

# Strategic enhancement of local taxing power: A Comprehensive SWOT analysis approach

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## ABSTRACT

Strengthening local taxing power is a crucial element in addressing the insufficient capacity of regional governments to manage their regional assets effectively. This study seeks to identify approaches for strengthening local taxing authority within local administrations. Employing a case study methodology, the research focused on the Jombang regional government, which has a regional tax ratio of 0.6%, significantly lower than the 3% benchmark established by the Ministry of Finance. A content analysis of the data was performed to identify the Strengths, Weaknesses, Opportunities, and Threats (SWOT) in strategy development. The findings suggest that the advised strategy falls within Quadrant I, representing the Strengths–Opportunities (S-O) combination, indicating an aggressive and proactive approach. The S-O strategy refers to leveraging strengths or advantages to seize and capitalize on available opportunities. The suggested operational steps include (1) intensification and extensification; (2) adding tax payment channels; (3) integration/data exchange with other government agencies; (4) intensification of law enforcement cooperation; (5) strengthening regional tax regulations; and (6) improving the quality of human resources. While numerous studies have addressed regional tax management, this research is novel in its focus on developing regional tax enhancement strategies through a comprehensive SWOT analysis.

## KEYWORDS:

Local taxing power; tax ratio; local tax ratio; SWOT analysis; regional taxes

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## INTRODUCTION

Strengthening local taxing power is one of the essential pillars of the establishment of Law Number 1 of 2022 on Financial Relations between the Central Government and Regional Governments (HKPD Law). The local taxing power is interpreted as the ability of regional governments to manage and increase their local revenue based on the tax potential in their region (The Directorate General of Fiscal Balance, 2022). In the context of the HKPD Law, several government strategies to improve local taxing power include reducing administration and compliance costs, expanding the tax base, and harmonizing with other laws and regulations. The government's efforts to reduce administration and compliance costs are carried out by restructuring regional tax types. The tax base is expanded by introducing provincial and district/city tax opportunities, replacing the profit-sharing schemes, adjusting authority without additional burden on taxpayers, and expanding objects through synergizing central and regional taxes. Harmonization with other laws and regulations must also be carried out to improve investors' ease of business and achieve economic growth, impacting regional revenue. The HKPD Law also mandates the implementation of regulations to replace the regional regulations on current regional taxes and levies two years after the HKPD Law comes into force.

Formulating the pillars of the HKPD Law cannot be separated from the weak ability of regional governments to manage their regional potential, as revealed in the results of a 2020 fiscal independence review conducted by the Audit Board of the Republic of Indonesia (BPK). The BPK reported that 88.27% of the 503 regional governments in Indonesia are in the "Not yet Independent" category. Additionally, the BPK also stated that the gap in fiscal independence between regions is still very high. Surabaya City has the highest Fiscal Independence Index (FII), namely 56.85%, while Tual City in Maluku Province has the lowest FII, at 3.46%. Data from the Ministry of Finance (2022) also shows that the average local tax ratio is approximately 1.42%, far below the expected achievement standard of 3% of the Gross Domestic Product. Thus, strengthening local taxing power, one of the pillars of the HKPD Law, urgently needs to be studied further.

Several studies have explored local tax management. For example, Yusuf's (2021) research examined the relationship between population variables and PDRD (Regional Taxes and Charges). Juliarini (2020) researched the contribution of regional tax revenues in cities and districts throughout Indonesia to local-source revenue after the enactment of the PDRD Law. Meanwhile, Alwi et al. (2021) examined the relationship between tax revenues and poverty, trust, and income per capita.

Referring to the existing research, there is a reasonably wide gap on research topics related to strategies to strengthen local taxing power in Indonesia, which still needs more attention. Thus, this research qualitatively explores aspects of a region's local taxing power in depth. The study focuses on internal business processes, human resources (HR) quality, regulations, and regional tax management work units. This research is motivated by finding the right strategy to increase local taxing power, in this case, in the Jombang Regency. Jombang Regency is one of the regional governments in the "Not yet Independent" category, with a score of 0.1846 out of 503 regional governments, according to the results of the BPK RI review (BPK RI, 2020). Local-source revenue contributes 23.09% to Jombang Regency's regional income, while 72.9% comes from transfer funds and other legitimate sources of regional income.

The most significant component of Jombang Regency's local-source revenue comes from regional taxes managed by the Regional Revenue Agency (Bapenda). However, Jombang Regency's regional tax ratio is in the range of 0.56%–0.6%. This figure is still below the local tax ratio

nationally in 2017–2019, which is 1.42%. From this data, there is still an opportunity to optimize regional tax management in Jombang Regency by strengthening its local taxing power so that the local tax ratio is closer to the figure of 3% of regional GDP established by the Ministry of Finance.

This study aims to develop a strategy using a case study approach and SWOT analysis to strengthen local taxing power for regional tax management in Jombang Regency. The research results are hoped to support local governments in designing better and more effective policies for managing local taxes. Furthermore, they can increase local-source revenue and local tax ratios, improving the quality of public services provided to the community.

### **Tax Administration**

Strengthening issues of local taxing power cannot be separated from the theory of tax administration. As formulated in the background to the birth of the HKPD Law (2022), one government strategy to improve local taxing power is to lower administration and compliance costs. Gunadi (2005) formulated tax administration as a part of state administration that focused on maintaining and understanding the relationship between the tax authority and the public as taxpayers. Tax administration has unique characteristics; it is a manifestation of implementing formal tax provisions in administration. Tax administration is also a means of ensuring that taxpayers comply with tax regulations (Alm, 2019). The research results by Alm (2019) reveals that effective tax administration can maintain and increase taxpayers' motivation to meet their tax obligations. Taxpayers who follow tax regulations mean tax compliance, defined as the lack of tax evasion and tax avoidance (Bruno, 2019).

However, the effectiveness of tax administration depends on the level of tax revenue, the economic system's function, and the stability of each government's economic development. Meanwhile, to achieve good quality tax administration, the system must meet the requirements of transparency, simplicity, legal certainty, efficiency, economics, fairness, and timeliness (Serikova et al., 2018). The research results of Borrego et al. (2016) show that tax administration that is too complex will have negative implications for tax compliance. Tax administration that is too complex can demotivate taxpayers to follow applicable tax regulations (Keen & Slemrod, 2017; Slemrod, 2019).

Tax administration problems become more complicated when two authorities, usually central and regional authorities, manage taxation (Ter-Minassian, 1997). Central authorities generally have solid tax-collection abilities, yet regional authorities control the objects of taxation themselves. To achieve effective tax performance in the two tax authorities, the government requires synergy in tax collection, including from the tax administration side. Developing countries often need help in achieving tax policy synergies between tax authorities (de Jantscher, 1986). To ensure that tax administration works well, two measures can be used: (1) enabling the implementation of policies equally that produce optimal tax revenues at inexpensive costs and (2) encouraging voluntary taxpayer compliance (Ter-Minassian, 1997).

In addition, the challenges associated with tax decentralization, the digital economy and technological innovation now require greater attention. Big data and artificial intelligence can affect tax revenue performance and compliance. Therefore, tax authorities must adapt to these technological advances, ensuring the sustainability of tax revenue and support economic growth by reducing operating, compliance, and administrative costs (Hendriyetty, et al., 2022; Juswanto & Abiyunus, 2023). The experience gained during the COVID-19 pandemic underscores the need for a more adaptable and agile tax administration to navigate unpredictable conditions. The OECD (2020) emphasized the importance of rapidly developing IT solutions, mitigating fraud risks, and

enhancing data protection in the evolution of tax administration. Meanwhile, Hellerstein et al. (2018) explain two alternatives for countries to realize tax compliance in the digital economy era: The first is cooperating with other parties as tax collectors or withholding agents, while the second is adopting digital technology for taxpayer registration and collection mechanisms.

In the Indonesian context, related to ensuring the quality of regional tax administration to achieve this goal, the Directorate General of Fiscal Balance-Ministry of Finance, in collaboration with the Asian Development Bank and the Swiss Government (State Secretariat for Economic Affairs-SECO), has issued Performance Indicator Standards Regional Tax Administration (SIKAP). SIKAP is a diagnostic tool developed to detect problems in administering regional taxes and help formulate the optimal solution to these problems (The Directorate General of Fiscal Balance). The perspective used in SIKAP includes revenue aspects, such as planning performance and regional tax revenues; operational aspects, including data, reporting and payment, inspection and billing, and the service sector; and tax administration governance, such as information technology systems, human and organizational resources, also compliance and transparency.

### **Regional Taxes**

Indonesian taxes can be divided into central and regional taxes. According to Law Number 1 of 2022 concerning Central and Regional Financial Relations, a regional tax is a mandatory contribution to the region by individuals or entities with no direct compensation. It is used for regional needs in the amount that corresponds to the great prosperity of the people. Devas in Mustaqiem (2008) explains that five aspects are used to assess reasonable regional taxes.

The first aspect is the tax yield. This aspect emphasizes the importance of significant tax revenues that are reliable and predictable, relatively stable, and not fluctuating, so that they can be planned into the expenditure budget. The second aspect is equity, both vertically and horizontally. This means that the tax burden must be fair between different groups but have equal economic standing; according to equity standards, wealthy groups make more significant donations than groups with fewer financial resources. The third aspect is economic efficiency, where local taxes should encourage the productive use of resources and not disrupt the economy. The fourth aspect is related to implementation ability. This aspect is associated with implementing tax policies and administration in the field. The fifth aspect is suitability as a local revenue source.

Referring to the HKPD Law, regional taxes collected by provincial governments include the Motor Vehicle Tax, Motor Vehicle Title Transfer Fee, Heavy Equipment Tax, Motor Vehicle Fuel Tax, Surface Water Tax, Cigarette Tax, also Opsen Tax on Non-Metal Minerals and Rocks. District/city governments can levy the following taxes: Rural and Urban Land and Building Tax, Land and Building Rights Acquisition Fee, Certain Goods and Services Tax, Advertisement Tax, Groundwater Tax, Non-Metal Mineral and Rock Tax, and Swallow Bird's Nest Tax, Motor Vehicle Tax Opsen also Motor Vehicle Title Transfer Fee Opsen. Based on Article 6 of the HKPD Law, local governments are not allowed to collect taxes other than those authorized.

### **SWOT Analysis**

SWOT analysis is a strategic planning method for evaluating strengths, weaknesses, opportunities, and threats through qualitative assessments (David, 2017). SWOT analysis is one of the oldest and most widely used strategy tools worldwide (Puyt et al., 2023). This analysis helps organizations, projects, or individuals think systematically and comprehensively, diagnosing existing factors. The simple and easy-to-remember acronym maintains its relevance in business and other sectors to assess decision alternatives from various complex situations (Helms & Nixon, 2010;

Cheng et al., 2021). Helms and Nixon (2010), Benzaghta et al. (2021), Namugenyi et al. (2019), also Gürel and Tat (2017); provide examples of SWOT analysis, which is generally used for policy-making, decision-making, and strategic planning at the individual, organizational, governmental, and state levels. In the Indonesian context, several public policy studies have used SWOT as a strategy formulation analysis tool, including Burhan and Gunadi (2023), Irsyadinnas et al. (2023), also Rahayu et al. (2022).

A matrix is employed to effectively align the external and internal factors to use SWOT analysis as a strategy formulation tool. This combination helps develop four types of strategies: WT (weaknesses–threats), WO (weaknesses–opportunities), ST (strengths–threats), and SO (strengths–opportunities) (David, 2017). To enhance its applicability, Primadini and Gunadi (2023) transformed the SWOT analysis into a Cartesian diagram with four quadrants to assist in choosing the appropriate strategy. The diagram’s formation involves a formula to calculate the coordinate points derived from the Internal Factors Analysis Summary (IFAS) matrix and the External Factors Analysis Summary (EFAS) matrix.

### **Previous Research**

Sinaga (2016) states that Indonesia’s tax-collection problems are generally caused by weak regulations in the field of taxation, lack of socialization, low levels of awareness, knowledge, and economic development, incomplete and inaccurate databases, and weak law enforcement. In 2020, Juliarini conducted qualitative research on regional tax revenues in cities/districts throughout Indonesia and their contribution to local-source revenue following the implementation of the PDRD Law. Juliarini (2020) found that regulations needed to be clarified or brought in line with the PDRD Law, giving rise to doubts about or problems in their implementation. Furthermore, issues also arise due to the lack of optimal quality and quantity of HR, application systems, and services, as well as the low awareness of taxpayers. This research focuses on changes to the regulatory system, which tax officials still do not understand and, therefore, cannot implement optimally. Juliarini (2020) also found problems related to internal business processes, HR capacity, and information systems. These findings strengthen the results of previous studies by Hasanusi (2015) and Iqbal (2017).

Human resources can influence organizational performance. Ardiansyah and Utomo (2018) found three problems that have implications for regional tax audits that are not yet optimal: unclear regulations, institutional and HR problems, and internal and external coordination problems. Conversely, Sukma and Kuncoro’s (2022) research on the tax compliance of micro, small, and medium enterprise taxpayers in the Madiun Pratama Tax Service Office area also needed help with implementing regulations. The research shows that the low compliance of culinary taxpayers is due to a lack of understanding of tax policies and the treatment of tax authorities, which should reflect justice.

The complexity of tax management regulations also creates challenges in regional tax management, as found in Liyana’s (2019) research. Liyana concluded that the main problem facing tax administration in Indonesia stems from low taxpayer compliance due to complex regulations and the public’s relatively low level of trust in tax institutions. Other studies, such as Putranto (2018) and Firmansyah et al. (2022), link the influence of organizational culture on employee performance related to tax management. Putranto’s research showed the positive influence of organizational culture, compensation, and work motivation on employee performance. Firmansyah et al. (2022) concluded that organizational culture positively affects the management of tax receivables.

Based on the literature, it can be concluded that five aspects are essential to consider and further research when developing a strategy to strengthen local taxing power and lead to optimal

regional tax management. These five aspects are internal business processes (Iqbal, 2017), HR (Ardiansyah & Utomo, 2018), information systems (Juliarini, 2020; Sinaga, 2016), regulations (Sukma & Kuncoro, 2022; Liyana, 2019), and organizational culture (Firmansyah, 2022; Putranto, 2018).

## RESEARCH METHOD

This is a qualitative research study using a case study approach. The primary data sources were observations and interviews with 4 (four) informants consisting of 3 structural officials and one operational executor in July 2023. They were employees on duty at the Jombang Regional Revenue Agency. Secondary data sources included reports, regulations, operational standards, and other documents relating to managing regional tax collections in the Jombang Regency. These multiple data sources were used as a form of data triangulation. Alfansyur and Mariyani (2020) explain that data triangulation is performed by comparing data from one source with data from another.

The data were analyzed using the content analysis method of Miles et al. (2014). The condensed data were organized and displayed in tables, enabling pattern identification and conclusion formulation. To deepen the analysis, a SWOT analysis was also used. SWOT analysis is a two-dimensional analysis that examines the strength of internal and external factors that affect a business, which can be both positive and negative (Jonassen, 2012). Technical triangulation was also implemented to identify the most suitable strategies based on current conditions. Each factor was assigned a weight ranging from 1 to 5 based on its level of influence, following the scale from Leigh (2010). This weighting allowed the development of IFAS and EFAS matrices, as carried out by Primadini and Gunadi (2023).

## RESULT AND DISCUSSION

Using the selected methodology, the researcher conducted a content analysis of the data gathered through observation and interviews. The interviews were conducted using an unstructured method to explore and identify the research unit's strengths, weaknesses, opportunities, and threats. The author referred to topics according to the Regional Tax Administration Performance Indicator Standards (SIKAP) to guide the discussions. The content analysis results concerning internal and external factors are presented in Appendix 1.

The internal and external factors listed in Appendix 1 are the foundation for formulating strategic alternatives through the SWOT matrix. Table 1 presents various strategies for strengthening local taxing power. These strategies result from formulating multiple data points from observations, documentation, and interviews with the informants. By analyzing the strengths and weaknesses within Jombang Regional Revenue Agency's organizational environment and mapping these against external opportunities and threats, the SWOT matrix helps identify responsive strategies. SO (Strength-Opportunity) strategies utilize existing strengths to seize available opportunities, while WO (Weakness-Opportunity) strategies aim to improve internal limitations to better capitalize on external support. Meanwhile, ST (Strength-Threat) strategies apply organizational capabilities to mitigate potential threats, and WT (Weakness-Threat) strategies focus on defensive actions to minimize risk from external and internal challenges. For example,

Informant 1 emphasized the need to improve data quality and explore untapped potential to optimize revenue. This insight supported an S-O strategy that leverages technical strengths to exploit emerging opportunities. The strategic mapping in Table 1 provides a practical synthesis of the data analysis results from Appendix 1 and becomes the basis for determining which strategic priorities should be implemented.

**Table 1.** Content Analysis Results: Optional Strategies

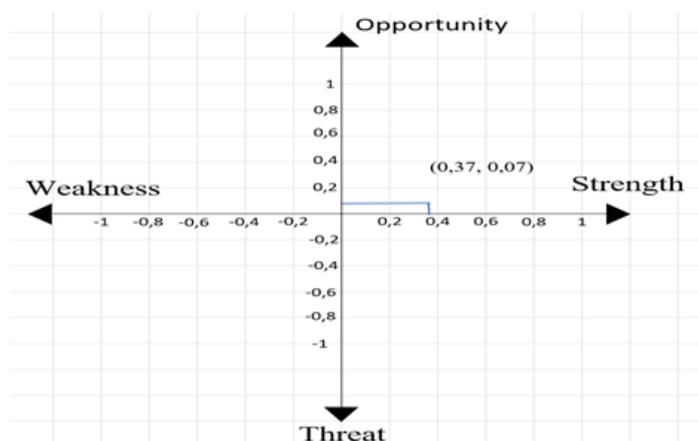
<b>Strengths–Opportunities (S-O)</b>	<b>Weaknesses–Opportunities (W-O)</b>
<ol style="list-style-type: none"> <li>1. Intensification and extensification (S1, S2, S4, O1, O7)</li> <li>2. Adding tax payment channels (S3, O3)</li> <li>3. Integration/data exchange with other government agencies, including producing OPD (S7, O5)</li> <li>4. Intensification of law enforcement cooperation (S7, O3)</li> <li>5. Strengthening regulations in the HKPD Law (S4, S7, S9, O7)</li> <li>6. Improving the quality of human resources both through training and by providing opportunities for study permits (S5, S6, O5, O8)</li> </ol>	<ol style="list-style-type: none"> <li>1. Updating taxpayer data (W1, O1)</li> <li>2. Periodic appeal to taxpayers to update data (W1, O2)</li> <li>3. Digitalization of taxpayer services (W5, O5, O6)</li> <li>4. Increasing the use of databases as analytical tools in monitoring and decision-making (W7, O6)</li> <li>5. Apply Knowledge Management (W4, O8)</li> </ol>
<b>Strengths–Threats (S-T)</b>	<b>Weaknesses–Threats (W-T)</b>
<ol style="list-style-type: none"> <li>1. Prevent fraud (S8, S9, T2)</li> <li>2. Maintaining community trust (S8, T2)</li> <li>3. Increasing tax socialization and public relation functions (S4, S6, T3)</li> <li>4. Maintain information system security (S8, T5, T6, T7)</li> </ol>	<ol style="list-style-type: none"> <li>1. Evaluate internal communications (W4, W9, T4)</li> <li>2. Evaluate the application of cultural values periodically (W9, T9)</li> <li>3. Evaluation of regulations and SOPs that are not well organized (T8, W7)</li> <li>4. Optimal internal control to prevent officer fraud (W6, T2)</li> <li>5. Improvement of regulations and SOPs (W2, W3, T6)</li> </ol>

To conduct the technical triangulation, researchers distributed questionnaires containing items on the SWOT factor to two other parties who were not informants in the study. The first party, the employee’s superior, provided item weighting based on their expertise and experience. The second party, seven employees in the regional revenue service, was included to offer diverse perspectives on the SWOT factors. Each factor identified is given a weight based on how much influence it has, on a scale of 1 to 5 (Leigh, 2010). The weighting of each item is obtained by dividing the item rating by the total number of internal factor ratings. The total weighting for the internal factors must be equal to 1.

After identifying the factors for the four categories, analyzing the internal and external strategic factors of Jombang Regional Revenue Agency is necessary to determine a strategy that suits the conditions of the company. This is achieved by weighing and rating each internal and external factor. Each factor identified is given a weight based on how much influence it has, on a scale of 1 to 5 (Leigh, 2010). The weighting of the items is provided by the party representing the authority, while the rating is assigned by the respondents on average. The weight calculation is carried out by dividing the weight value of a factor by the overall weight value of the group of factors, namely the internal and external factors. The results of the weighting and calculating scores for each internal and external factor element are presented in Appendix 2 and 3.

As shown in Appendix 2, the total number of strengths is 2.36, and the weaknesses are 1.99.

This shows that the internal factors that influence regional tax management have a higher strength value than do the weaknesses. Appendix 3 shows that the total number of opportunities is 1.98, and the threats are 1.91. This shows that the external profile influences local tax management to value opportunities more than threats. Based on this calculation, the value can be determined as strengths higher than the value weaknesses with a difference of 0.37, and the difference between the values of opportunities and threats is 0.07 points. The results of these calculations, if depicted in the SWOT quadrant, are shown in Figure 1.



**Figure 1.** SWOT Analysis Diagram of Jombang Regional Revenue Agency

Figure 1 shows that the strategy most suitable for the Jombang Regional Revenue Agency profile is a combination (S-O). This is due to the coordinates being located in Quadrant I. This quadrant indicates an aggressive and proactive position, where Jombang Regional Revenue Agency can take advantage of its strengths/advantages to exploit existing opportunities. The S-O combination strategy, entails the following: (1) Intensification and extensification; (2) Adding tax payment channels; (3) Integration/data exchange with other government agencies; (4) Intensification of law enforcement cooperation; (5) Strengthening regulations in the HKPD Law; and (6) Improving the quality of HR through training and providing opportunities for study permits.

**Intensification and Extensification**

Intensification is an effort to explore the tax potential of registered taxpayers (old and new taxpayers). This effort requires profiling taxpayers and reliable data, as explained by Informant 1. Based on profiling and taxpayer data, the government can increase supervision over formal and material compliance by taxpayers, conduct audits, and carry out strict law enforcement in case of taxpayer noncompliance.

One of the challenges of tax supervision in Jombang is the low level of taxpayer compliance, including restaurant taxpayers. Prior to this research study, restaurant tax revenues had only reached 90%. Supervision can increase compliance by checking the regularity of monthly payments or issuing reminders of late payment deadlines. Based on the Collection and Reporting Division data, the authorities have sent 116 appeals, 18 inspections, and five restaurant tax bill letters. Almost all of the appeal letters sent to taxpayers were followed up with payments by taxpayers. Applications to manage taxpayer supervision, such as E-Fiskus, should be appreciated. However, Regional Revenue Agency should have a tax bailiff for collections. In addition to supervision, taxpayers also need to be provided education and socialization within a certain period to become independent taxpayers (Informant 2).

Extensification can be performed by collecting data on new tax subjects and objects (informant 1). To simplify taxpayer registration, the government must optimize internet use, as in the case of the Malang, Badung, Mamuju, Medan, and Kendal district governments, which currently provide online regional taxpayer registration services. Data collection on new tax objects should prioritize quality. The increase in the number of taxpayers must also be balanced with regular data updates by the data collection sector. Periodic data updates must be carried out to maintain the accuracy of existing active taxpayers.

### **Adding Tax Payment Channels**

As informed by a treasurer, payment and reporting business processes are running optimally and effectively, although reconciliation is still performed manually for some payment methods. The payment channels currently available to pay regional taxes in the Jombang Regency are Jatim Bank, Indomaret, Tokopedia, Blibli.com, Dana, Fastpay, and BNI Bank (virtual account). The Regional Revenue Agency facilitates easy tax payments through tax collectors/UPT for restaurants, parking, entertainment, hotels, and PBB-P2 taxes.

Along with cashless transactions, which are increasing yearly, alternative regional tax payments should be added to make it easier for taxpayers to pay taxes independently and reduce dependence on tax collectors. Adding payment channels can also improve the quality of taxpayer services. This must be performed in line with the increasingly widespread development of digital transactions.

Collaboration on adding payment channels can be implemented in stages by conducting a public survey of the most frequently used payment platforms before implementing them to meet the community's needs. Taxpayer convenience is vital for making tax payments. Additionally, in terms of the payment mechanism through the UPT, tax officers should gradually be transferred to online payments, which will increase taxpayer independence while reducing the workload of tax officers in the field, allowing them to focus on assignments related to other tax administrations.

The use of applications in tax administration at Bapenda, including the E-Fiskus application, has dramatically impacted tax administration. Based on the results of an interview with one of the sources, taxpayers who had the E-Fiskus application installed were more compliant than those without the application. Based on the observations, Regional Revenue Agency employees still must make maximum use of the existing information systems and databases. Data on taxpayer compliance, profiles of large taxpayers in Jombang Regency, the tax potential per region, and data on inactive taxpayers must be better organized (informants 2 & 4). Integrating and exchanging data with other agencies and collaborating with agencies such as the Central Statistics Agency are crucial to increase data reliability. As for exchanging data, Regional Revenue Agency can collaborate with the Jombang Pratama Tax Service Office and the East Java Provincial Government regarding regional tax management. Robust data will support the local tax law enforcement process.

### **Intensification of Law Enforcement Cooperation**

The Jombang regional government must increase cooperation in law enforcement efforts to improve taxpayer compliance (informants 1, 2, and 4). For this effort to be effective, all local government agencies should have the same perception of how regulations should be implemented. In this case, socializing rules are integral to law enforcement efforts so that decisions do not harm the community. Law enforcement can also be carried out by collaborating with regional agencies, such as licensing, economic activities such as livestock, trade, and industry services, or other agencies related to the community or business entities. Law enforcement cooperation can also

involve central tax bailiffs at the Tax Service Office, the police, and civil service police units.

Tax-collection regulations are needed to provide legal certainty to all stakeholders, from taxpayers and tax officers to policymakers. Without legal certainty, people do not know what to do, creating uncertainty that ultimately leads to violence due to indecisiveness (Julyano, 2019). Based on the research results, poorly organized regulations also hinder the implementation of regional tax management in Jombang Regency. Furthermore, differences in interpretation/understanding of regulations also often occur between fields, hampering the decision-making process and division of tasks in terms of work. Regulations that must be adequately socialized to taxpayers also impact taxpayers' business activities. Taxpayers must learn and plan their tax obligations properly and complain about the significant taxes imposed on them.

Enacting regional regulations derived from the HKPD Law in 2024 could provide momentum appropriate for overhauling rules that no longer align with developments (informants 1, 2, and 4). Existing regulations may no longer be relevant to current developments, one of which is due to the use of technology. In addition to making changes, adding relevant regulations not previously regulated in Regional Regulation Number 1 of 2020 may also be an essential step. This will provide a more robust legal basis for various aspects of regional management, including tax management. With more complete regulations, local governments can more efficiently organize and manage public resources and services.

### **Improving the Quality of Human Resources**

HR is a significant driver of other resources and has a strategic position that contributes to achieving organizational performance with a competitive advantage (Effendi, 2021). In 2022, the number of employees will increase significantly. An additional 30 people have been hired to manage regional taxes at Regional Revenue Agency. However, according to the data and facts in the field, only a few employees have received training in the skills the Regional Revenue Agency requires for tax administration, especially in positions such as examiner, assessor, and tax bailiff (informant 4).

The absence of tax bailiffs has made it challenging to actively collect regional taxes. This impacts collection activities, which are limited to providing tax invoices and do not reach the level of issuing forced and confiscation letters. The organization required the expertise of assessors and examiners, ten people each, but only two employees have received training for each position.

Employees under 30 years of age who are productive dominate the composition of the Regional Revenue Agency staff. Forty-six people have Bachelor's and DIII education levels. On average, DIII employees have less than five years of service and have just been appointed as government employees. Therefore, increasing human resource development activities such as training and seminars, and providing opportunities for students to continue their education to a higher level are essential.

Additionally, the government is seeking solutions for learning methods and granting scholarships that respond to organizational needs, maintain organizational performance, and increase employee capacity. By encouraging employees to continue their education, the organization will undoubtedly benefit from skilled staff with better competencies. This is also in line with organizational needs, which continue to develop over time and with technology.

## CONCLUSION

This study uses SWOT analysis to develop strengthening strategies for local taxing power and regional tax management in Jombang Regency. Based on the results of the SWOT analysis that has been carried out, the S-O strategy suits the profile of Jombang Regional Revenue Agency. The following methods can be implemented regarding internal business processes: intensification and extensification. Data integration/exchange and additional tax payment channels can be carried out to optimize the existing information system at Jombang Regional Revenue Agency. The regulatory system can be optimized by strengthening the regulations in HKPD Law and intensifying law enforcement cooperation. Meanwhile, regarding HR, Jombang Regional Revenue Agency can encourage and provide opportunities for employees to train and develop, such as granting study permits, to improve the quality of HR and regional tax management.

This research has several limitations. First, it uses a case study approach, which makes it causal and cannot be generalized to other district governments. Second, it uses a qualitative SWOT approach and briefly describes the research object. This qualitative approach may also impact the researcher's subjectivity in developing strategies and SWOT elements. This analytical tool can also suggest possible strategies the author still needs to identify.

The author suggests that further research on regional tax administration systems deepens exploration by examining other aspects, such as the uniqueness of each type of regional tax. Future researchers can also use this approach, the Tax Administration Diagnostic Assessment Tool, to research regional tax administration.

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## APPENDICES

### Appendix 1. Content Analysis Results: Internal and External Factors

<b>Internal</b>	
<b>Strengths (S)</b>	<b>Weaknesses (W)</b>
1. Adequate facilities and infrastructure (such as computers, printers)	1. Inaccurate taxpayer data
2. Application system that helps tax administration	2. Standard operating procedures that need to be updated/added
3. There are relatively many tax payment methods	3. Supervision is not yet optimal
4. Adequate number of human resources	4. Employee training and development is still limited for some employees
5. Leadership support regarding employee development	5. Employee education levels that can hinder filling positions and careers
6. Many officers are young	6. Most of the tax service system is still offline
7. Full authority to collect taxes that are protected and regulated by Law	7. Regulations that are not well organized
8. Leadership support to improve the work culture	8. Internal communication is not yet optimal
9. Supportive work culture	9. The different characteristics of each cause an uneven work culture
<b>External</b>	
<b>Opportunities (O)</b>	<b>Threats (T)</b>
1. Large local tax potential	1. Network instability
2. Cooperative taxpayers	2. Risk of fraud by the authorities
3. Coordination between agencies (BKPSDM, Diskominfo, APH)	3. Public education regarding taxes, which are still low
4. New Taxpayer	4. Limited training and human resource development quota
5. Technological development	5. Employee transfer policy
6. Quality vendors in procuring applications	6. Data security
7. Central government support that supports improvements to the regulatory system	7. The increasing load of data that the system must process
8. Offers of HR development by external parties (training, certification, scholarships)	8. Political instability
9. Central government commitment to support organizational culture	9. Organizational culture shift

**Appendix 2.** Internal Factor Weighting and Scoring Results by Supervisor Strength & Weakness

Description	Rating	Weight	Average Rating	Score
<b>Strength (S)</b>				
Adequate facilities and infrastructure (computers, printers)	4	0.055	4.67	0.26
Application system that helps tax administration for tax employees	4	0.055	5.00	0.27
There are relatively many tax payment methods	5	0.068	4.5	0.31
Sufficient number of human resources	4	0.055	4.00	0.22
Leadership support regarding employee development	5	0.068	5.00	0.34
Many officers are young	2	0.027	4.33	0.12
Full authority to collect taxes that are protected and regulated by Law	3	0.041	4.83	0.20
Leadership support to improve the work culture	5	0.068	4.67	0.32
Supportive work culture	5	0.068	4.67	0.32
<b>Total Strength</b>	<b>37</b>	<b>0.507</b>	<b>41.67</b>	<b>2.36</b>
<b>Weakness (W)</b>				
Inaccurate taxpayer data	5	0.068	4.50	0.31
Standard operating procedures that need to be updated/added	5	0.068	3.83	0.26
Supervision is not yet optimal	4	0.055	4.67	0.26
Employee training and development is still limited for some employees	3	0.041	2.83	0.16
Employee education levels that can hinder filling positions and careers	3	0.041	3.67	0.15
Most of the tax service system is still offline	5	0.068	4.00	0.27
Regulations that are not well organized	3	0.041	3.83	0.16
Internal communication is not yet optimal	5	0.068	4.00	0.27
The different characteristics of each cause an uneven work culture	3	0.041	3.67	0.15
<b>Total Weakness</b>	<b>36</b>	<b>0.493</b>	<b>36.00</b>	<b>1.99</b>
<b>Difference (S)-(W)</b>				<b>0.37</b>

**Appendix 3.** External Factor Weighting and Scoring Results by Supervisor Opportunities & Threat

Description	Rating	Weight	Average Rating	Score
<b>Opportunities (O)</b>				
Large local tax potential	1	0.015	4.83	0.07
Cooperative taxpayers	5	0.077	4.67	0.36
Coordination between agencies (BKPSDM, Communication and Information Service, APH)	3	0.046	3.83	0.18
New taxpayer	3	0.046	3.50	0.16
Technological development	3	0.046	4.33	0.20
Quality vendors in procuring applications	3	0.046	4.00	0.18
Central government support that supports improvements to the regulatory system	5	0.077	4.17	0.32
Offers of HR development by external parties (training, certification, scholarships)	4	0.062	4.33	0.27
Central government commitment to support organizational culture	4	0.062	3.83	0.24
<b>Total</b>	<b>31</b>	<b>0.477</b>	<b>37.50</b>	<b>1.98</b>
<b>Threat (T)</b>				
Network instability	5	0.077	4.50	0.35
Risk of abuse by the device	3	0.046	3.67	0.17
Public education regarding taxes, which are still low	4	0.062	3.50	0.22
Limited training and human resource development quota from the BKPSDM	3	0.046	3.83	0.18
Employee transfer policy	5	0.077	3.33	0.26
Data security	3	0.046	4.00	0.18
The increasing load of data that the system must process	3	0.046	3.67	0.17
Political instability	5	0.077	3.50	0.27
Organizational culture shift	3	0.046	2.67	0.12
<b>Total</b>	<b>34</b>	<b>0.523</b>	<b>32.67</b>	<b>1.91</b>
<b>Difference (O)-(T)</b>				<b>0.07</b>

*Selected and Revised Papers from The Public Sector International Conference (PSIC) 2024. (PKN STAN, by 11-12 September 2024) after being peer-reviewed by the Organizing Committee of PSIC and Peer-reviewers of Jurnal Tata Kelola dan Akuntabilitas Keuangan Negara*