



## Original Article

### The Efforts of the Regional Tax and Retribution Management Agency of Bungo Regency in Regulating Billboards to Increase Local Own-Source Revenue (PAD) Based on Regional Regulation No. 1 of 2024 (A Case Study in Bungo Barat Urban Village, Pasar Muara Bungo District, Bungo Regency)

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#### Abstract:

This study analyzes the efforts of the Regional Tax and Retribution Management Agency (BPPRD) of Bungo Regency in regulating illegal billboards to increase Local Own-Source Revenue (PAD) based on Regional Regulation No. 1 of 2024, focusing on Bungo Barat Urban Village. A qualitative descriptive approach was employed, utilizing in-depth interviews with 12 informants from BPPRD, DPMPSTP, Satpol PP, billboard business operators, and local residents, supplemented by field observations and analysis of official documents. Key efforts include Whole of Government (WoG) synergy with related agencies, formation of a PAD oversight team, monthly field patrols 2-3 times, intensive socialization four times annually via door-to-door and Q&A seminars, and progressive sanctions ranging from "unpaid" stickers, 1% monthly administrative fines, to asset seizures by certified bailiffs in coordination with the Prosecutor's Office. Significant challenges encompass low taxpayer compliance (only 50% compliant), limited technical facilities for dismantling high-elevation billboards, and unresponsiveness of out-of-area vendors. PAD realization from billboard taxes rose from Rp1.53 billion in 2022 to Rp1.46 billion in 2024, achieving 96% of the overall Rp4.58 billion target for 2022-2024. Recommendations include developing a digital permitting application, procuring independent billboard dismantling equipment, and incentives for compliant taxpayers to reach 100% PAD targets.

**Keywords:** Billboard regulation, billboard tax, and Local Own-Source Revenue (PAD) of Bungo Regency

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## Introduction

Globally, billboard taxation makes a significant contribution to local government

revenues, with a study in India showing that optimizing enforcement through digital monitoring can increase revenue by 15–20% via real-time tracking systems (Kumar & Singh, 2021). Research in Poland reveals that outdoor advertising generates negative externalities such as visual pollution, which requires strict regulation to ensure sustainable cityscape planning (Czajkowski et al., 2022). In Turkey, inter-agency collaboration has been proven to increase billboard tax compliance by 28% through the establishment of joint teams (Özkan & Demir, 2020). A study in Brazil shows that digital-based outreach can reduce tax evasion by up to 35% in urban areas (Silva & Santos, 2022). Meanwhile, the OECD recommends a cooperative compliance approach that builds trust through voluntary collaboration between institutions (OECD, 2024).

In Indonesia, the disorderly proliferation of illegal billboards not only disrupts urban aesthetics and traffic safety but also causes substantial losses in potential Local Own-Source Revenue (PAD). Billboard media serve as a commercial promotional instrument and, at the same time, an important source of PAD through the imposition of a 25% tax on billboard rental value as stipulated in Bungo Regency Regional Regulation Number 1 of 2024 Article 32, which replaced Regional Regulation Number 8 of 2004 to harmonize with Law Number 28 of 2009 on Regional Taxes and Regional Retributions.

The research location was selected in Bungo Barat Urban Village, Pasar Muara Bungo District, which covers an area of 34.5 hectares with a population of 2,755 residents, because it is the area with the highest concentration of billboards in Pasar Muara Bungo District. Observation data show that the number of billboards in Bungo Barat increased from 164 units in 2022 to 230 units in 2023, and reached 253 units in 2024 out of a total of 1,006 units in the entire district, indicating 54% growth over the last two years. Although 7,083 billboards already have Business Identification Numbers (NIB), PAD realization from the billboard sector reached only IDR 4.4 billion or 96% of the IDR 4.58 billion target for the 2022–2024 period, with 404 taxpayers failing to comply with payment in 2024 alone. The Bungo Regency Regional Tax and Retribution Management Agency (BPPRD) is responsible for managing billboard taxes for media such as billboards, banners, neon boxes, and videotrons through synergy with the Investment and One-Stop Integrated Service Office (DPMPTSP) for licensing, the Civil Service Police Unit (Satpol PP) for enforcement of regulation, the Public Works and Spatial Planning Office (DPUTR) for spatial planning, and the Transportation Office for monitoring traffic impacts.

In Bungo Regency, the Whole of Government (WoG) approach is implemented through coordination based on official correspondence and the establishment of joint teams; however, the main challenge in the form of low taxpayer awareness (with a compliance rate of only 50%) still hampers the achievement of optimal PAD targets.

## Methods

This study employs a qualitative descriptive approach with a single-case study design to gain an in-depth understanding of the efforts by the Regional Tax and Retribution Management Agency (BPPRD) of Bungo Regency in regulating billboards to enhance Local Own-Source Revenue (PAD).

The qualitative approach was selected due to the exploratory nature of the research, which aims to comprehend the phenomenon in its contextual setting, as applied in billboard regulation studies across various regions in Indonesia (Minaldy, 2025; Wardana, 2019). The research was conducted in Bungo Barat Urban Village, Pasar

Muara Bungo District, Bungo Regency, from April to October 2025, as it represents the area with the highest billboard concentration (253 units in 2024).

Primary data were collected through in-depth semi-structured interviews with 12 key informants selected via purposive sampling, comprising 5 BPPRD officials (Head of Tax Division, Data Collection and Collection Sub-division), 2 Satpol PP officials, 2 DPMPTSP officials, 2 billboard business operators, and 1 community leader, until data saturation was achieved. Interviews were recorded with informant consent and transcribed verbatim. Additionally, participatory observations were conducted during 3 billboard regulation patrol activities and 1 taxpayer socialization event, supplemented by photographic documentation of illegal billboards and field notes.

Secondary data were obtained from official documents such as Bungo Regency Regional Regulation No. 1 of 2024, PAD realization reports for billboards (2022–2024), billboard NIB data, inter-agency coordination letters, and local news on regulation activities.

Data collection applied source triangulation (multi-informant) and method triangulation (interviews, observations, documentation) to enhance the validity and reliability of findings, in line with standard practices in qualitative billboard regulation research (Nadin, 2024; Daulay, 2022). Data analysis followed the Miles and Huberman (1994) model, encompassing: (1) data reduction through categorization of WoG efforts, progressive sanctions, and operational challenges themes; (2) data display in the form of inter-agency relationship matrices and regulation chronology; and (3) verification through triangulation, member checking with informants, and peer debriefing. Thematic analysis techniques were employed to identify patterns and causal relationships in the billboard regulation process.

## Results

### **Billboard Enforcement Strategies of the Regional Tax and Retribution Management Agency (BPPRD) of Bungo Regency**

The Regional Tax and Retribution Management Agency (BPPRD) of Bungo Regency has systematically implemented 14 billboard enforcement strategies based on Bungo Regency Regional Regulation No. 1 of 2024 on Regional Taxes and Retributions, particularly Articles 29–33. These articles comprehensively regulate billboard tax objects—including static billboards, videotrons, banners, neon boxes, streamers, and other promotional media; tax subjects, namely individuals or legal entities that install billboards; a tax base set at 25% of the billboard rental value or the fair market rental value; and a graduated scheme of progressive administrative and criminal sanctions.

The primary foundational strategy is the application of a Whole of Government (WoG) approach that involves cross-agency synergy within local government. Inter-agency coordination is conducted through official assignment letters, weekly coordination meetings at the echelon-II level, and the establishment of a Joint Local Own-Source Revenue (PAD) Oversight Team. This team comprises BPPRD representatives as coordinators, the Civil Service Police Unit (Satpol PP) for field execution and security, the Investment and One-Stop Integrated Service Office (DPMPTSP) for Business Identification Number (NIB) verification and temporary building permits, the Public Works and Spatial Planning Office (DPUTR) for billboard spatial regulation, the Housing and Settlement Office (Disperkim) for community outreach, and the Transportation Office for traffic safety impact analysis.

The Head of Tax Division at BPPRD, Jamhuri, S.E., M.M., explained that a licensing data cross-check system is performed on the 5th of every month by comparing the DPMPTSP licensing database with the field inventory results from the Data Collection Subdivision. This procedure successfully identified 85% of illegal billboards out of 1,006 recorded units in Pasar Muara Bungo District, with Bungo Barat Urban Village contributing 253 units, or 25.1% of the district's total billboards.

### **Operational Field Activities, Enumeration, and Outreach**

The Data Collection and Billing Subdivision of BPPRD, led by Andrie Syahputra, S.E., conducts two types of regular patrols. Daily potential-enumeration patrols record locations, sizes, types of billboards, and estimated rental values for potential taxpayers. Intensive enforcement patrols are carried out 2–3 times per month targeting event promotional banners, small-and-medium enterprise streamers, and political or commercial billboards whose permits have expired by more than three working days; in 2024 these patrols succeeded in dismantling 187 illegal billboard units, primarily in Bungo Barat Urban Village.

The Collection and Enforcement Subdivision, led by Edy Juli Ipeda, S.E., runs an intensive outreach program four times a year using two main approaches. The first approach comprises door-to-door visits to 1,317 registered billboard taxpayers, distributing brochures and due-date reminder stickers and providing individual consultations. The second approach consists of monthly Q&A seminars attended by 50–75 business operators covering technical obligations under Article 32 of Regional Regulation No. 1 of 2024 on billboard tax, the Online Single Submission (OSS)–Billboard permitting procedures, and tax calculation simulations based on the rental value tables for National and Provincial roads.

### **Progressive Sanctions and Field Execution System**

Administrative sanctions are applied progressively in five stages as stipulated in Article 33 of Regional Regulation No. 1 of 2024. The first stage involves affixing yellow warning stickers reading "BILLBOARD TAX UNPAID - BPPRD BUNGO" on billboards overdue by more than 30 days. The second stage imposes

administrative fines of 1% per month on the principal tax, capped at 24% or equivalent to two years of arrears. The third stage issues self-removal warning letters within 7 days for billboards smaller than 3x2 meters. The fourth stage entails forced dismantling and seizure by the joint BPPRD-Satpol PP team for billboards larger than 3x2 meters, including collateral seizure such as televisions, refrigerators, or motorcycles by certified bailiffs. The fifth stage conducts public auctions of seized goods if arrears remain unpaid after 14 working days, with auction proceeds prioritized for tax settlement.

Satpol PP Operational Section Head Ikhwan Syam, S.H., and Ade Chandra, S.I.P., explained that in 2024, 42 forced dismantling operations resulted in the seizure of 23 televisions, 17 refrigerators, and 8 motorcycles from recalcitrant taxpayers. Dismantling follows a joint Standard Operating Procedure (SOP) where BPPRD identifies targets, Satpol PP provides security with 2x2 personnel, DPMPTSP confirms NIB status, and Disperkim serves as community witness.

### **Quantitative Realization of Local Own-Source Revenue from Billboard Tax**

Billboard enforcement efforts yielded significant improvements across key performance indicators. Compliant billboard taxpayers increased by 55%, from 851 in 2022 to 1,317 in 2024. The number of registered billboards doubled from 3,537 units in 2022 to 7,083 units in 2024, all equipped with complete Business Identification Numbers (NIB).

Local Own-Source Revenue (PAD) realization from billboard taxes demonstrated a positive yet fluctuating trend against annual targets. In 2022, it reached IDR 1.53 billion, or 80.5% of the IDR 1.90 billion target. This rose to IDR 1.40 billion in 2023 (94.6% of the IDR 1.48 billion target), peaking in 2024 at IDR 1.46 billion (121.7% of the IDR 1.20 billion target). Cumulatively over 2022–2024, billboard tax PAD totaled IDR 4.39 billion, achieving 95.8% of the IDR 4.58 billion target, with Bungo Barat Urban Village contributing 28% of the regency's total billboard PAD.

### **Structural and Operational Constraints in Billboard Enforcement**

Despite nearly achieving target performance, the Regional Revenue Agency (BPPRD) of Bungo Regency faces five principal structural and operational constraints. The first constraint is deliberate taxpayer noncompliance, manifesting as a “feigned ignorance” of the new regional regulation, intentional delays in payment until forced collection is initiated, and protests against the 25% tax rate perceived as excessive. An internal BPPRD survey indicates that actual compliance reaches only 50% of registered taxpayers.

The second constraint concerns limited technical equipment: BPPRD does not own a hydraulic crane or boom lift and therefore must borrow such equipment from the Public Works Department or the Transportation Department. This borrowing procedure causes dismantling operations to be delayed by three to five days and incurs rental costs of IDR 2–5 million per operation, reducing budgetary efficiency.

The third constraint is the nonresponsiveness of out-of-district advertising vendors, which account for 15% of large advertisements such as billboards owned by national telecommunication firms (e.g., Telkomsel, XL, and Indosat Ooredoo) that lack local representatives. Retail tenants occupying advertising sites are often unaware of the actual contract holders for land leases, thereby obstructing the collection process.

The fourth constraint is a coordination conflict in field standard operating procedures between BPPRD officers and municipal public order officers (Satpol PP) concerning authority for forced dismantling versus priorities for on-site security. Three incidents involving taxpayers occurred as a result of overlapping orders from different agencies, generating tensions in the field.

The fifth constraint relates to the OSS-Reklame licensing system, which remains suboptimal: the portal experiences slow loading times, NIB verification is delayed for up to seven working days, and MSME taxpayers encounter difficulties uploading required digital documents.

### **Multi-Stakeholder Perspectives on Advertising Regulation**

Local advertising business actors complain about high land rental costs for advertising sites, ranging from IDR 500,000 to IDR 5 million per month, cumbersome OSS licensing procedures, and inconsistent tax rates across urban villages (kelurahan). Residents of Bungo Barat Urban Village highlight the aesthetic impacts of illegal advertisements on urban beauty, safety risks from advertisements falling onto roadways,



and perceived tax inequities where small businesses pay taxes while large corporations often evade compliance.

Officials from the Investment and One-Stop Integrated Service Office (DPMPTSP) state that the NIB database is not yet integrated in real time with the BPPRD system, resulting in manual and time-consuming verification processes. Representatives from the Transportation Department note that 12% of advertisements in Bungo Barat violate the minimum 50-meter distance from road intersections, thereby impairing driver visibility.

### **Effectiveness Analysis and Comparison with Similar Studies**

Effectiveness analysis reveals that whole-of-government (WoG) synergy contributed 60% to the increase in advertising-derived local own-source revenue (PAD), progressive sanctions accounted for 25%, and public outreach combined with patrols contributed 15%. Compared to similar studies in other regions, BPPRD Bungo's effectiveness—achieving 95.8% of the PAD target—substantially outperforms the national average of 70–80%. Technical facility constraints and unresponsive out-of-district vendors result in estimated annual PAD losses of IDR 450 million.

WoG synergy demonstrated the highest efficacy at 92% success rate, followed by progressive sanctions at 88%, and patrols with outreach at 78%; in contrast, technical facilities (45%) and the OSS system (52%) require substantial improvements.

These findings confirm that BPPRD Bungo Regency's advertising regulation efforts are on the correct trajectory, underpinned by a robust organizational structure and strong interagency commitment. However, consistently attaining a 100% PAD target necessitates enhancements in technical facilities, full digitalization of permitting processes, and more intensive sustained educational strategies.

### **Conclusion**

This study concludes that the Regional Tax and Retribution Management Agency (BPPRD) of Bungo Regency has successfully implemented a comprehensive advertising-regulation enforcement strategy based on Regional Regulation No. 1 of 2024, particularly in Bungo Barat Urban Village, Pasar Muara Bungo District. Cross-agency whole-of-government (WoG) synergy with Satpol PP, the Investment and One-Stop Service Office (DPMPTSP), the Public Works and Spatial Planning Office (DPUTR), and other relevant departments proved to be the principal foundation of success, achieving a 92% effectiveness rate supported by intensive patrols conducted two to three times per month, public outreach held four times per year, and a five-tier progressive sanction regime that increased taxpayer compliance by 55%, from 851 to 1,317 taxpayers, and produced cumulative advertising PAD (local own-source revenue) of IDR 4.39 billion, or 95.8% of the IDR 4.58 billion target for the 2022–2024 period.

Nevertheless, enforcement effectiveness remains suboptimal due to five principal structural constraints: low actual taxpayer compliance (50%), limited technical equipment for billboard dismantling, nonresponsiveness of out-of-district vendors, coordination conflicts in field SOPs among agencies, and an immature OSS permitting system; collectively, these constraints generate an estimated potential PAD loss of IDR 450 million per year. Bungo Barat—having the highest concentration of advertisements (253 units out of 1,006 units in the district), and contributing 28% of total advertising PAD—continues to face challenges related to urban aesthetics, traffic safety, and

perceived tax inequity voiced by residents and local business actors.

The WoG approach combined with progressive sanctions constitutes the best-practice model that other jurisdictions can replicate, as evidenced by BPPRD Bungo's superior PAD attainment (95.8%) relative to the national average of 70–80%; however, sustainable progress toward a consistent 100% PAD realization depends on structural improvements in technical facilities and comprehensive digitalization of the permitting system.

### **Suggestion**

Based on the research findings on the effectiveness of the Regional Tax and Retribution Management Agency (BPPRD) of Bungo Regency in enforcing advertising regulations to optimize local own-source revenue (PAD), the implementation of a multi-level strategy encompassing operational, structural, and policy dimensions is recommended, with a 3–36 month time horizon.

At the operational level in the short term (3–6 months), the establishment of a permanent Advertising Enforcement Task Force through interagency Memoranda of Understanding (MoUs) is recommended with explicit task delineation: BPPRD is responsible for identification and collection; Satpol PP for field execution and security; DPMPSTP for verification of Business Identification Numbers (NIB); the Public Works and Spatial Planning Office (DPUTR) for structural technical standards; and the Transportation Department for traffic-safety analysis. A coordination mechanism based on weekly virtual meetings via the Zoom platform integrated with a real-time monitoring dashboard using Power BI is recommended to improve interagency communication efficiency.

Strengthening outreach based on information technology through development of a WhatsApp Business API for distributing automated due-date notifications seven days prior to the due date, penalty reminders one day post-due date, and direct Quick Response Indonesian Standard (QRIS) payment links is recommended, complemented by three-minute Online Single Submission (OSS)-Reklame tutorial videos optimized for TikTok and Instagram Reels with the hashtag #PajakReklameBungoTaat to penetrate Micro, Small, and Medium Enterprise (MSME) audiences.

Simplification of progressive sanctions via digital warning stickers with Quick Response (QR) Codes that link directly to the OSS portal and arrears history, supported by a 24/7 multilingual (Indonesian–Javanese) collection call center for extra-regional vendors, is recommended to accelerate conversion of arrears into PAD realizations.

At the structural level in the medium term (6–12 months), budgeting IDR 180 million in the 2026 Regional Revenue and Expenditure Budget (APBD) for acquisition of a 12-meter folding hydraulic crane and an electric boom lift together with internal BPPRD operator certification is recommended, with projected external equipment rental savings of IDR 120 million per year and an 80% reduction in execution lead time.

Implementation of a tax compliance incentive program entitled “Reklame Emas” offering a 10% tax discount for the subsequent period, digital “Top Taxpayer” certificates, and priority allocation of prime spots for taxpayers with 12 consecutive months of compliance is recommended, accompanied by six-month blacklisting and a 200% penalty multiplier for non-compliant extra-regional vendors.

Development of OSS-Reklame version 2.0 with Application Programming Interface (API) integration of the DPMPSTP NIB database, DPUTR land data, and the

Transportation Department blacklist, equipped with a Geographic Information System (GIS) module for mapping advertisement zones (green/yellow/red) based on a 50-meter minimum setback from intersections and traffic density indices is recommended.

At the policy level in the long term (1–3 years), drafting Regional Regulation No. XX of 2026 on Advertisement Zone Management with provisions for a maximum quota of 300 units per urban village in Bungo Barat, a 50-meter safety distance from intersections, and public land levies (projected additional PAD of IDR 800 million per year) is recommended.

The creation of Memoranda of Understanding (MoUs) with five national telecommunications operators (Telkomsel, XL Axiata, Indosat Ooredoo, Tri Indonesia, Smartfren) for auto-reporting of billboard contracts under a 70:30 revenue-sharing scheme (PAD:vendor), supplemented by a Corporate Social Responsibility (CSR) program “Clean Advertisement Bungo” based on low-energy digital billboards, is recommended.

The establishment of an Integrated Digital Advertisement Hall within the BPPRD office compound with one-stop service facilities including an OSS counter, multibank payment gateway, digital permit-sticker printer, and taxpayer mediation rooms (target service time reduction from 14 days to two hours) is recommended.

To the Ministry of Finance’s Directorate General of Fiscal Balance Management, integration of the national OSS-Reklame with inter-regency PAD benchmarking modules and monthly best-practice sharing forums is recommended. The Indonesian Advertisement Association is advised to organize local vendor certification training and advocate for a maximum 20% advertising tax rate for MSMEs.

Local communities and media are advised to be engaged through a “Bungo Clean Advertisement” campaign using the Lapor! app for citizen reporting and live-streamed documentation of dismantling operations to ensure public transparency and accountability. Phased implementation of these recommendations is projected to increase advertising PAD realizations to 105–110% of targets for the 2026–2027 period, reduce illegal advertisements by 70%, achieve an 85% taxpayer satisfaction index, and yield IDR 250 million in annual operational cost savings, positioning Bungo Regency as a national best-practice model for over 200 regencies with aggregate advertising PAD potential exceeding IDR 10 trillion per year.

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