costs and not comparable with the tax revenues received by the state will waste state finances. If the tax burden borne by the taxpayer is too large, it will reduce the taxpayer's business income which ultimately reduces the value of the tax owed on that income. Taxpayers' burden which is too high can also encourage taxpayers to avoid taxes.

**BBNKB Management Mechanism**

Vehicle Transfer Fee, hereinafter abbreviated as BBNKB, is a tax on the transfer of ownership rights of motorized vehicles as a result of a two-party agreement or unilateral act or situation that occurs due to buying and selling, exchange, grant, inheritance, or income into a business entity. The object of the BBNKB Tax is the surrender of ownership of motorized vehicles. The definition of motorized vehicles is wheeled motorized vehicles and their concerts, which are operated on all types of road and motorized vehicles operated in water with GT 5 (five Gross Tonnage) gross contents up to GT 7 (seven Gross Tonnage). Excluded from the definition of motorized vehicles are: trains, motorized vehicles which are solely used for the purposes of state defense and security, motorized vehicles owned and / or controlled by embassies, consulates, representatives of foreign countries with reciprocal principles and international institutions that obtain tax exemption facilities from the government, and other tax objects stipulated in the Regional Regulations.

BBNKB Tax Subjects are individuals or entities that can receive the handover of motorized vehicles. BBNKB Taxpayers are individuals or entities that accept submission of motorized vehicles. The basis for BBNKB is NJKB, namely HPU for a motorized vehicle. HPU is the average price obtained from various data sources that are in accordance with the outstanding BBNKB, which is collected in the area where the motorized vehicle is registered. The outstanding BBNKB Tax Amount is calculated by multiplying the rate by tax base.

**Tax Avoidance**

Tax is an important element in supporting the state revenue budget. Therefore, many countries pay great attention to the tax sector. Efforts to optimize tax revenue in Indonesia are carried out through intensification and extensification of tax revenues. The efforts to optimize sector revenues have several obstacles, one of which is tax avoidance. Tax avoidance can be done both by individuals and corporations or companies. Not a few companies that do tax avoidance to reduce tax debt that is lawful.

According to Wijaya (2014), one of the definitions of Tax Avoidance, citing the opinion of Brown (2012), is “*arrangement of a transaction in order to obtain a tax advantage, benefit, or reduction in a manner unintended by the tax law*”. Tax avoidance is classified as two. The first one is tax evasion, which avoids taxes by using methods that violate the law to reduce or eliminate tax burdens. The second classification is tax avoidance, which is done "legally" by utilizing loopholes in tax regulations and making transactions that do not have a purpose other than to avoid taxes.

Due to the fact that there are no laws violated, tax avoidance should not be prohibited. Everyone has the freedom to regulate their respective affairs as he or she wishes, and as long as there are no rules violated, the tax authority cannot intervene.

## **PUBLIC PERCEPTION OF THE VEHICLE OWNERSHIP TRANSFER FEES (BBNKB) INCREMENT POLICY IN BANDAR LAMPUNG**

Tax avoidance on the one hand is not prohibited and allowed, but on the other hand, tax avoidance is not desirable. The existence of different BBNKB tax rates in various regions in Indonesia can trigger a tax avoidance attitude. The following are BBNKB tax rate data in several regions:

Table 2 BBNKB tax rates in several regions of Indonesia

<b>Region</b>	<b>First-time</b>	<b>Second or following Renewal</b>
DKI Jakarta	10%	1%
Jawa Timur	15%	1%
Kalimantan Selatan	15%	1%
Jawa Barat	10%	1%
Nusat Tenggara Barat	15%	1%
Lampung	12,5%	1,5%

*Sources: Local Regulations of DKI Jakarta Number 9 of 2010 on Title Transfer Fees, Local Regulations of Jawa Timur Number 9 of 2010 on Local Taxes, Local Regulations of Kalimantan Selatan Number 5 of 2011 on Local Taxes of Kalimantan Selatan, Local Regulations of Jawa Barat Number 3 of 2011, Local Regulations of Nusa Tenggara Barat Number 1 of 2011 on Local Taxes, Local Regulations of Lampung Number 2 of 2011 on Local Taxes.*

From the data in the table, it can be seen that the BBNKB tax rate varies between regions. DKI Jakarta and West Java Provinces set BBNKB tax rates lower than other regions, which is 10%. Whereas the BBNKB tax rates for East Java, South Kalimantan, and West Nusa Tenggara provinces set a BBNKB tax rate of 15%. The BBNKB tax rate in Lampung Province is currently 12.5%, which has increased from the previous number, which was 10%. This triggers rational consumers to prefer to buy new vehicles in regions that apply lower BBNKB tax rates, for example, buying new vehicles in DKI Jakarta or West Java area where BBNKB tax rates are lower since there is a significant difference in vehicle prices when buying new vehicles in regions that set lower tax rates for BBNKB.

### **3. RESEARCH METHODS**

To analyze the impact of the increase in tariffs on motorized vehicle transfer fees from 10 percent to 12.5 percent for cars and from 10 percent to 15 percent on sales of cars and motorcycles as well as their effects on motor vehicle tax revenues, this study applies survey method.

#### ***Research Scope***

This research includes secondary and primary data. For secondary data, the data taken are from 2010 - 2015 which includes data on sales of motorized vehicles in Lampung and receipt of the Lampung Province Vehicle Ownership Transfer Fee (BBNKB). Meanwhile, the primary data includes survey data in Bandar Lampung City.

#### ***Data and Sampling***

##### ***Sampling Method***

This survey was conducted in Bandar Lampung City with a population of four-wheeled and 2-wheeled motorists who bought new cars in the period of 2012. Survey of motorized vehicle ownership operating in Bandar Lampung was conducted in several locations using the cluster sampling method which means that the population is divided into several clusters. This cluster is determined based on how often people use motorized vehicles to certain places. For people who routinely use motorized vehicles to a certain place, they are included in the government and education clusters. For people who rarely use motorized vehicles to a certain place, they are included in the trade cluster. Whereas people who do not use motorized vehicles every day but often use them to a certain place are included in the cluster of shopping centers. The locations chosen as samples are:

- 1) Government Center, which is the parking lot of the Bandar Lampung Mayor's Office
- 2) Education, which is in the parking location of the University of Lampung.
- 3) Banking places at Mandiri Bank Parking in Teluk Betung, BNI Bank Teluk Betung and Danamon Bank Teluk Betung
- 4) Trade Center, where the chosen location is a parking lot along the Central Market
- 5) Shopping Centers, where the chosen location is a parking lot at the Chandra Department Store Bandar Lampung.
- 6) Hospital, which is the parking lot of Urip Sumoharjo Hospital, Sukarame Bandar Lampung

The method of interviewing was carried out on motorized vehicle owners in which the respondents were selected using the random sampling method. Because the population, which is the number of non-BE plated vehicles operating in Lampung, is not known exactly, then the sample size to be taken is 100 respondents.

Generally, the sampling technique is illustrated below:

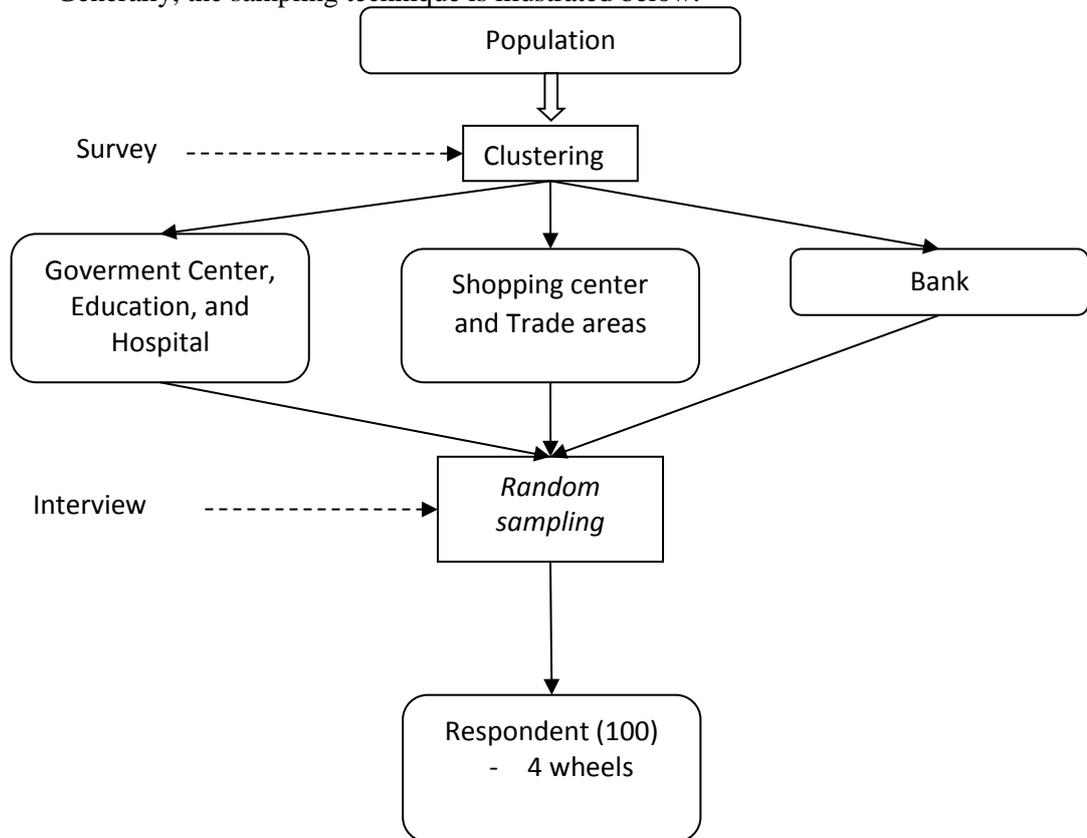


Figure 1 Sampling Method

### ***Analysis Method***

Descriptive statistical analysis method is used to analyze the perception and consumers' willingness to pay to buy motorized vehicles and to analyze the number of motorized vehicles that are not BE plated operating in Lampung.

## **5. RESEARCH RESULTS AND EXPLANATION**

### **Survey Results Estimating the Number of Police Number Offices in Lampung Province Operated in Lampung**

Table 3 illustrates the number of vehicles exposed in several parking locations which are the sample in this research. Parking location samples represent centers of

**PUBLIC PERCEPTION OF THE VEHICLE OWNERSHIP TRANSFER FEES (BBNKB) INCREMENT POLICY IN BANDAR LAMPUNG**

educational activities, trade activities, government office and banking activities, as well as hospitals.

Table 3 Sample of Parking Space Location in Bandar Lampung

	Parking Space Location	Cars			Motorcycle		
		Police numbers (BE)	Police numbers (non-BE)	Total	Police numbers (BE)	Police numbers (non-BE)	Total
1	Lampung University	450	99 (18%)	549	3.865	175 (5%)	3.490
2	Pasar Tengah Tjk Pusat	170	26 (13%)	196	166	1 (1%)	167
3	Bandar Lampung City Government office	167	20(11%)	187	345	3 (1%)	348
4	Mall Chandra Super Market Tjk	114	36 (24%)	150	179	4 (2%)	183
5	Urip Sumoharjo Hospital, Sukarame	123	32 (21%)	155	191	2 (1%)	193
6	Banks in Teluk Betung (Bank Mandiri, BNI, Bank Danamon)	36	22 (38%)	58	63	5 (7%)	68
<b>Total</b>		<b>1.060</b>	<b>235 (18%)</b>	<b>1.295</b>	<b>4.809</b>	<b>190 (4%)</b>	<b>4.449</b>

Exp: Data Results

(...) Share of Police numbers (Non-BE) to the total

Based on the results of a survey at six locations in Bandar Lampung, it was found that parked cars that had the most non-BE police numbers were in banking offices by 38 percent, and at least 11 percent in government offices. For motorized vehicles, they were mostly in banking offices by 5 percent, and the least were in three locations, namely shops, government, and hospitals by 1 percent.

Overall, the number of cars parked in the sample areas that have police numbers outside Lampung is 18 percent of the total number of cars, and for motorcycles, it is only 4 percent. Based on the survey results, it can be stated that of the 100 cars in Bandar Lampung there are 18 cars that have a non-BE police number. From the car with the police number outside Lampung, around 85 percent were DKI Jakarta police number, which is police number B. For motorbikes, there were only 4 percent of motorbikes with non-Lampung police numbers.

The results of this survey illustrate that the number of vehicles operating in Lampung Province with a number of non-BE police is quite large, even though the government has carried out the second BBNKB bleaching program to become a car with a police number BE. It is not yet known precisely whether the cars and motorbikes were bought with new condition outside of Lampung Province or can also be purchased secondhand outside Lampung Province and operated in Lampung Province. The large number of cars that have DKI Jakarta police numbers happens for the prices of new cars and used cars in the region have lower prices compared to the prices of new cars and used cars in Lampung Province.

**Respondent Perception of Vehicle Buyers with Police Numbers Outside Lampung Province**

**Identity of Respondents**

The respondents' identity which can be described in this survey include respondent's age, respondent's work, and respondent's income.

**Age of Respondents**

Table 4 shows the age of respondents based on the age group of respondents. This age grouping provides the age classification of respondents from productive young

groups to ages approaching the non-productive period. For complete information, see the following Table 4.

Table 4 Age Distribution of Respondents

Ages	Frequency	Percentage (%)
25 - 34	6	6
35 - 44	35	35
45 - 54	44	44
>55	19	19
	100	100

*Source: Survey results*

Based on Table 4, it can be seen that the majority of respondents is the age of 45 to 54 years, reaching the number of 44 percent, followed by 35-44 years old with the number of 35 percent, and the rest are young people who have just entered the workforce and age before leaving the workforce. This age description shows that respondents have sufficient knowledge and activities to provide the information needed in this survey.

#### **The Occupations of the Respondents**

Table 5 shows the occupations of the respondents, both the main job and the part time job. Based on the results of the survey, there are 5 types of jobs from respondents, namely civil servants / military / police, BUMN / BUMD employees, private employees, entrepreneurs, and other jobs such as contractors, traders, housewives and students. In addition, other jobs are also shown, and there is only one additional job which is entrepreneurship.

Table 5 Respondent Occupational Classification

Lists of occupation	Main Occupation		Side Job
	Frequency	Percentage (%)	Entrepreneurship
Civil servant (PNS)/Indonesian Armed Forces /Police	23	23	9
Local or State-owned Corporation Employee	7	7	0
Private Employee	35	35	10
Entrepreneurship	21	21	0
Others	14	14	11
Total	100	100	30

*Source : Survey results*

The survey results show that the majority of respondents are private employees, reaching the number of 35 percent, followed by civil servants / military / police by 23 percent, then entrepreneurs and others. Of the 23 civil servants / military and police, 9 respondents have additional jobs as entrepreneurs, and of the 35 respondents of private employees, 10 people have additional jobs in entrepreneurship and 11 of 14 other workers also have other jobs as entrepreneurs. This table shows that all respondents are active people and have the potential to earn enough income to follow and buy the new model of vehicles.

#### **Respondent's Income**

Table 6 shows the income of respondents based on the income range, which is from the lowest income of 8 million rupiah to the respondents who have 100 million monthly income.

**PUBLIC PERCEPTION OF THE VEHICLE OWNERSHIP TRANSFER FEES  
(BBNKB) INCREMENT POLICY IN BANDAR LAMPUNG**

Table 6 Respondent's income

Range of Income (Million Rp)	Frequency	Percentage (%)
5 – 14	40	40
15 - 24	42	42
25 - 34	7	7
> 35	11	11
Total	100	100

*Source : Survey results*

The table shows that respondents' income is relatively high. The most respondent, which takes 42 percent of total, is in the income range of 15-24 million rupiah, followed by the income range of 5-14 million rupiah, then respondents who earn above 35 million rupiahs, and finally respondents with income in the range of 25-34 million rupiah. Based on this description, the respondents are from a group that has the potential and sufficient purchasing power to make a car purchase.

**Types of Car Purchased by Respondents**

*Types of Car*

Table 7 shows the types of vehicles purchased by respondents, consisting of the types of mini-buses, sedans and SUVs purchased outside of Lampung Province

Table 7 Private vehicle types purchased outside of Lampung

Vehicle Types	Frequency	Percentage (%)
MPV	61	61
Sedan	7	7
SUV or others	32	32
Totals	100	100

*Source : Survey results*

Based on the table, it can be seen that most of respondents, with the number of 61 percent, buy MPV type vehicles, 32 percent buy SUVs and others, and only 7 percent buy sedan type vehicles. This table shows that the most new car purchased outside Lampung is mini bus, which is the most popular vehicles in public.

**The Brand of the Cars**

Table 8 shows the brands of vehicles purchased by respondents from outside Lampung. Some of them are brands that are commonly circulated in Indonesia, such as Toyota, Daihatsu, Mitsubishi, Honda, Suzuki, Nissan, Mazda and Chevrolet.

Tabel 8 List of vehicle brand purchased outside of Lampung

Vehicle Brand	Frequency	Percentage (%)
Toyota	34	34
Daihatsu	16	16
Mitshubishi	10	10
Honda	13	13
Suzuki	10	10
Nissan	7	7
Mazda	4	4
Chevrolet	4	4
Total	100	100

*Source : Survey results*

Based on the table, it can be seen that the biggest purchase made by residents of Lampung Province is Toyota car, reaching 34 percent, followed by Honda by 22 percent, and then Daihatsu. The purchase of this vehicle brand is also not much different from the large market share of various vehicle brands in Indonesia.

**The Year of Vehicle Purchase from Outside Lampung**

Table 9 shows the time of purchasing the vehicles. According to the purpose of this study, the year of purchase is only limited to the period when the application of the

BBNKB increased in Lampung Province in 2012, and 3 years after the increase period, which is 2012 - 2015.

Table 9 Year Purchase

Year	Frequency	Percentage (%)
2012	13	13
2013	28	28
2014	47	47
2015	12	12
Total	100	100

*Source : Survey results*

Based on the Table, it is clear that the purchase of cars outside Lampung Province occurred the most in 2014 as many as 47 percent, the next was in 2013 by 28 percent, and in 2013 and 2015 were 13 and 12 percent.

#### **The Desire to do BNKB to Lampung Province**

Table 10 provides an overview of whether respondents who have purchased vehicles outside Lampung Province will conduct the second BNKB in Lampung Province in accordance with their operational area or not. Based on Table 4.8, it can be seen that there are only 8 percent of respondents who will conduct the second BNKB in Lampung Province, whereas 92 percent of respondents apparently will not conduct BNKB to Lampung Province. This phenomenon shows the magnitude of the loss experienced by the Lampung Local Revenue Offices, namely the loss of potential BBNKB and also the loss of PKB from vehicles in Lampung Province, thus, it will reduce the Regional Revenue.

Table 10 Second BNKB in Lampung

Category	Frequency	Percentage (%)
Yes	8	8
No	92	92
Totals	100	100

*Source : Survey results*

#### **Reasons for Vehicle Purchases Outside Lampung Province**

Table 11 illustrates the main reasons why respondents buy new cars outside Lampung Province, especially in DKI Jakarta Province. Based on the results of the questionnaire with open questions, three main answers were given by the respondents. The first answer is because the prices of cars in Jakarta and Bandung are cheaper than the prices of new cars in Lampung. Another reason is that it is easy to resell the car if it is to be resold and has work activities in Jakarta.

Table 11 Main reasons of vehicle purchases outside Lampung

Reasons	Frequency	Percentage (%)
Cheaper price in Jakarta	93	93
Easy to resell in Jakarta	4	4
Work activities in Jakarta	3	3
Total	100	100

*Source : Survey results*

Based on Table 11, it is evident that the majority of respondents bought vehicles outside Lampung Province due to a significant price difference. 93 percent of the respondents stated that the reason was because the prices of new cars in Jakarta were cheaper. There were 4 percent of respondents who answered that they would resell their cars in Jakarta because they bought luxury cars, while 3 percent stated that the reasons were for work activities. This proves that respondents acted on economic considerations rather than non-economic considerations when they bought vehicles.

The higher BBNKB rates that must be paid by consumers who buy new motorized vehicles in Lampung Province are not in accordance with the principle of justice.

**PUBLIC PERCEPTION OF THE VEHICLE OWNERSHIP TRANSFER FEES (BBNKB) INCREMENT POLICY IN BANDAR LAMPUNG**

Taxpayers with a relatively lower ability must pay the same rate as higher-capable consumers, in which consumers with higher abilities tend to buy a type of motorized vehicle with higher specifications and prices. In addition, the incompatibility of these conditions with the principle of justice can be observed from the inadequate tax imposed with the benefits received by taxpayers, for example, the existence of damaged and less feasible roads.

In addition, another reason was also asked to know why respondents bought cars outside Lampung Province. The results of the recapitulation of respondents' answers can be seen in Table 12 below.

Table 12 Other reasons vehicle purchases outside Lampung

<b>Reasons</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Short indent order time	23	21
Lot of bonuses	22	20
More Variant	12	11
Family	12	11
Work activity	25	22
Easy re-sale	16	15
<b>Totals</b>	<b>110</b>	<b>100</b>

*Source : Survey results*

Based on Table 12, it can be seen that most of the other reasons why respondents buy cars outside Jakarta are due to economic reasons such as short indent time, lots of bonuses given by car dealers, many choices of car models, and easy resale due to the large car market in Jakarta. Meanwhile, in terms of the non-economic aspect, the reason is because they have family and work activities in Jakarta.

Table 13 shows the respondent's reasons why the prices of cars outside Lampung are cheaper than the prices of cars in Lampung. There are 3 reasons pointed out by them, which are BBNKB rates in Lampung Province that are more expensive, the existence of many dealer discount wars in Jakarta, and the size of car markets in Jakarta.

Table 13 Reasons of cheaper car prices in Jakarta compared to Lampung

<b>Reasons</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Lower rates of BBNKB tariff outside Lampung	55	59
Discount war	30	32
Larger size of the car market	8	9
<b>Total</b>	<b>93</b>	<b>100</b>

*Source : Survey results*

Based on Table 13, it can be seen that 59 respondents stated that the cheaper car prices in Jakarta compared to Lampung happened due to BBNKB tariff differences, and 32 percent stated that there was a discount war between car dealers and the size of the car market in Jakarta. This phenomenon illustrates that it is increasingly difficult to sell cars to a dynamic group of people who think economically.

The respondents' knowledge of the amount of BBNKB rates applied in Lampung Province, of course, will directly affect their perception of the selling price of cars in Lampung compared to the prices of cars in other regions. Logically, the higher the BBNKB rate, the higher the selling price of the vehicle. Table 14 shows the perceptions of respondents' knowledge about BBNKB rates in Lampung Province. The table shows that not all respondents knew the amount of BBNKB rates. There were only 55 percent of respondents that know the rate of BBNKB, and 46 percent of respondents did not know it. The problem is that if the respondent knows from the beginning about the high tariffs for BBNKB in Lampung Province, there will be a tendency for rational respondents to buy cars in areas with lower BBNKB rates. They will get benefit from a substantial price difference.

Tabel 14 Knowledge about BBNKB in Lampung Province

<b>Understanding about BBNKB</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Yes	55	55
No	46	46
Total	100	100

Source : Survey results

The high rate of BBNKB, which is 2.5 percent greater than the BBNKB rate in other provinces such as tariffs in the DKI Jakarta Province, West Java, Banten, South Sumatra, turns out to be felt less favorable for respondents.

Table 15 shows the opinions of respondents when a policy is made to reduce BBNKB rates as before to 10%. The table shows that all respondents accepted it enthusiastically, 65 percent said they strongly agreed, and 35 percent agreed. It is seen that the determination of high tariff policy is not accepted by the community since it will provide more burden for them in the form of higher prices of cars in Lampung Province.

Table 15 The opinions of respondents about the reduction of BBNKB rates as before to 10%

<b>The opinions of respondents if BBNKB rates is lowered back</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Strongly agree	65	65
Agree	35	35
Disagree	0	0
Strongly disagree	0	0
Total	100	100

Source : Survey results

#### **Willingness to Pay**

The policy for reducing BBNKB rates will have an impact on the price of new cars that will be sold in Lampung Province. However, there can be a case where this policy does not have a positive effect on the desire of respondents to buy cars in Lampung Province due to other factors beyond the price of the goods themselves. Table 16 shows the opinions of respondents about willingness to pay, whether to buy a car in Lampung if the BBNKB rate is lowered back to 10% or not. Based on the Table, it can be seen that most respondents will buy vehicles in Lampung Province if this policy is implemented. A small percentage of respondents (17 percent) still will not buy cars in Lampung Province even though the BBNKB tariff is reduced to 10 percent.

Table 16 The opinion of respondents about *Willingness to pay*: to purchase car in Lampung if the BBNKB rate is lowered back to 10%

<b>Willingness to pay</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Purchase in Lampung	83	83
No	17	17
Total	100	100

Source : Survey results .

The reason given by respondents related to why they would buy a car in Lampung Province if the BBNKB tariff was reduced to 10 percent can be seen in Table 17. This table shows that 18 percent of respondents realized that the price of cars in Lampung Province is lower than the price with the old BBNKB rate. 82 percent of other respondents observed that the difference in the price of new cars sold in Lampung Province with car prices in DKI Jakarta Province, West Java, and Banten becomes smaller. Therefore, it would be less profitable to buy a car outside Lampung Province.

**PUBLIC PERCEPTION OF THE VEHICLE OWNERSHIP TRANSFER FEES (BBNKB) INCREMENT POLICY IN BANDAR LAMPUNG**

Table 17 Reasons to purchase vehicle in Lampung if the BBNKB tariff was reduced to 10 percent

<b>The opinions of respondents if BBNKB rates is lowered back</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Car price in Lampung will be less expensive	15	18
The price gap becomes lower in Lampung and DKI Jakarta	68	82
<b>Total</b>	<b>83</b>	<b>100</b>

*Source : Survey results*

It is different from respondents who will continue to buy cars outside Lampung Province, even though the BBNKB tariff is reduced to 10 percent equal to the rates of neighboring provinces. Some of the reasons they provide are: 1) car prices in Lampung will still be expensive because of the discount war between car dealers; 2) They prefer non-Lampung police numbers, especially police numbers "B" and "D" and consider it more prestigious; 3) it is easier to sell luxury cars due to the vast car market in Jakarta and Bandung.

Table 18 shows the reasons given by respondents for not buying a car in Lampung Province. Most of the respondents (47 percent) claimed that the price of cars outside Lampung would remain cheap due to the existence of discount wars. Another 35 percent of respondents argued that it is easier to sell luxury cars in Jakarta and a small part pointed out that they feel more prestigious when using a car with a Jakarta police number.

Table 18 Reasons to not purchase vehicle in Lampung if BBNKB tariff is lowered back to 10 percent

<b>Reasons to not purchase in Lampung</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Price outside Lampung will remain cheaper due to discount wars	8	47
Prefer Jakarta police number	3	18
Easy to resell luxury cars in Jakarta	6	35
<b>Total</b>	<b>17</b>	<b>100</b>

*Source : Survey results*

**Advice from Respondents on Motor Vehicle Tax Management**

To optimize public awareness in paying PKB in Lampung Province, in order to increase the income of PKB and make a large contribution to increase Regional Original Income, several suggestions were given by respondents and can be seen in Table 19. According to the table, 39 percent suggested that PKB should be able to be paid online, making it easier for respondents to pay PKB and increase respondents' sense of trust in PKB management. As many as 24 percent of respondents suggested that the government should simplify and facilitate the payment of PKB. The other 30 percent of respondents want transparency in the management of CLA, both transparent in their revenues and expenditures. Last but not least, a small number of respondents wanted the results of BBNKB and PKB to be allocated specifically for the procurement and improvement of transportation facilities.

Tabel 19 Suggestions from respondents on Motor Vehicle Tax (PKB) Management in Lampung Province

<b>Suggestions</b>	<b>Frequency</b>	<b>Percentage (%)</b>
PKB should be paid online	45	39
Simplify and facilitate the payment of PKB	28	24
Transparency in the management of CLA	35	30
BBNKB and PKB to be allocated for the procurement and transportation facilities	8	7
<b>Total</b>	<b>116</b>	<b>100</b>

*Source : Survey results*

## 6. CONCLUSION AND RECOMMENDATIONS

### Conclusion

1. Based on the results of the survey, there are 18 percent of cars that have non-BE police number operating in Lampung. For motorbikes, there are only 4 percent of motorized vehicles that have non-Lampung police numbers operating in Lampung. The results of this survey illustrate that the number of vehicles operating in Lampung Province with a number of non-BE police is quite large, even though the government has carried out the second BBNKB bleaching program to become a car with a police number BE.
2. Based on the results of the survey of vehicle owners with non-BE police numbers, the majority of respondents bought vehicles outside Lampung Province due to significant price differences, proving that the respondents were rational buyers, and they avoided tax evasion by diverting purchases of new cars in other areas which apply cheaper BBNKB rates.
3. Most of the respondents who had purchased vehicles outside Lampung Province did not conduct the second BNKB in Lampung Province in accordance with their operational area. This phenomenon shows the magnitude of the loss experienced by the Lampung Local Revenue Offices, namely the loss of potential BBNKB and also the loss of PKB from vehicles that have police numbers outside Lampung Province.
4. All respondents agreed that a policy to reduce BBNKB rates back to 10 percent needs to be implemented, and most would buy new vehicles in Lampung if the BBNKB tariff was lowered. Their reasoning was largely due to the smaller price difference between the prices of new cars purchased in Lampung Province and new cars purchased outside Lampung Province.

### Recommendation

1. The determination of BBNKB rates that differ between Lampung Province and other regions, especially DKI Jakarta, has affected car prices in Lampung to be more expensive. As a result, consumers buy new cars in DKI Jakarta so that the income from BBNKB decreases. Moreover, those who buy vehicles in DKI Jakarta do not do BBNKB the following year, so PKB is not accepted by Lampung Province. The reduction in BBNKB rates will provide an opportunity for vehicle trade in Lampung Province to be more competitive so that it can develop better and stimulate investment and absorb more and more workers in the automotive sector.
2. One of the causes of the high purchase of new vehicles outside Lampung is due to a discount war between dealers, especially in Jakarta. Therefore, clear rules and agreements are needed between car dealers to avoid a discount war that will harm the acceptance of the Lampung Province BBNKB.

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**PUBLIC PERCEPTION OF THE VEHICLE OWNERSHIP TRANSFER FEES  
(BBNKB) INCREMENT POLICY IN BANDAR LAMPUNG**

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