The Implementation of Dynamic Governance In Increasing Local Revenue of West Java Province

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Abstract: This study aims to analyse the application of Dynamic Governance in increasing West Java Province's Regional Original Revenue (PAD), with a focus on the 2025 motor vehicle tax bleaching program. The research uses a descriptive qualitative approach with data collection techniques through observation, interviews, and documentation which are analysed using the data triangulation method. The analytical framework refers to the Dynamic Governance theory (Neo & Chen, 2007: 12-46) with three main dimensions: Thinking Ahead, Thinking Again, and Thinking Across. The results show that data-based fiscal planning, real-time policy evaluation, and cross-sector collaboration have succeeded in encouraging the optimisation of PAD revenue. The motor vehicle tax bleaching programme is proven to increase public participation and foster legal awareness in paying taxes, despite administrative challenges and the risk of future policy dependency. This research concludes that the Dynamic Governance approach is relevant in building adaptive, collaborative, and sustainable local fiscal governance.

Keyword: Dynamic Governance; West Java Province's Regional Original Revenue; Motor Vehicle Tax Amnesty 2025

INTRODUCTION

Regional Original Revenue (PAD) is revenue obtained by the region from sources within its own territory that are levied based on local regulations in accordance with applicable laws (Abdul Halim, 2001). The purpose of PAD contained in Law Number 23 of 2014 concerning Regional Government article 3 is to provide authority to the Regional Government to fund regional autonomy in accordance with regional potential as a manifestation of decentralisation. So, the higher the PAD revenue obtained by the region, the higher the ability of the region to implement decentralisation because PAD is one of the important sources of funding for the region.

Each component in PAD has an important role in increasing regional income. The components of PAD according to (Undang-Undang Nomor 1 Tahun 2022 Pasal 6 Pajak Daerah, 2022)local levies, the results of the management of separated regional assets and other legal PAD. Of the various sources of revenue that may be collected by the regions, the law on

local government determines local taxes and levies to be one of the sources of local revenue that can be developed by each region. Efforts to increase PAD growth can be done by intensifying the collection of existing taxes and levies (Sidik Machfud, 2002).

Regional income as a very important component in supporting development, so that the progress of regional development does not only rely on central assistance through DAK and DAU, although in reality there are still many regions (Provinces and Districts, Cities and even Villages) still rely on central assistance in carrying out regional development.

Based on data from the Ministry of Finance, the Directorate General of Fiscal Balance, central assistance to regions in 2025 amounted to Rp. 816,451.60 M, which is divided into the following budget ceilings:

Table 1. Allocation of Central Assistance to Regions in 2025

No.	Type of Fund	Allocation (in Million IDR)	Realization (%)
1	Revenue Sharing Fund	159,861.23	22.65%
2	General Allocation Fund	446,633.81	35.58%
3	Special Allocation Fund	36,953.99	0.81%
4	Regional Incentive Fund	6,000.00	15.41%
5	Special Autonomy Fund	17,515.60	8.96%
6	Special Region Privilege Fund (DIY)	1,200.00	12.50%
7	Non-Physical Special Allocation Fund	146,677.93	34.13%
8	Grant Transfers	1,609.04	-
9	Village Fund	69,000.00	41.23%
	Total	**885,451.60**	**31.24%**

Source: (DJPK Kemenkeu, 2025)

Based on this table, the amount of central assistance to the regions is very large, when referring to the Law on Central and Regional Financial Balance, this is not just a fairness but an obligation of the central government that must be fulfilled. However, when viewed from the aspect of the reality of the ability and independence of the region, it can cause regional dependence from central assistance, making the region dependent and not independent.

The budget efficiency applied has an impact on the stagnation of budget realisation which until the end of May 2025 was only 31, 24% of the amount of 885,451.60 M or Rp. 276,615.08 M. This has an impact on hampering government activities including regional infrastructure development activities. West Java as one of the provinces with the second largest regional division after East Java and the province with the largest population in Indonesia is also affected by the budget efficiency policy.

In 2025 the West Java Province amounted to Rp. 31.65 T, this amount decreased from 2024, which at that time the West Java APBD was Rp. 36.79 T. In 2025 the West Java Provincial Government received a transfer fund of 11.66 T, the realisation of which could not be ascertained due to budget policies from the central government. So that it needs to be considered by the provincial government to find solutions related to this matter. (Komisi II: Efisiensi Anggaran Sebagai Upaya Mengoptimalkan Mencapai Target, 2025)

Through the motor vehicle tax bleaching programme in 2025, the West Java government is targeting revenues above 46 T. This is realistic with the enthusiasm of citizens in responding to the programme. Although there has been no official release of West Java's revenue as of May 2025, based on information from Bapenda West Java, the target is optimistic to be achieved.

The problem of local revenue through motor vehicle tax payments is inseparable from the quality of service that has become a bureaucratic disease. Convoluted services, illegal

levies, requirements that are difficult to meet by taxpayers become obstacles in the process of paying motor vehicle tax. Based on data from Bapenda West Java, there are 5.4 million motor vehicles in arrears with a potential income of 9.48 T.

The motor vehicle tax bleaching programme in West Java in 2025 is different from the previous year's tax bleaching or with similar programmes in other provinces, West Java with the bleaching programme provides convenience to taxpayers not only removing tax fines and eliminating the requirement to attach a KTP in accordance with the identity registered on the BPKB, this is a breakthrough that gets a positive response from taxpayers. Because this requirement has been an obstacle.

The success of the West Java Provincial Government in the motor vehicle bleaching programme by adjusting the various needs of the community in the future and overcoming various problems that arise in the implementation of current licensing services will be greatly influenced by the capabilities of the West Java Bapenda. Dynamic capability is an important aspect that must be owned by institutions to be able to create dynamic governance in their activities, especially in this case increasing local revenue through the motor vehicle tax bleaching programme.

METHOD

This research method uses a descriptive qualitative approach, which is a phenomenon in a natural social context by prioritising the process of in-depth communication interaction between the research and the phenomenon under study (Haris Herdiansyah, 2013). The data used in this study consisted of primary data and secondary data, with data collection techniques through observation, interviews, and documentation. The data analysis technique used in this research refers to (Sugiyono, 2014), namely through data triangulation techniques which include data reduction, data presentation, and conclusion drawing and verification (Elmar Hashimov, 2015). The location of this research is in Bapenda and the West Java Provincial Police with a theoretical approach referring to the Dynamic Governance theory according to (Boon Siong Neo and Geraldine Chen., 2007) which includes 3 main points, namely, thinking ahead, thinking again and thinking across.

RESULTS AND DISCUSSION

The Role of the Vehicle Tax Bleaching Programme in Improving Taxpayer Compliance

To achieve the goal of implementing this bleaching programme, of course, BAPENDA West Java works closely with the police. The success or failure of this bleaching programme certainly returns to the awareness and compliance of taxpayers to pay their motor vehicle taxes because, the government has provided relief to waive tax fees in previous years and pay taxes in the current year only.

The role of the community is very much needed because it greatly affects the increase in West Java's local revenue, this bleaching programme is very beneficial to people whose motor vehicle taxes have died or have been in arrears for years. So, the community must be able to make the best use of this motor vehicle tax bleaching programme, not necessarily the government will hold the programme again every year.

Increasing Local Revenue from the Motor Vehicle Tax Bleaching Program

The motor vehicle tax (PKB) bleaching program is certainly welcomed enthusiastically by the people of West Java, they take advantage of this program to ease their tax burden. The inhibiting factors that make this community delinquent in vehicle taxes such as economic factors and also factors of compliance or weak legal awareness in paying taxes. However, apart from these factors, of course, the existence of this bleaching program is very helpful for the community and also the local government in optimising its local revenue.

Prior to the vehicle tax bleaching programme, revenue in West Java, especially from motor vehicle taxes, had not reached the target. Then, after the government's policy on the vehicle tax bleaching programme was issued, revenues that had not previously reached the target but with this bleaching programme had experienced a significant increase of 21.91 per cent, and local revenues were at 32.94 per cent (Bapenda Jawa Barat, 2025).

The Motor Vehicle Tax Bleaching Program has significantly contributed to the increase of Regional Original Revenue (PAD), particularly through the optimisation of revenue from the motor vehicle tax sector which had previously declined due to the high level of arrears. By providing incentives in the form of elimination of fines and transfer fees, the public is encouraged to pay off their tax obligations, resulting in a significant increase in cash inflow to the regional treasury. In Sukabumi City, the implementation of this programme had a positive impact on the realisation of PAD targets, as evidenced by the surge in tax payments during the bleaching period. The effectiveness of this programme is not only evident from the increase in revenue, but also from the higher awareness and participation of the community in supporting regional development through tax compliance. With the PKB bleaching, it is hoped that the community can more easily settle their tax obligations, and make a better contribution to regional income. (Qotrunnada Tsaniyah R. A et al., 2025)

DISCUSSION
Implementation of Dynamic Governance in Increasing Regional Original Revenue of West Java Province
a. Thinking Ahead: Visionary and Anticipatory Planning for New Revenue Sources

As part of its strategic efforts to increase own-source revenue (PAD), the Regional Revenue Agency (Bapenda) of West Java Province implements the Thinking Ahead principle as formulated by (Boon Siong Neo and Geraldine Chen., 2007), which emphasises the importance of visionary and anticipatory planning in the face of economic dynamics. Through the utilisation of spatial data, mapping the potential of creative and digital economic sectors, and exploring alternative revenues from local assets, Bapenda seeks to build an adaptive and sustainable fiscal system. This strategy is strengthened by the integration of information technology in the form of a regional tax information system and real-time fiscal dashboard-based revenue projections. In supporting the policy, the West Java Regional Police also took a strategic role, especially in the management and supervision of Motor Vehicle Tax (PKB) and Motor Vehicle Title Transfer Fee (BBNKB). Through collaboration with Bapenda, the police optimise law enforcement functions by integrating technologies such as e-Samsat, electronic ticketing cameras (ETLE), as well as the implementation of operations to curb untaxed vehicles as part of a strategy to improve compliance and public safety. This cross-institutional collaboration not only contributes to improving fiscal efficiency, but also reflects the application of dynamic governance principles oriented towards innovation, anticipation, and sustainability. The Thinking Ahead dimension emphasises the importance of government capacity to think ahead strategically and visionarily in the face of environmental uncertainty and change. In the context of increasing Regional Original Revenue (PAD), the West Java Provincial Government has demonstrated the application of this principle through various proactive and future-based initiatives. One concrete form of Thinking Ahead implementation is Bapenda's systematic steps in mapping untapped regional economic potentials.

b. Thinking Again: Reflective Evaluation and Adaptation of Regional Fiscal Policy

The Thinking Again dimension in the Dynamic Governance framework as described by (Boon Siong Neo and Geraldine Chen., 2007) emphasises the importance of continuous institutional reflection in the cycle of public policy formulation and implementation. In the context of increasing West Java Province's own-source revenue (PAD), this principle is

realised through systematic and adaptive evaluation of the effectiveness of fiscal policies, both in terms of regulations, technical implementation, and the level of taxpayer compliance. The Regional Revenue Agency (Bapenda) of West Java Province is actively developing a local tax information system that enables real-time analysis of revenue performance, mapping of operational constraints, and improvement of more efficient collection procedures. This evaluative process is also integrated with inter-agency coordination forums, academic studies, and public surveys that provide feedback as the basis for continuous institutional learning.

In supporting the evaluation framework, the West Java Regional Police also plays a strategic role, especially in monitoring and enforcing compliance with motor vehicle fiscal obligations. This cross-sector collaboration is reflected in data integration through the e-Samsat system, the use of electronic enforcement technology (ETLE), and the implementation of periodic enforcement operations. Data and field findings collected by the police are not only the basis for corrective action, but also used as evaluation material by Bapenda to adjust policy instruments, for example in the form of incentives, re-socialisation of local regulations, and optimisation of digital payment channels. Thus, the collaborative practice between Bapenda and the Police reflects the Thinking Again principle operationally, where fiscal policy is not static but is continuously reviewed and dynamically improved according to context and needs. This approach results in a fiscal governance system that is more responsive, evidence-based, and resilient to changes in the economic environment and people's fiscal behaviour.

c. Thinking Across: Cross-Sector Collaboration to Optimise PAD Potential

The Thinking Across dimension in the Dynamic Governance framework refers to the government's ability to bridge sectoral, institutional and disciplinary boundaries to promote coordinated, inclusive and collaborative governance. In the context of increasing West Java Province's own-source revenue (PAD), the Regional Revenue Agency (Bapenda) implements this principle through a pentahelix approach that involves stakeholders from the government sector, academics, businesses, communities, and the media in the process of formulating, implementing, and evaluating regional fiscal policies. This synergy is reflected in the collaboration between Bapenda and universities in mapping tax potential based on spatial data, involving businesses in the preparation of fiscal incentive schemes, and collaborating with the media in campaigns to increase taxpayer awareness. This cross-sectoral approach allows the resulting fiscal policy to be not only technocratically effective, but also socially and economically contextualised.

In supporting the collaborative fiscal governance ecosystem, the West Java Regional Police also plays a strategic role, especially in the realm of fiscal monitoring and law enforcement on motor vehicles. The implementation of the e-Samsat system and technology-based enforcement such as Electronic Traffic Law Enforcement (ETLE) are concrete forms of cross-agency integration that strengthen the efficiency and accountability of the vehicle taxation system. Moreover, police involvement in cross-institutional coordination forums, including with the transportation agency and civil society organisations, broadens the spectrum of cooperation in increasing PAD based on compliance and public participation. Thus, the application of the Thinking Across dimension has realised synergistic, adaptive, and results-oriented fiscal governance, where the success of PAD improvement is not only the responsibility of the fiscal bureaucracy, but is the collaborative result of all elements of society and local institutions.

d. Supporting and Inhibiting Factors for the Implementation of Dynamic Governance in Increasing Regional Original Revenue of West Java Province

The motor vehicle tax bleaching policy will empirically provide support for local governments and for the community which systemically provides a domino effect for economic

growth in the region. The supporting factors of the policy, among others, can be explained through the following table:

○ The motor vehicle tax amnesty policy has the potential to significantly increase regional revenue through taxation.
○ It promotes data recovery and improvement by increasing vehicle registrations and strengthening transport administration systems.
○ By offering policy flexibility, it helps build public trust in local governments.
○ The policy can trigger a domino effect on regional economic growth by stimulating related sectors.
○ Increased tax revenues enable local governments to channel funds into development programs, fostering greater public participation in regional progress.
○ The initiative encourages legal awareness among taxpayers by allowing late tax payments without penalties, thus improving compliance.
○ It provides financial relief to communities dealing with everyday economic pressures.
○ By waiving fines for overdue taxes, the policy reduces legal risks and sanctions, easing concerns for vehicle owners.
○ The policy fosters greater discipline among new taxpayers regarding their tax obligations.
○ It enhances the lawful and safe use of motor vehicles, reinforcing compliance with transportation regulations.

Empirically, the motor vehicle tax bleaching policy will not only provide support for the public, but will also provide inhibiting factors for local governments and the community, especially if the policy is carried out repeatedly. The inhibiting factors of the motor vehicle tax bleaching policy, among others, can be identified in the following table:

○ This policy effectively boosts regional income by increasing tax revenue from motor vehicles.
○ It enables data recovery and validation, enhances the number of registered vehicles, and strengthens transportation administration.
○ Through its flexible approach, the policy cultivates public trust in local governments.
○ It generates a positive domino effect that can accelerate regional economic development.
○ By allocating increased tax revenue to public programs, the policy encourages community participation in local development.
○ It raises legal awareness among taxpayers, motivating them to fulfill their obligations—even beyond the designated deadlines.
○ The policy alleviates the financial burden on communities facing daily economic challenges.
○ By eliminating fines associated with overdue taxes, it reduces legal risks and mitigates potential sanctions.
○ It instills discipline among new taxpayers, promoting consistent and timely tax payments.
○ It supports the lawful and regulated use of motor vehicles, reinforcing compliance with legal frameworks.

CONCLUSION

Based on the results of the study on the implementation of Dynamic Governance in increasing Local Own Revenue (PAD) in West Java Province, it can be concluded that the three main dimensions-Thinking Ahead, Thinking Again, and Thinking Across-have been implemented in a structured and mutually reinforcing manner. Through the Thinking Ahead approach, the West Java Provincial Government, through Bapenda, demonstrated a proactive fiscal vision by designing data and technology-based policies, mapping new economic potentials, and collaborating with the police in optimising the digital-based Motor Vehicle Tax (PKB) collection system. Meanwhile, the Thinking Again principle is reflected in an evaluative mechanism that is carried out regularly through strengthening the tax information system,

updating incentive policies, and collaborating with the police in integrating data on violations and conducting enforcement operations. Thinking Across is realised through a pentahelix approach involving various actors, including academics, businesses, communities, and the media, which helps strengthen the legitimacy and effectiveness of fiscal policy. Overall, the 2025 motor vehicle tax bleaching programme is concrete evidence of adaptive and participatory Dynamic Governance practices, which have an impact on increasing taxpayer compliance and optimising regional revenue. The synergy between Bapenda and the West Java Regional Police shows that the success of regional fiscal policy is not only determined by regulative power, but also by inter-agency collaborative capacity and active community involvement. Thus, the implementation of Dynamic Governance in West Java not only strengthens regional fiscal independence, but also forms the foundation of more responsive, inclusive, and sustainable governance.

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