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MORALITY BEFORE KNOWLEDGE

# Policy analysis of regional tax surtaxes and their impact on fiscal autonomy and public service quality

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## ABSTRACT

**Background**: This study examines the effectiveness of the Motor Vehicle Tax/*Pajak Kendaraan Bermotor* (PKB) surcharge (opsen) as a fiscal instrument to enhance regional financial independence and improve public service delivery in West Java Province. Introduced as part of Indonesia's fiscal decentralization framework, the opsen aims to optimize local revenue generation while strengthening provincial autonomy in managing essential public services such as education, transportation, and environmental management. **Methods:** Using a qualitative descriptive approach supported by secondary data from provincial budget reports, tax realization statistics, and regulatory documents, this paper analyzes the structure of PKB and BBNKB revenues, the contribution of the opsen to Regional Own-Source Revenue/*Pendapatan Asli Daerah* (PAD), and its alignment with regional expenditure priorities. **Findings:** The study finds that West Java has successfully utilized the opsen to expand its fiscal capacity, evidenced by consistent growth in PAD and an improved fiscal independence ratio. Nevertheless, challenges remain, including disparities in taxpayer compliance, uneven regional revenue performance, and the need for stronger integration between tax policy and service delivery outcomes. The analysis suggests that the opsen can serve as an effective public finance strategy when supported by transparent revenue management, strengthened digital tax administration, and targeted spending on high-impact public sectors. **Conclusion:** The study concludes that optimizing the opsen mechanism is crucial for reinforcing fiscal resilience, promoting accountable governance, and ensuring that additional tax revenue translates into measurable improvements in public services. **Novelty/Originality of this article:** This study contributes to the fiscal decentralization literature by extending the analysis of subnational taxation beyond revenue generation to include administrative capacity and governance effectiveness. It develops an integrated framework linking fiscal capacity and institutional factors in evaluating the opsen tax, while also providing practical insights for optimizing regional tax policy in Indonesia.

**KEYWORDS**: fiscal decentralization; public service delivery; regional tax policy.

## 1. Introduction

Recent shifts in Indonesia's fiscal policy landscape reflect an increasing emphasis on strengthening subnational governments within the broader framework of fiscal decentralization. The enhancement of fiscal authority at the regional level is widely regarded as a crucial instrument for improving public service delivery while reducing dependence on central government transfers (Mardiasmo, 2019). Within this context, local governments are expected not only to mobilize revenue more effectively but also to allocate resources in a way that generates tangible public value.

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In West Java Province, motor vehicle taxation plays a particularly strategic role in the regional revenue structure. As presented in Table 1, locally generated revenue (PAD) increased consistently from IDR 27.9 trillion in 2021 to a projected IDR 37.0 trillion in 2025. During the same period, the contribution of local taxes to PAD rose from 68% to 76%, indicating an increasing reliance on tax-based revenue sources.

Table 1. Development of locally-generated revenue and motor vehicle taxes in West Java Province

| Year | Locally-generated revenue (Rp trillion) | Contribution of local taxes to LGR (%) | Motor vehicle taxes + vehicle transfer fees (Rp trillion) | Number of registered vehicles | Vehicle growth rate (%/year) |
|---|---|---|---|---|---|
| 2021 | 27.9 | 68 | 10.50 | 14,750,000 | 5.2 |
| 2022 | 29.5 | 70 | 11.80 | 15,580,000 | 5.6 |
| 2023 | 31.6 | 73 | 13.10 | 16,930,000 | 6.5 |
| 2024 | 35.0 | 75 | 19.00 | 17,500,000 | 6.3 |
| 2025 (projected) | 37.0 | 76 | 20.20 | ~18,200,000 | 6.2 |

(BPS, 2022-2024; BAPENDA, 2025)

More specifically, revenues from motor vehicle taxes and transfer fees exhibited a significant upward trend, rising from IDR 10.50 trillion in 2021 to IDR 20.20 trillion in 2025 (projected). This growth is supported by a steady increase in the number of registered vehicles, which expanded from 14.75 million units in 2021 to approximately 18.2 million units in 2025. Additionally, the annual vehicle growth rate remained relatively stable and was recorded at approximately 6.2% in 2025, indicating a sustained expansion of the vehicle base that continues to support regional tax revenues.

These developments underscore the substantial fiscal potential embedded within motor vehicle taxation in West Java. The introduction of the opsen tax, therefore, arrives at an opportune moment to further strengthen fiscal autonomy and expand revenue space. However, despite this strong potential, the effectiveness of opsen implementation remains contingent upon the administrative capacity of local institutions.

One of the primary challenges lies in the incomplete integration of vehicle registration data between the Provincial Revenue Agency (Badan Pendapatan Daerah, Bapenda) and the One-Stop Integrated Administration System (Sistem Administrasi Manunggal Satu Atap, Samsat). Fragmented data systems result in discrepancies in taxpayer records, leaving a portion of registered vehicles inactive or unaccounted for in the tax database. Such inefficiencies directly limit the ability of local governments to fully mobilize their potential revenue.

In addition to administrative constraints, public perception also poses a challenge to the successful implementation of the opsen tax. Limited dissemination of policy information has led to misunderstandings among taxpayers, some of whom perceive the opsen mechanism as an increase in tax burden rather than a redistribution of revenue authority between levels of government. This misperception may negatively affect taxpayer compliance and weaken the overall effectiveness of the policy.

From a theoretical standpoint, contemporary literature on fiscal decentralization emphasizes that increases in locally generated revenue should not be assessed solely based on their contribution to total income, but also on how effectively such revenues are translated into improved public services (Faguet & Pöschl, 2015; Martinez-Vazquez et al., 2017). However, most empirical studies in Indonesia continue to focus primarily on the revenue-generating capacity of motor vehicle taxes, with limited attention given to administrative effectiveness, governance quality, and service delivery outcomes.

Therefore, this study aims to address this gap by examining the implementation of the opsen tax in West Java through an integrated analytical framework that links fiscal capacity, administrative readiness, and public service outcomes. By doing so, this research contributes to the literature on fiscal decentralization by extending the analysis of subnational taxation beyond revenue generation toward a more comprehensive understanding of its role in strengthening governance quality and enhancing public service delivery.

## 2. Methods

### *2.1 Research methodology*

This study employs a descriptive–qualitative approach to analyze the implementation of the regional tax "opsen" policy in West Java Province. This approach is considered appropriate for understanding public policy phenomena by emphasizing interpretation and social context (Creswell & Poth, 2018). The data used in this research consist of secondary sources, including reports on Regional Own-Source Revenue (PAD), vehicle registration data, projected tax revenues, and regulatory provisions stipulated in the Law on Fiscal Relations between the Central and Regional Governments (Hubungan Keuangan antara Pemerintah Pusat dan Pemerintahan Daerah, HKPD). These data were obtained from official government publications and annual reports of relevant public institutions.

In addition, this study incorporates open-access scientific articles as part of the secondary data to enrich the analytical framework and support the interpretation of findings. These articles focus on fiscal decentralization, regional taxation, and subnational fiscal capacity, particularly in the context of motor vehicle taxation and revenue optimization. The selection of articles was based on their relevance to the research topic and their accessibility through open academic databases. This study deliberately excludes primary data collection methods such as interviews or field surveys in order to maintain analytical consistency and ensure that the findings are grounded in verifiable, institutionally validated data. The use of secondary data is particularly appropriate in the context of regional fiscal policy analysis, as official budgetary documents and tax realization reports reflect aggregated institutional outcomes that would be difficult to capture through individual-level primary data alone. Moreover, relying on official government publications minimizes the risk of response bias that is commonly associated with interview-based approaches in politically sensitive fiscal policy contexts. Recent studies indicate that the effectiveness of subnational tax collection is closely related to the quality of fiscal administration, data integration, and institutional governance (Akitoby et al., 2019; Gupta et al., 2021).

### *2.2 Data analysis*

The analysis was conducted using thematic content analysis, which examines patterns of alignment among the opsen tax's regulatory provisions, the revenue capacity of motor vehicle taxation, and the administrative challenges emerging during its implementation. This technique is commonly adopted in fiscal policy research, as outlined by Nowell et al. (2017). Through this approach, the data were systematically coded and categorized to identify recurring themes related to policy design, fiscal capacity, and implementation constraints. The identified themes were then interpreted to understand the extent to which the opsen policy aligns with broader principles of fiscal decentralization and effective tax administration.

The thematic analysis process in this study followed four sequential stages adapted from Braun & Clarke (2006): familiarization with the data, generation of initial codes, construction of themes, and interpretation of findings in relation to the theoretical framework. Each theme was validated through cross-referencing multiple data sources to ensure internal consistency and analytical rigor. The triangulation of regulatory documents, budget realization data, and academic literature served as a mechanism to enhance the credibility of the qualitative interpretations produced. It is acknowledged that the reliance on secondary data imposes certain limitations, particularly the inability to capture real-time administrative dynamics or informal institutional behaviors that may influence opsen implementation on the ground. Future studies employing mixed methods or primary data collection would therefore complement and extend the findings of this research.

The research procedure was carried out in three stages. First, collecting and systematizing regional financial data related to the contribution of Motor Vehicle Tax (PKB) and Motor Vehicle Title Transfer Fee (BBNKB) to PAD. Second, mapping implementation issues of the opsen policy, including barriers to data integration and public perceptions. Third, synthesizing analytical findings with theoretical frameworks on fiscal decentralization and tax capacity. The results of this analysis form the basis for the subsequent discussion.

## 3. Results and Discussion

### *3.1 Structure and fiscal potential of motor vehicle tax*

The analysis results indicate that motor vehicle tax is the most dominant component in West Java's Local Own-Source Revenue, and its contribution has experienced a continuous increase in recent years. This trend aligns with international study findings highlighting that vehicle-based tax is a relatively stable revenue source in developing countries. The increase in the number of motor vehicles to 16.9 million units in 2024 confirms the magnitude of revenue capacity that can be mobilized through the tax opsen instrument. This significant contribution is consistent with the literature on tax buoyancy, which explains how tax revenue can increase alongside the growth of the tax base without changes in rates (Fenochietto & Pessino, 2013). Thus, the tax opsen can be positioned as a fiscal optimization instrument without increasing the tax burden on the community.

Furthermore, the trend of increasing motor vehicle tax revenue reflects high tax buoyancy, namely the ability of tax revenue to increase automatically alongside the expansion of the tax base without the need to raise tax rates (Fenochietto & Pessino, 2013). In many studies, vehicle tax is categorized as having strong buoyancy because the demand for vehicles tends to increase simultaneously with the growth of public income. This makes Motor Vehicle Tax (PKB) and Vehicle Ownership Transfer Fee (BBNKB) some of the most potential fiscal instruments compared to other local taxes, which often possess narrower and more volatile bases. To contextualize these figures, it is useful to compare West Java's motor vehicle tax performance with other large provinces in Indonesia. Provinces such as East Java and DKI Jakarta similarly rely heavily on vehicle-based taxation; however, West Java's combination of a large registered vehicle base and relatively high annual growth rate positions it favorably in terms of revenue buoyancy.

This comparative advantage underscores the strategic importance of optimizing the opsen mechanism specifically within West Java's fiscal architecture. Furthermore, the sustained annual vehicle growth rate of approximately 6.2% in 2025 suggests that the tax base will continue to expand organically, providing a natural revenue trajectory that does not depend on politically contentious rate adjustments. This trajectory is particularly valuable in a decentralized fiscal environment where local governments must balance revenue adequacy with taxpayer acceptance. Therefore, the existence of the tax opsen within the framework of the HKPD Law strengthens the possibility of increasing revenue without adding a tariff burden that is politically and socially sensitive.

However, this substantial fiscal capacity can only be optimized if the regional tax administration is capable of ensuring adequate levels of compliance and data accuracy. Cross-country studies show that strong administration, including vehicle registration integration, billing systems, and digital reporting, is one of the main determinants of vehicle tax effectiveness (Akitoby et al., 2019). In the context of West Java, data fragmentation between the Regional Revenue Agency and the One-Stop Integrated Administration System system remains a tangible obstacle hindering the full utilization of the motor vehicle fiscal potential. The asynchrony of active vehicle data leads to unrealized tax potential, a condition commonly occurring in developing countries when fiscal administrative capacity does not fully support tax base expansion.

This gap between fiscal potential and actual revenue mobilization represents what scholars refer to as the tax effort gap, defined as the difference between what a jurisdiction could theoretically collect given its tax base and what it actually collects given its administrative constraints (Fenochietto & Pessino, 2013). Narrowing this gap in West Java requires not only policy reform but also sustained investment in administrative infrastructure, particularly in the areas of vehicle data management, inter-agency communication protocols, and frontline compliance enforcement. Observing these dynamics, the utilization of tax opsen becomes increasingly relevant as a fiscal optimization strategy aligned with the principles of modern fiscal decentralization. As the motor vehicle tax base continues to expand, the tax opsen provides a mechanism to increase PAD progressively without counterproductive measures, such as raising PKB/BBNKB rates which could lower compliance. Thus, West Java's fiscal structure possesses a significant opportunity to be maximized through the opsen instrument, provided it is supported by a more integrated and modern tax administration.

### *3.2 Implementation of tax opsen and administrative challenges*

The implementation of regional tax opsen offers a significant opportunity for the provincial government to strengthen fiscal independence through the expansion of stable revenue sources. The tax opsen allows regions to obtain additional revenue without raising PKB or BBNKB rates, thereby avoiding excessive public resistance. However, the effectiveness of the opsen relies heavily on the readiness of the regional fiscal administration. The literature on subnational taxation emphasizes that a tax policy can function optimally only if supported by an integrated, transparent administrative system capable of managing data accurately (Martinez-Vazquez et al., 2017). In West Java, the technical implementation of the opsen can increase fiscal capacity, but this success depends on the local government's ability to improve its administrative infrastructure. Before turning to the specific administrative challenges, Table 2 summarizes the key conceptual terms used throughout this discussion to help situate the analysis that follows.

Table 2. Key conceptual terms in opsen tax administration analysis

| Concept | Definition | Source |
|---|---|---|
| Tax buoyancy | The ability of tax revenue to increase automatically alongside the expansion of the tax base without requiring a rate increase | Fenochietto & Pessino (2013) |
| Tax effort gap | The difference between what a jurisdiction could theoretically collect given its tax base and what it actually collects given administrative constraints | Fenochietto & Pessino (2013) |
| Administrative leakage | Loss of potential revenue caused by weaknesses in the administrative system, rather than by formal taxpayer non-compliance | Derived from discussion in Section 3.2 |
| Unrealized tax capacity | The portion of tax potential that fails to be collected despite a large and stable tax base, due to data fragmentation or system inconsistency | Bird & Zolt (2015); Gelb & Metz (2020) |
| Benefit-based taxation | The principle that taxpayer compliance increases when a direct link between tax paid and public services received is perceived | Bird & Zolt (2015) |

One of the primary challenges is the fragmentation of motor vehicle data, particularly the data asynchrony between the Provincial Revenue Agency and the One-Stop Integrated Administration System. This fragmentation is not a new phenomenon; various studies emphasize that disconnects between agencies are structural barriers often found in developing countries, directly impacting tax collection effectiveness (Akitoby et al., 2019). When vehicle data is outdated or not integrated, the opsen collection process becomes inefficient, causing the potential revenue that should be mobilized to be lost.In tax administration literature, this condition is known as administrative leakage, which is the loss of potential revenue due to administrative system weaknesses, not due to formal taxpayer non-compliance.

Such data inconsistency also implies the emergence of unrealized tax capacity, which is the portion of tax potential that fails to be collected despite a large and stable tax base. Bird & Zolt (2015) explain that local tax capacity is determined not only by the size of the tax object but by the administrative ability to monitor, record, and manage said object. With a motor vehicle base reaching 16.9 million units, West Java actually possesses a high taxable capacity. However, this capacity cannot be fully utilized as long as the vehicle data system remains inconsistent or unconnected between agencies. This aligns with the findings of Gelb & Metz (2020), which show that the quality of fiscal identity and data systems has a direct influence on the effectiveness of tax collection in middle-income countries.

Furthermore, the application of tax opsen also requires the readiness of administrative digitalization. International experience demonstrates that the digitalization of taxation systems improves data accuracy, transparency, and taxpayer compliance (Gupta et al., 2021). The digitalization of vehicle registration, the alignment of databases between institutions, and the automation of billing processes are key steps to minimize the risks of tax evasion and tax delinquency. In the context of the opsen, the implementation of digitalization becomes crucial because the opsen is attributive and depends on the integrity of vehicle data. Without robust digitalization, opsen revenue has the potential to be volatile and fail to reflect true fiscal capacity.

Beyond technical digitalization, the human resource dimension of tax administration also deserves attention. Studies on tax administration reform in developing countries consistently highlight that even well-designed digital systems underperform when frontline tax officers lack the capacity or incentives to operate them effectively (Akitoby et al., 2019). In the case of West Java, capacity building programs targeting Bapenda staff and Samsat operators should therefore be regarded as a complementary investment alongside technological upgrades. Training programs focused on data verification procedures, taxpayer communication, and digital system operation can significantly reduce the incidence of administrative errors that currently undermine opsen collection efficiency. Additionally, performance-based incentive structures for tax administration personnel may further strengthen institutional accountability and encourage proactive revenue mobilization efforts.

Ultimately, the administrative challenges in implementing the tax opsen must be understood as part of fiscal institutional issues. The literature on fiscal governance indicates that the quality of public institutions affects a region's ability to mobilize revenue, including through new tax instruments such as the opsen (Smoke, 2015). The success of the opsen in West Java will depend heavily on institutional improvement measures, such as inter-agency data harmonization, strengthening oversight, increasing accountability, and investment in interoperability-based digital systems. Without these administrative reforms, the opsen will merely remain a potential policy on paper without generating significant fiscal increases.

### *3.3 Tax opsen as an instrument of fiscal decentralization*

Regional tax opsen represents a form of strengthened fiscal decentralization, as it grants local governments more autonomous and sustainable access to revenue sources. Recent decentralization literature emphasizes that fiscal autonomy becomes effective when subnational governments hold meaningful authority over the instruments used to finance public service delivery (Shah, 2017). The tax opsen aligns with this principle because it expands fiscal space without increasing statutory tax rates imposed on citizens. Accordingly, the opsen can be understood as a form of fiscal engineering that enhances regional financing capacity in line with the broader goals of decentralization.

A growing body of empirical research in the past decade highlights that fiscal decentralization improves allocative efficiency and strengthens governmental accountability when regions possess adequate and predictable own-source revenues (Bahl

& Bird, 2018). In Indonesia's context, the tax opsen contributes to this objective by generating additional, buoyant revenue, particularly for provinces with large vehicle tax bases such as West Java. This is crucial because high dependency on central transfers has historically limited regional autonomy in managing development agendas. Through the opsen mechanism, provincial fiscal space can expand organically alongside economic activity and the steady growth of motor vehicle ownership.

Furthermore, the design of the tax opsen reflects international practices within multilevel taxation systems, where subnational governments are allowed to share portions of national taxes without introducing separate subnational rates. Studies from the past decade show that shared tax arrangements enhance fiscal resilience because they rely on broad, relatively inelastic tax bases such as vehicle ownership, property, or consumption (Blochliger & Kantorowicz, 2015). In West Java, a vehicle-based numbering in the millions provides substantial fiscal potential to support public service expenditure. The opsen mechanism allows the provincial government to benefit from economic mobility without resorting to politically sensitive rate increases.

Despite these benefits, the effectiveness of the opsen as a fiscal decentralization instrument depends critically on the institutional readiness of regional tax administration. Contemporary literature stresses that successful decentralization is shaped not only by fiscal authority but also by administrative capacity, quality of information systems, and institutional coordination across government tiers (Sow & Razafimahefa, 2017). In the case of West Java, implementing the opsen requires harmonized vehicle data systems, strengthened information technology infrastructure, and synchronized coordination between the provincial government, One-Stop Integrated Administration System, and other related agencies. Without such institutional reinforcement, the full potential of the opsen will remain unrealized.

A comparative perspective from other decentralized fiscal systems reinforces this point. In Germany's multilevel fiscal framework, for instance, subnational governments benefit from shared tax arrangements supported by robust intergovernmental data-sharing infrastructure, enabling efficient and transparent revenue distribution across government tiers (Blochliger & Kantorowicz, 2015). Similarly, Brazil's experience with subnational value-added taxes illustrates that fiscal decentralization instruments achieve their intended outcomes only when accompanied by strong institutional coordination and standardized administrative procedures. Indonesia, as a large and administratively diverse archipelago, faces comparable coordination challenges; however, the HKPD Law provides a promising legal foundation for advancing such coordination in the context of opsen implementation. West Java, given its scale and relative administrative capacity, is well-positioned to serve as a model province for opsen optimization that could inform policy refinement at the national level.

These international experiences, while differing in institutional design and economic context, converge on a shared lesson relevant to West Java's opsen policy. Germany's reliance on shared tax arrangements demonstrates how predictable, broad-based revenue sharing can function effectively when underpinned by strong intergovernmental data infrastructure. Brazil's experience with subnational value-added taxation reinforces this point from a different angle, showing that even well-designed fiscal instruments falter without standardized administrative procedures and close coordination between government levels. Meanwhile, South Korea and the Netherlands offer a complementary lesson on the expenditure side: by ring-fencing transport-related tax revenues for mobility and environmental programs, both countries have strengthened the perceived legitimacy of their tax instruments and encouraged voluntary compliance among taxpayers. Taken together, these cases suggest that the effectiveness of a fiscal instrument such as the opsen depends less on its formal design and more on the institutional capacity, data integration, and earmarking practices that accompany its implementation. Table 3 synthesizes these cross-country insights and draws out their specific relevance for strengthening opsen implementation in West Java.

Table 3. Comparative international practices in subnational fiscal instruments

| Country | Fiscal instrument / practice | Key institutional feature | Relevance to West Java's opsen |
|---|---|---|---|
| Germany | Shared tax arrangements across government tiers | Robust intergovernmental data-sharing infrastructure | Model for harmonized vehicle data systems |
| Brazil | Subnational value-added tax | Strong institutional coordination and standardized procedures | Highlights need for administrative standardization |
| South Korea | Ring-fenced transport-related taxes | Earmarking for mobility and environmental programs | Basis for directing opsen revenue to road/transport sectors |
| Netherlands | Ring-fenced transport-related taxes | Earmarking linked to environmental improvement goals | Reinforces fiscal-environmental feedback loop concept |

The findings of this study indicate that the opsen policy in West Java is consistent with recent theories of capacity-driven decentralization. The opsen opens opportunities for more flexible budgeting and strengthens the province's fiscal leverage in delivering public services. However, full optimization of this policy is attainable only if administrative reforms and digitalization are simultaneously advanced. As recent fiscal governance research emphasizes, decentralization succeeds only when revenue mobilization is accompanied by accountable, efficient, and citizen-oriented management practices. Thus, institutional strengthening remains central to realizing the long-term benefits of the tax opsen.

### *3.4 Implementation of tax opsen in West Java Province*

Increasing fiscal capacity through tax opsen has direct implications for the quality of public service provision. Literature strongly emphasizes that fiscal decentralization, providing local governments with stable revenue sources, can improve service quality if accompanied by effective budget management mechanisms responsive to community needs (Shah, 2017). In the context of West Java, the projected opsen revenue of over IDR 20 trillion in 2025 could catalyze improvements in transportation infrastructure quality, public administration services, and road safety programs. With a growing vehicle tax base, the opsen provides fiscal space that can be allocated to services directly relevant to the tax object, thus creating alignment between revenue sources and budget utilization.

This alignment between revenue sources and expenditure priorities reflects the principle of benefit-based taxation, wherein taxpayers are more likely to comply when they can observe a direct connection between the taxes they pay and the services they receive (Bird & Zolt, 2015). In the context of the opsen, vehicle owners who contribute to motor vehicle tax revenues may demonstrate higher compliance rates if they perceive tangible improvements in road quality, traffic management systems, and vehicle registration services. Communicating this fiscal linkage to the public, therefore, constitutes not only a matter of transparency but also a strategic compliance-enhancement measure. Regional governments in West Java should consider incorporating this narrative into public communication campaigns to strengthen the social contract underlying the opsen mechanism.

However, increased revenue does not automatically guarantee improved public service quality. Smoke (2015) states that fiscal decentralization is only effective if the region possesses adequate institutional capacity to ensure public funds are used efficiently, alongside clear accountability mechanisms. In the context of West Java, the success of opsen fund allocation depends heavily on the local government's ability to conduct evidence-based budgeting, namely budgeting based on data and performance. Weaknesses in the budget planning and oversight process can cause spending to be ineffective, resulting in suboptimal impacts on public services despite the increase in PAD.

Furthermore, literature shows that increases in local government revenue produce the most substantial public welfare gains when allocated to high-elasticity sectors such as transportation, health services, and essential infrastructure (Asatryan et al., 2017). In provinces with rapid vehicle growth, such as West Java, improving the quality of transportation infrastructure and traffic management becomes crucial to maintaining mobility. In various countries, vehicle tax-based revenue is often used to finance road capacity enhancements, public transportation system development, and driving safety programs (Cantos et al., 2019). If the opsen is directed strategically, this policy can provide long-term impacts in improving road usage comfort and safety for millions of vehicle users.

Additionally, the quality of public services is highly influenced by the local government's ability to adopt administrative digitalization. Digital governance plays a role in enhancing transparency, efficiency, and public compliance, especially in taxation systems and registration-based public services (Gupta et al., 2021). Effective opsen implementation requires vehicle data system integration, billing automation, and digitalization of the One-Stop Integrated Administration System service. Digitalization not only increases opsen collection effectiveness but also reduces the administrative burden on the community through faster, transparent, and digitally accessible payment systems. Thus, public administration modernization becomes a vital component for the fiscal impact of the opsen to be translated into tangible improvements in public service quality.

Ultimately, the success of the opsen in improving public service quality is significantly influenced by good fiscal governance. The local government must ensure that the additional revenue is allocated according to principles of efficiency, transparency, and sustainability. Fiscal decentralization literature asserts that increased fiscal capacity will only provide long-term benefits if accompanied by institutional reforms strengthening oversight and public participation (Faguet & Pöschl, 2015). In the context of West Java, the opsen can be a strategic instrument to improve public services, but its implementation requires synergy between fiscal capacity enhancement, administrative digitalization, and the strengthening of regional accountability systems.

### *3.5 Evaluation of the impact of opsen on fiscal efficiency and local government performance*

The implementation of tax opsen in West Java not only generates implications for regional revenue capacity but also opens a broader discussion on how this fiscal instrument influences the efficiency and performance of local government. Modern fiscal literacy emphasizes that increased regional revenue must always be accompanied by improvements in governance, enhanced expenditure efficiency, and consistency between fiscal goals and development priorities (Cagé & Gadenne, 2022). Thus, the analysis of the tax opsen's impact cannot stop at calculating revenue contribution or identifying tax capacity; it must also examine how this policy influences the budget planning process, internal oversight mechanisms, and public sector performance incentives.

In the context of West Java, increased fiscal space through the opsen has the potential to encourage a reorientation of regional spending priorities toward public sectors that have a direct impact on economic activity and community welfare, such as transportation, road safety, and digital-based administration services. Empirical studies on fiscal governance demonstrate that regions with greater fiscal capacity tend to exhibit greater flexibility in adopting value-for-money–oriented budgeting practices, particularly those emphasizing efficiency, effectiveness, and long-term program sustainability (OECD, 2019; World Bank, 2020). If managed with this principle, opsen revenue can be an important lever for improving public service quality, which has been a major community complaint in West Java over the last decade.

Apart from the spending aspect, the effectiveness of the opsen is also closely related to the local government's ability to internalize fiscal incentives. Recent studies reveal that increased regional revenue tends to encourage governments to innovate more in administrative system development, including the use of digital technology to improve registration quality, shorten bureaucracy, and enhance taxpayer compliance (Peña et al., 2023). This dynamic is relevant to the context of West Java, which in recent years has developed various digitalization programs such as the National Digital One-Stop Integrated Administration System and e-payment channel integration. However, its effectiveness is still hampered by the asynchrony of inter-agency databases, so digital innovation has not been fully maximized to support opsen policy implementation.

Another critical evaluation is how the tax opsen can influence local government fiscal behavior, encompassing revenue planning, expenditure allocation, and asset management strategies. Contemporary fiscal literature identifies that increased regional revenue tends to drive two tendencies; (1) increased productive spending such as infrastructure and education, or (2) increased non-productive spending such as personnel costs and routine expenditures (Gadenne & Singhal, 2014). Analysis results of West Java's regional financial reports in recent years show a trend of increased capital expenditure; however, its proportion has not yet exceeded 25% of total regional expenditure. With the presence of the opsen, the potential for increasing productive spending becomes more open, but this remains dependent on the internal policy decisions of the local government.

Moreover, the impact of opsen implementation must also be viewed from the perspective of central-regional relations, specifically regarding the division of fiscal authority and intergovernmental transfer mechanisms. The tax opsen is an instrument with a dual function: strengthening regional fiscal capacity while maintaining national fiscal sustainability through the sharing of PKB and BBNKB revenue. Recent literature on intergovernmental fiscal relations states that instruments like the opsen can improve fiscal coordination and create co-responsibility between central and regional governments in financing public services (Baskaran et al., 2017). In the context of West Java, the opsen policy opens opportunities for more active fiscal coordination, particularly in vehicle data management, compliance enforcement, and the provision of taxpayer service facilities.

Nevertheless, initial evaluations indicate that opsen implementation still faces serious issues regarding transparency and public understanding. The studies show that public perception of tax policy significantly influences compliance and the effectiveness of said policy (Sá et al., 2022). Community misunderstandings perceiving the opsen as a tax rate hike demonstrate the need for a more comprehensive and fact-based public communication strategy. The success of the tax opsen relies heavily on the level of public acceptance, which in turn is determined by information clarity, implementation consistency, and transparency in the use of the generated additional budget.

From a public administration perspective, the opsen also carries implications for bureaucratic professionalism and the quality of local government fiscal management. Recent public administration literature highlights that increases in regional revenue can strengthen bureaucratic capacity through investments in staff training, digital infrastructure, and administrative modernization; however, these gains may also pose risks of fiscal complacency when governments rely heavily on revenue expansion without accompanying institutional reforms (Rasul & Rogger, 2018). The challenge for West Java is ensuring that the increased revenue from the opsen is accompanied by a commitment to strengthening the integrity of regional tax administration and improving the professionalism of the apparatus.

Ultimately, a comprehensive evaluation of the tax opsen needs to examine how this policy can support long-term development. With the number of vehicles continuously increasing, pressure on road infrastructure, driving safety, and air pollution also rises. Opsen revenue can be directed toward reducing these negative externalities through infrastructure quality improvements, road maintenance, and traffic safety programs. Empirical evidence demonstrates that transport-related fiscal policies aligned with environmental and mobility development goals can generate broader socio-economic benefits, including improved accessibility, reduced congestion, and long-term sustainability outcomes (Liu et al., 2020).

In practical terms, this means that a portion of opsen revenues could be earmarked for road maintenance funds, traffic safety infrastructure, and public transportation subsidies, thereby creating a direct fiscal-environmental feedback loop that reinforces the policy's legitimacy in the eyes of the public. Such earmarking mechanisms have been successfully implemented in several countries, including South Korea and the Netherlands, where transport-related taxes are partially ring-fenced to fund mobility and environmental improvement programs (Cantos et al., 2019). Adopting a similar approach in West Java could strengthen public trust in the opsen, improve voluntary compliance, and generate broader socio-economic co-benefits that extend beyond the immediate fiscal gains.

From an intergovernmental accountability standpoint, the opsen introduces a new layer of fiscal responsibility for provincial governments. Unlike central transfers, which follow formulaic national criteria, opsen revenues are directly tied to the province's own administrative performance and tax base management. This creates stronger incentives to invest in administrative efficiency, maintain accurate vehicle databases, and address compliance gaps. As Baskaran, Feld, and Schnellenbach (2017) argue, fiscal instruments linking revenue to local effort produce stronger governance incentives than passive transfer-dependent systems, making the opsen a well-designed tool for promoting fiscal self-reliance. However, the effectiveness of this policy is ultimately determined by data quality, administrative capacity, public communication strategies, and the local government's commitment to ensuring that increased revenue translates into improved community welfare.

The West Java case demonstrates that while the opsen holds significant potential to strengthen fiscal capacity—primarily due to the large and growing motor vehicle tax base—its success depends heavily on administrative readiness and institutional capacity. Data fragmentation between the One-Stop Integrated Administration System and the Provincial Revenue Agency, along with suboptimal information system integration, creates unrealized tax capacity that reduces revenue mobilization. To realize the opsen's full potential, provincial governments should prioritize database harmonization, invest in digital tax administration infrastructure (including automated billing and real-time compliance monitoring), develop public communication campaigns to address taxpayer misconceptions, and design budget allocation frameworks that channel opsen revenues toward high-impact public expenditures, particularly in transportation and road safety. These actions would position West Java as a leading example of fiscally autonomous and accountable regional governance in Indonesia.

## 4. Conclusion

This research demonstrates that the tax opsen plays a strategic role in strengthening the fiscal capacity of West Java Province, primarily due to the large and continuously growing motor vehicle tax base. With the dominant contributions of PKB and BBNKB to PAD, the opsen policy can serve as an effective instrument to increase regional fiscal space without imposing additional tax-rate burden on the community. These findings align with the literature on tax buoyancy and tax capacity, which affirms that tax base growth can be optimized through adaptive and revenue-expansion-oriented policy designs. Furthermore, the tax opsen functions as a mechanism strengthening fiscal decentralization by giving local governments greater control over their revenue sources. Alignment between revenue sources and regional spending needs is crucial to ensure that fiscal increases are genuinely translated into public service improvements. The findings indicate that the opsen policy can support public service financing, especially in the transportation and road safety sectors, provided there is data-based budget planning and accountability.

Beyond operational recommendations, this study also highlights several directions for future research. First, longitudinal studies tracking actual revenue realization of opsen across multiple fiscal years would provide empirical evidence on the policy's effectiveness beyond projections and estimates. Second, comparative studies examining opsen implementation across different provinces in Indonesia would yield valuable insights into how administrative capacity, governance quality, and socioeconomic context moderate the fiscal outcomes of this policy. Third, primary data collection through surveys or interviews with tax administrators, policymakers, and taxpayers in West Java would enrich the understanding of behavioral and institutional factors that secondary data alone cannot capture. Overall, this research asserts that the tax opsen is a vital instrument in strengthening fiscal independence and improving public service quality in West Java. However, its successful implementation requires strong institutional support, reliable data integration, and accountable fiscal governance. By conducting administrative improvements and digitalization gradually, the tax opsen has the potential to become the main foundation in regional fiscal development that is more sustainable and responsive to community needs.

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## Author Contribution

All authors made substantial contributions to the conception and design of this study, as well as to the acquisition, examination, and interpretation of secondary data related to regional tax policy. Each author actively participated in developing the analytical framework, conducting policy analysis, and validating the consistency of the findings with available fiscal data. The authors jointly contributed to drafting the manuscript and made critical revisions to enhance its intellectual content, clarity, and academic rigor. All authors reviewed and approved the final version of the manuscript, including any modifications made during the editorial process.

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The author declares no conflict of interest.

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