

Effectiveness of Tax Reduction Policies for Restaurants Using Tapping Boxes in Depok City

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Abstract. This study aims to analyze the effectiveness of the 3% tax reduction policy for restaurant owners utilizing the *tapping box* system in Depok City, which was initiated to enhance local revenue (PAD), improve taxpayer compliance in reporting, and strengthen regional competitiveness. The research applies to Campbell's theory of effectiveness using a qualitative approach through literature review and in-depth interviews. Findings reveal that policy implementation faces several challenges, highlighting a gap between planning and field execution. Key obstacles include limited device availability, dependence on third parties, unequal access for *MSMEs*, technical difficulties, insufficient outreach and equitable incentives. Program satisfaction also varies, with *MSMEs* facing more difficulties in accessing information and using technology compared to larger businesses. Moreover, the policy's heavy reliance on CSR funding from Bank *BJB* poses sustainability risks. Despite these issues, the policy has succeeded in boosting tax revenues by 20%, although its implementation remains uneven across business segments in Depok. The study recommends: (a) improving incentive design and cross-regional coordination to engage larger restaurants; (b) adopting inclusive policies, broader outreach, fair incentives, and strengthening bureaucratic capacity; (c) expanding technological access, intensive socialization, and transparent partnerships; (d) diversifying funding sources and providing technical support; and (e) promoting educational approaches, sustainable fiscal support, and digital and institutional innovation.

Keywords: Valuation, Discounted Cash Flow, Feasibility Study, Profitability

INTRODUCTION

The implementation of regional autonomy provides a great opportunity for regions to improve their own financial performance. Regional autonomy is also accompanied by fiscal decentralization in local governments. Fiscal decentralization has a positive impact on regional autonomy in Indonesia (Hayat et al., 2023; Juhandi & Fahlevi, 2019; Kus Pratiwi et al., 2023; Mutiarin, 2017). With the collapse of the New Order regime's leadership in 1998, democracy emerged in Indonesia. This led to the overhaul of a centralistic government into a decentralized one, encouraging democratization throughout the country. Given that local governments are closer to the community than the central government, the central government is considered not always to understand the needs of each region (Refani, 2021). By implementing regional autonomy in Indonesia, the central government and local governments now have different authorities, providing space for local governments to manage resources and policies according to their regional needs. This growing autonomy is expected to improve the quality of public services and regional revenue, making regions more independent in managing and advancing their own areas (Mahanani, 2017). Local governments should seek alternative sources of financing for development without losing confidence that they will still receive aid and a share from the central government. *PAD* is the most important source of financing and consists of regional taxes and regional levies (Riduansyah, 2003). Taxes for local governments serve as the main source of revenue and also as a regulatory tool (Dotulong, Saerang, & Poputra, 2014). Taxes, which also function as a regulatory tool in the implementation of fiscal policy, are regulated in Law Number 1 of 2022 concerning the *HKPD* Law, which is the highest legal basis for regulating financial relations between the central and regional governments, especially at the regional level.

The purpose of the *HKPD* Law is to simplify the tax system, including simplifying tax types, tax rates, and tax payment methods (Pujianti, 2024). The *HKPD* Law stipulates that district/city governments are given autonomy to determine and collect taxes according to local potential, such as restaurant and hotel taxes, and are given the freedom to provide tax incentives, while the central government is tasked with supervising tax collection in accordance with the law. Derivative regulations such as *PP* and *Perpres* will detail procedures for implementation, incentives, and supervision of regional taxes, while regency/city regional regulations are instruments that determine rates, collection mechanisms, and incentives according to local needs. Another goal of this overall policy is to increase regional revenue, transparency, and equitable distribution of regional development.

Based on research conducted by the Depok City Communication and Information Service in collaboration with the Department of Statistics of FMIPA IPB, the trade sector—including hotels and restaurants—is one of the largest businesses in Depok City, accounting for 22.89% of the total existing businesses (IPB University, 2023). The city of Depok has considerable potential for *PAD*, so it is one of the cities in West Java worthy of continued development (Windiarti & Sofyan, 2018). In addition to economic factors, the existence of a number of leading universities in Depok City, such as the University of Indonesia, Nusa Mandiri University, and Karya Husada Polytechnic, also contributes to the growth of the immigrant

population, especially with a number of students who come to Depok City every year. The presence of these students not only enriches the social life in the city but also encourages rapid development to meet their needs, such as boarding houses, rented houses, cafes, and restaurants (Wicaksono, 2015).

The Depok City Regional Government is well aware of the importance of maintaining tax revenue, especially from *PBJT* on food and/or beverages. Therefore, regulations have been established that regulate tax rates for consumption activities, which are expected to encourage business growth while increasing regional tax revenue. Regional Regulations related to *PBJT* on food and/or beverages in Depok City reflect this commitment. The Depok City Regional Government hopes to optimize tax revenue from the restaurant sector and make Depok City an effective tax management model by making clear and firm regulations. In Regional Regulation No. 08/2020, a tax reduction of 3% is given for taxpayers who implement turnover recording with an electronic-based network integrated with the tax information system. This policy is expected to encourage more restaurants to participate in a transparent and efficient tax system, while increasing local tax revenue.

The Depok City Regional Government continues to strive to increase *PAD* by improving taxpayer collection through the use of *tapping boxes* in every taxpayer restaurant (Yusnawati, 2023). The Depok City Regional Government collaborated with Bank *BJB* in providing *tapping boxes*. The *tapping box* is a tool owned by the local government, which is then handed over to business owners who are responsible for collecting taxes (Yusriana, Modding, & Mursalim, 2022). According to *BPPRD*, the *tapping box* is a black device shaped like an elongated box, functioning as a transaction recording device at the cash register. The *tapping box* can help record and count all transactions, which will then be printed by the sales printer. The *tapping box* uses a system that operates in real time to prevent taxpayers from making false reports (Difu et al., 2015; Dini Andriyani et al., 2023; Fauzi et al., 2022; Jannah et al., 2016; Putra, 2020). This *tapping box* is believed to help the government achieve its goal of improving the payment supervision and monitoring system (Rismadhani & Chamalinda, 2024). The device utilizes smartphones to access mobile data and uses the system to record all transactions made by taxpayers (Rafika & Limarjani, 2023). The *tapping box* is a useful means to record transactions, which will then be compared between the total number of transactions at the taxpayer's object and the amount of regional taxes, after which the business owner will pay it to the local government every month (Prasetyo, Suyanto, & Qosim, 2022).

The Mayor of Depok, Mohammad Idris, stated that the main purpose of implementing the *tapping box* is to increase *PAD*. He hopes that in 2024, Depok City's *PAD* can reach a significant figure, namely IDR 2 trillion, with the main contribution coming from tax revenues that are optimized through the use of *tapping box* technology (Hariani, 2023). As a form of incentive for restaurants that participate in the use of *tapping boxes*, the government provides a tax reduction of 3%. Although this move has the potential to reduce tax revenues directly in the short term, the Depok City Regional Government is optimistic that increased tax compliance and better transparency will contribute to an increase in total tax revenue in Depok City as a whole. The advantage of using the *tapping box* is that tax income from taxpayers can

be known in real time (Larasati & Buga, 2020). The *tapping box* will calculate every transaction made by the business owner, and this transaction data will be recorded on *Bapenda's* server, which certainly helps make it easier for *Bapenda* to assess the potential tax conditions in each place of business (Larasati & Buga, 2020).

Table 1. Previous Research Related to the Utilization of Tapping Boxes

No	Title	Research Location	Research Year	Research Methods		Source
				Quantitative	Qualitative	
1	<i>Analysis Of Effectiveness and Contribution of Regional Tax Revenue Before and After the Implementation of The Tapping Box to Optimize Regional Original Income in Polewali Mandar</i>	Polewali Mandar	2022	√		https://stiemu.ttaqien.ac.id/ojs/index.php/OJS/article/view/953/702
2	Analisis Efektivitas Penerapan Tapping Box Sebagai Monitoring Pajak Daerah (Studi Pajak Restoran, Hotel, Hiburan, Dan Parkir)	Banjarbaru	2023		√	http://jra.politala.ac.id/index.php/JRA/index
3	<i>Analysis of the Application of Tapping Box as an Effort to Monitor Restaurant Tax Revenue in Sukoharjo Regency</i>	Sukoharjo	2022		√	https://journal.uns.ac.id/akumulasi/article/view/335

Tax reductions aimed at increasing taxpayer compliance do not guarantee that restaurant owners will be more compliant in paying taxes. This is evidenced by the discovery of a few restaurants in the Depok City area that have not fulfilled their tax obligations (Wahyudi, 2024). According to the Head of Regional Tax Division I of the Depok City *BKD*, Yuli Puspita Anggraini, the tax objects with attached stickers are known to have collected taxes from consumers but did not remit them to the Depok City *BKD*. As an enforcement measure, the *BKD* installed stickers reading "this tax object has not paid off the regional tax" on these restaurants (Wahyudi, 2024). Some restaurant owners may find these incentives not attractive enough or may be reluctant to change their habits, especially if they are accustomed to avoiding proper reporting.

Therefore, it is interesting to conduct research to evaluate the actual effectiveness of the policy. Moreover, the absence of a study that comprehensively measures the concrete impact of this policy on regional tax revenue and the level of taxpayer compliance in the restaurant sector is an important gap for further research, even though this tax reduction policy has been implemented in Depok City since 2020. Notably, Depok City is the only region that implements a restaurant tax reduction policy of 3% for *tapping box* users. This policy became the basis for selecting Depok City as a research location to evaluate the effectiveness of the tax reduction

policy for restaurants using *tapping boxes*.

One of the main challenges in manual tax collection is the risk of revenue leakage due to the difficulty in monitoring and controlling the tax collection process (Yusnawati, 2023). To address this issue and improve fiscal autonomy at the local level, many regional governments have implemented information technology in their tax collection systems. As a case study to be analyzed in this thesis, the research object focuses on the implementation of *tapping boxes* for the collection of *PBJT* (restaurant tax) in Depok City. As an incentive for restaurants participating in the use of *tapping boxes*, the local government of Depok provides a 3% tax reduction. While this measure may potentially reduce direct tax revenue in the short term, the local government is optimistic that improved tax compliance and greater transparency will contribute to an overall increase in tax revenue for Depok City.

Despite the implementation of the tax reduction policy for *tapping box* users since 2020, as stipulated in Depok City Regional Regulation 08/2020, there are still some restaurants that have not fulfilled their tax obligations (Wahyudi, 2024). Subsection 1.1 also outlines previous studies that have explored the use of *tapping boxes* in the taxation system. However, to date, no research has specifically examined the effectiveness of the policy in Depok City, which provides tax incentives for taxpayers using *tapping boxes*. Based on these two gaps, the researcher is interested in conducting a more in-depth study to answer the research question regarding the effectiveness of the tax reduction policy for *tapping box* users in restaurants in Depok City. Based on the research question outlined in Subsection 1.2, this study aims to evaluate the effectiveness of the tax reduction policy for restaurants using *tapping boxes* in Depok City.

MATERIALS AND METHODS

The implementation of research required a logical analysis that combined theory and field facts to ensure the study adhered to applicable regulations. The research methodology aligned with the research objectives, applying Campbell's theory of effectiveness using a qualitative approach through literature review and in-depth interviews. Collection, analysis, evaluation, and presentation of results were integral parts of the method. The study adopted a post-positivism approach, starting with theory and then collecting data to test or support it (Creswell, 2014). Multiple perspectives and experiences of research subjects were explored to understand social reality (Guba & Lincoln, 1994).

This was a descriptive, pure, and cross-sectional study (Neuman, 2014), aiming to describe policy implementation and perceived effectiveness, and to enrich scientific knowledge about the tax reduction policy for restaurants in Depok City using *tapping boxes*. Observations and interviews were conducted at a specific period.

Qualitative data collection included library research and field interviews with relevant informants such as local government officials, academics, and bank representatives. Data analysis involved collection, reduction, presentation, and drawing conclusions (Fiantika et al., 2022; Abdussamad, 2021).

The study focused on *PBJT* on food and/or beverages in Depok City, where the tax

reduction policy was applied and *tapping boxes* were used to monitor transactions in real time. The research location was limited to Depok City, and the main tax studied was *PBJT* on food and/or beverages, chosen due to its significant contribution to regional tax revenue and the uniqueness of the local policy. The aim was to determine how the tax reduction policy influenced local revenue (*PAD*) in the food and beverage sector.

RESULTS AND DISCUSSION

Compatibility with the objectives of the program

In an in-depth interview with Fuad (2025), he explained that the policy of providing tax incentives for restaurants and eateries in Depok City is motivated by two main goals. First, this policy aims to strengthen regional economic competitiveness in the context of trade competition between regions. Second, this policy is designed to increase tax compliance among restaurant taxpayers through direct supervision by the Depok City Government. Strict monitoring mechanisms are expected to encourage transparency in tax payments and reporting, while providing fiscal incentives for eligible taxpayers. This incentive is expected to create an attraction for consumers to shop at Depok restaurants, considering that the amount of tax set is lower than other regions in Indonesia (Fuad, 2025).

Although Mayor Regulation Number 27 of 2021 does not explicitly list the criteria for incentive recipients, the results of an in-depth interview with Fuad (2025) revealed some additional requirements beyond the use of tapping boxes. These criteria include: (1) consistency in tax payments, (2) timeliness in tax reporting, and (3) nominal amount of tax paid. The existence of this requirement makes it difficult for some MSME taxpayers to meet eligibility to obtain incentives. On the other hand, large-scale restaurant taxpayers who have used tapping boxes often refuse the tax reduction incentive of 3%. According to Fuad (2025), this rejection is caused by administrative complexity arising from differences in tax treatment between branches. For example, a business with a branch in Depok that receives a 7% incentive will face difficulties in aligning its tax system with branches in Jakarta, Bogor, or Bekasi that do not have similar policies. These policy differences between regions have the potential to cause inefficiencies in corporate tax management.

In addition, Fuad (2025) explained that changes in regulations from the central government also affect the low interest of large taxpayers in applying for incentives. Originally, tax obligations were limited to payments, but now it has expanded to include periodic reporting. This additional obligation is considered burdensome, thereby reducing the interest of business actors to take advantage of the tax reduction policy, even though they meet all the criteria set. Thus, although this policy is designed to encourage tax compliance and local economic growth, its implementation faces structural challenges, both in terms of the readiness of MSME taxpayers and resistance from large-scale business actors.

Inayati (2025), a lecturer in Tax Administration at the University of Indonesia, said that this difference has the potential to disrupt the consolidation of the company's financial statements. Furthermore, Inayati (2025) highlighted that managerially, this policy has operational consequences, including the cost of adjusting the internal tax system which is

considered greater than the direct benefits for the company. Inayati (2025) asserts:

"When the main benefits are actually enjoyed by the community (as a tax subject), while the company has to bear the adjustment costs, business logic will encourage rejection. From a corporate perspective, it is irrational to incur additional costs without earning direct profits. On a small scale of implementation, this program has not had a significant impact on business decisions of national business actors."

This statement indicates the need for a re-evaluation of policy design, especially in terms of proportionate financial incentives for corporations and compensation mechanisms for the transition costs they incur. Inayati (2025) proposes a strategic solution, in order for this policy to be effective, it needs to be supported by other things such as for example the Depok City Government needs to strengthen its culinary branding, position Depok as the 'center of Indonesian cuisine' or create a narrative of 'if you eat, remember Depok'. This kind of rebranding has more long-term impact than just marginal tax incentives. This argument emphasizes the need for a holistic approach that combines fiscal incentives with the development of regional image. This is in line with Braun's (2014) opinion that local governments can integrate fiscal policy with branding to increase appeal.

Quality of program implementation

The success of a program can be measured through the quality of its implementation, including the effectiveness of the supporting instruments used. In the context of the 3% tax incentive policy in Depok City, one of the key instruments is the use of tapping boxes, which are real-time restaurant revenue recording devices that aim to improve the accuracy of tax registration. For this function to be optimal, a reliable and durable device is required. The provision of tapping boxes in Depok City is not financed through the APBD, but by Bank BJB in the form of a CSR program (Fuad, 2025). Therefore, the collaboration between the Depok City Government and Bank BJB, as a West Java BUMD, is a determining factor in maximizing the impact of this policy.

Based on an in-depth interview with Arif (2025) Captain Service Raa Cha, the use of tapping boxes is considered to simplify the tax recording process because it eliminates the need for manual PBJT calculations on food and/or beverages. However, Arif (2025) identified several technical obstacles, including the sensitivity of the device to physical shocks. Tapping boxes are generally placed near the cashier, an area with high activity, so it is prone to being bumped. This disruption has the potential to result in an error in the recording of income data, which ultimately affects the accuracy of tax reporting. These findings indicate the need for tool redesign or more strategic placement to minimize operational risk.

Another problem found is the low understanding of taxpayers towards this policy. Through in-depth interviews with business actors, such as Siswanto (2025), a restaurant owner whose business has been established since 2006, it is shown that some MSMEs do not even know the existence of incentives or tapping box mechanisms. Siswanto (2025) stated that the government has never provided socialization related to consumption tax collection during its operation.

Through an in-depth interview with Gendra (2025), the owner of Sop Durian Margando also admitted that information about the 3% tax incentive has never been clearly conveyed by the Depok City government, even though there is a banner or flyer in front of his business location. Gendra (2025) felt that the socialization material was not equipped with an in-depth explanation of the procedures and benefits of the policy, thus reducing his understanding of the policy. Based on the interview, it can be said that the socialization of the tapping box policy has not reached all levels of taxpayers effectively.

In the results of an interview conducted by Panji (2025) as the manager of Shabu Hachi Depok, who admitted that he understood the policy but had not implemented it due to the lack of follow-up coordination from the government regarding the technical reduction of PBJT rates. Although his restaurant is among the most compliant in tax reporting and has received an award from the Depok City Government. Even so, Panji (2025) added that the restaurant/restaurant will be happy to carry out this policy, if it receives directions from the Depok City Government, because according to him this will certainly ease the burden on customers who eat at their restaurants/eateries.

Fuad (2025) explained that this limited understanding is caused by limitations that occur when conducting socialization. Fuad (2025) stated that the Depok City Government itself has carried out socialization periodically, but when the policy socialization for restaurant/restaurant owners is carried out, often those present are not direct owners, but representatives, and then do not convey information on the results of thorough socialization to all employees in each restaurant/eatery. Fuad (2025) argues that this is what causes misunderstanding regarding the substance of the applicable tax reduction policy.

Goal Success

Success is also judged by the effectiveness of the mechanisms used to achieve these goals. Based on this theory, the following is a description of the effectiveness of the tax reduction policy for tapping box users in Depok City according to the target success indicators.

Increased taxpayer compliance

The success of a program or organization in achieving the goals that have been set can be assessed through the effectiveness of policy implementation and the impact it produces. Fuad (2025) explained that the purpose of this policy is to win the war between regions by attracting as many taxpayers as possible, as well as to increase restaurant tax compliance by providing a tax reduction of 3% for users of the system and/or turnover recording tools in an electronic-based network that is integrated with the regional tax information system. However, an in-depth analysis reveals that the effectiveness of these policies is still limited by several factors. First, in terms of the scope of implementation, it was found that only 151 out of 1,522 tax objects have installed tapping boxes (Eklesia, 2025). This shows the low adoption of policies. The main obstacles include:

Limitations of tools. This tapping box is known to be provided by Bank BJB through a

CSR scheme and is not budgeted through the APBD. According to Inayati (2025) one of the fundamental weaknesses of the tapping box program is its high dependence on partnerships with Bank BJB. Inayati (2025) emphasizes that a policy that aims to enforce tax compliance should not hand over its primary control to external parties. "When we make policies and work to improve compliance, the determinants should not depend on the other party," The multibank approach is able to strengthen the sustainability of the program while reducing vulnerabilities due to dependence on one institution.

2. This policy is considered to prioritize large restaurants because they have a high turnover, so that it can create inequality (unequal playing field) for MSMEs. This is evidenced by the existence of resource persons such as Rosalina (2025), the owner of a food stall that has been established for 15 years, since 2010, but does not know about this policy.

3. Technical constraints. According to Fuad (2025) the validity of the tapping box recording results is 70-80%, this is due to things such as the sensitivity of the tool to shocks and signal problems.

Second, there will be a growth in tax revenue of 20% in 2023, followed by an increase of 8% in 2024 from the previous year's total revenue. However, although Regional Regulation Number 08 of 2020 has regulated this policy, its implementation will only begin in 2023 (Ekleisia, 2025). The delay in the execution of this policy indicates several weaknesses in the implementation process, including the slow response of the bureaucracy and the lack of optimal socialization to business actors. Inayati (2025) added that with the existence of MSME actors who are not aware of the existence of the policy, it can reduce its effectiveness in encouraging tax compliance. Data Before and After the Implementation of the Tax Reduction Policy for Tapping Box Users.

Table 2. Tax Reduction Policy for Tapping Box Users

Installation Year	2023	2024
Tax Types	Restaurant	Restaurant
Tax Year Before Installation	Rp15,071,508,764	Rp1,185,153,218
Tax Year Before Installation	Rp18,134,233,083	Rp1,279,382,695
Difference	Rp 3,062,724,319	Rp94,229,477
Growth	20%	8%

Source: Sub-Division of Registration and Data Collection (2025)

Third, the absence of sanctions for those who do not participate reduces the urgency of implementation. Inayati (2025) suggests a reward-punishment-based approach, for example by giving the predicate "compliant taxpayer" as an incentive condition, not just the installation of a tapping box, let alone providing conditions for tax payment, which causes this policy to be considered too exclusive.

Satisfaction with the Program

Taxpayer satisfaction

In general, taxpayer satisfaction with these policies is polarized, depending on the level of knowledge and access to the program. Large restaurants such as Shabu Hachi Margonda Depok that have used tapping boxes have benefited, Panji (2025) revealed that the tax reporting and verification process has run automatically through the tapping box system.

The integration of the Tapping Box system has reduced manual intervention in the reporting process, while serving as a control tool to ensure the accuracy of tax data. This is in line with the opinion of Bird (2015) who highlights that technology plays an important role in improving the performance of tax administration. However, in looking at the effectiveness of this policy from the indicator of taxpayer satisfaction, it is necessary to look again at the fact that there are still business owners who do not know this policy at all, so they cannot fully feel the benefits. The results of an in-depth interview with Suyitno (2025), a business owner whose business has been established since 2005 in Depok City, admitted that he did not know about the tax reduction policy for tapping box users, and felt that he had never been given socialization related to this policy from the Depok City Government. This information gap can indicate a failure of policy communication, which has implications for low participation of small-scale taxpayers.

Other obstacles that reduce taxpayer satisfaction include unevenly access. This policy tends to be enjoyed by large restaurants with high turnover, while MSMEs struggle to meet technical and administrative requirements. The tax reduction policy for tapping box users in Depok City has drawn criticism from the perspective of equal level playing field, as expressed by Inayati (2025). This concept emphasizes the importance of equality in competing and running a business, where all business actors must receive equal treatment without discrimination. Inayati (2025) emphasized that a good tax policy should ensure an equal level playing field by opening access to tapping boxes in a transparent and inclusive manner for all business actors. For example, if the 7% incentive mechanism is openly enforced with clear conditions, such as the installation of tapping boxes as the only prerequisite, then injustice can be minimized. However, if there are additional requirements such as the nominal amount of tax paid in bulk, this tends to benefit large restaurants. This policy has the potential to widen the competition gap and weaken the competitiveness of MSMEs. This criticism is relevant to the theory of tax fairness which demands the neutrality of tax policies in the market (Musgrave, 1959).

Overall, while tapping boxes are effective in improving tax compliance for facilitated users, taxpayer satisfaction rates remain low due to three main factors: (1) ignorance of policies, (2) unequal access, and (3) lack of fairness guarantees. To address this, the government needs to expand socialization, simplify requirements, and ensure transparency of selection criteria. Without these efforts, this policy risks becoming only a tool for a handful of business actors, instead of a holistic solution to improve tax compliance in an inclusive manner.

Satisfaction of the government and service providers

Based on the results of an interview with Mr. Emir Fuad (2025), the Depok City Government assesses that the use of tapping boxes as a 3% tax incentive policy instrument is "quite effective" in increasing restaurant taxpayer compliance, although its implementation is still limited. The newly installed equipment is around 9.91% of the total number of taxpayers of restaurants/restaurants in Depok City (Eklesia, 2025). Government satisfaction is based on two main indicators: (1) an increase in the accuracy of tax reporting through real-time revenue recording, and (2) a decrease in the trend of tax violations, although not significant. However, the effectiveness of this tool is still constrained by technical factors, such as signal interference, damage to equipment due to physical sensitivity, and the limited number of tapping boxes provided by Bank BJB through the CSR scheme—not the APBD.

Inayati (2025) provides a critical perspective by emphasizing that government satisfaction needs to be reviewed considering the lack of socialization coverage and dependence on third parties (Bank BJB) which has the potential to threaten the sustainability of the program. Inayati (2025) also suggests the need for a holistic approach that combines tapping boxes with taxpayer education and sanctions enforcement, considering that these tools are only effective if integrated with a more comprehensive supervision system. Thus, although the government is satisfied with the interim results, the level of effectiveness of this policy is not optimal and requires an in-depth evaluation related to inclusivity, transparency of selection criteria, and long-term funding independence.

Output and Input Levels

Efficiency of program implementation

The results of the research through an in-depth interview with Fuad (2025) found the fact that tapping boxes are provided by Bank BJB through a CSR scheme, and not through the APBD. So that this policy when assessed in terms of input and output levels is relatively efficient. The cost of procurement of tapping boxes is not charged to the APBD, but is borne by Bank BJB through Bank BJB's CSR activities, but the Depok City Government obtained results in the form of increasing taxpayer compliance, validity of transaction data, and reducing the potential for tax evasion.

Inayati (2025) argues that the lack of widespread socialization related to the policy of reducing restaurant taxes to 7% for tapping box users can be one of the reasons why this program is considered less attractive to business actors and its impact is not significant because the scale is still limited, because without clear incentives and massive socialization, this policy risks only becoming symbolic without achieving its main goal.

Rosalina (2025) admitted that she has never paid taxes even though she has been selling for 15 years since 2010, due to a lack of knowledge related to restaurant taxes. In fact, based on the HKPD Law 1/2022, taxpayers are restaurant business actors who deliver food/beverage services to consumers. This limitation can harm the Depok City Government, because at a time when the government should be able to obtain additional revenue from the restaurant tax sector spread across various regions, many of which are unaffordable and not properly

monitored. As a result, the potential for regional revenue cannot be maximized, and the level of tax compliance is difficult to measure accurately due to the lack of supervision and policy coverage that is not yet comprehensive.

In addition to the limitations of the tool, there are other technical related problems such as poor signals or tool damage that can also be considered as an obstacle to the effectiveness of this policy, because even though the tool is available, the functionality is not yet fully reliable. Arif (2025) through an in-depth interview admitted that tapping boxes are easy if they are bumped, which causes his taxes to not be recorded. This can allow income results to not match those recorded by the tapping box. According to Birkland (2020), in assessing the effectiveness of a policy, it is necessary to look at the extent of resources such as the budget, and technology are used optimally to achieve policy goals. So even in terms of inputs, this policy is considered efficient and worth continuing, because the financing is borne by third parties (CSR, Bank BJB) and results in an increase in compliance and validity of transaction data. However, in terms of policy outcomes and impacts, this policy is considered not fully effective, because the scope of implementation is not comprehensive, socialization is still lacking, and there are technical obstacles that interfere with the accuracy and reliability of the system.

In line with the opinion of Inayati (2025) who states that inputs in the form of CSR from Bank BJB are considered not proportional to the output produced, this is due to the scope which is considered small, tapping box data that may be inaccurate (due to technical constraints), and the absence of an independent budget from the Depok City Government for its sustainability. According to him, this program has a high dependence on CSR funding from Bank BJB, which causes vulnerability in its sustainability if it is not supported by independent budget allocation from local governments. Inayati (2025) suggested implementing preventive measures, such as building partnerships with various banking institutions to mitigate the risk of dependence on Bank BJB. Thus, if there is no continued support from Bank BJB, there are still alternative funding from other partner banks. In addition, it is necessary to prepare a special budget allocation as a reserve to ensure the sustainability of this policy independently.

Overall, the tapping box policy is financially efficient (because it is zero-cost for the APBD), but if assessed based on the efficiency of program implementation, it is still not effective in achieving the holistic goal, namely increasing tax compliance and sustainability. To increase effectiveness, it is needed: (1) massive socialization to all levels of business actors, (2) improvement of technical infrastructure (signal stability and tool design), (3) independent budget allocation to reduce dependence on CSR, and (4) simplification of transparent and fair incentive mechanisms for all taxpayers. Without this intervention, the policy has the potential to stagnate as a symbolic program with no real impact on regional revenue.

Overall Goal Achievement

Impact of the program on the final objectives

According to Campbell (1989), the achievement of the overall goal refers to the extent to which the program achieves the desired end result. Fuad (2025) stated that with this policy

and with the pairing of a turnover recording system in an electronic-based network, it is considered quite effective. Based on the data in Figure 4.2, a year after the implementation of this policy, there will be a growth of 20% in 2023 compared to the previous year, as well as an additional increase of 8% in 2024. This data indicates that the installation of tapping boxes contributes to increasing compliance and local tax revenues, especially in the first year of its implementation.

However, with several additional requirements in submitting this tax reduction, this policy is still less visible or widely known by the public. On the other hand, small or medium-sized businesses often have no significant tax liability, or even pay no taxes at all, so they do not meet the criteria to receive these tax deductions. As a result, this policy is not well known by the public and is not enough of an attraction for the wider community to transact in Depok City, and its economic impact on the community in general has become less significant.

Meanwhile, large restaurants that have many branches in various regions in Indonesia tend to be reluctant to take advantage of this incentive, because the difference in tax rates between regions—such as in Depok City which offers lower rates—is considered to make it difficult for their internal tax system. Fuad (2025) said that some national-scale restaurant business actors who have used tapping boxes and have good compliance in reporting and tax payments, choose not to receive tax reduction incentives. This is due to the complexity of their internal systems, considering that business branches are spread across various regions with different tax policies.

Inayati (2025) through an in-depth interview stated that one of the fundamental problems of the tapping box policy is the self-assessment system that has not been supported by adequate education, literacy, and socialization to taxpayers. He emphasized that the incentive of 3% tax reduction will not be effective if: the lack of understanding of restaurant/restaurant taxpayers, especially MSMEs, the limited number of tools installed, and the low technical quality (such as perishable, signal) can interfere with the accuracy of the data. Inayati (2025) also emphasizes that dependence on external parties without a guarantee of funding sustainability, and the absence of a government budget mechanism for the maintenance or replacement of damaged equipment can lead to the lack of effectiveness of this policy. Based on Birkland's (2020) approach, this tax reduction policy can be considered quite effective in terms of policy outcomes, namely the increase in the use of tapping boxes and the compliance of some taxpayers. However, in terms of policy impacts, it is necessary to conduct further evaluation of the long-term impacts, potential inequality, and scope of this policy. Therefore, policy sustainability needs to be accompanied by an educational approach and assistance for small business actors so that long-term goals are achieved fairly and equitably.

Program sustainability

The sustainability of the tapping box program in Depok City requires an in-depth study of two fundamental aspects, namely (1) regulatory support and (2) the availability of institutional resources. Based on the results of an in-depth interview with Fuad (2025), it was

revealed that the regulatory aspects have been adequate through Regional Regulations and Mayor's Regulations. However, in the context of financing, there are significant obstacles because this program is not specifically budgeted in the APBD but depends on CSR funding from Bank BJB. This indicates that while regulatory commitments have been strong, the sustainability of the program may be hampered by external funding uncertainties.

Furthermore, Inayati (2025) as an academic, provided a critical perspective by stating that dependence on third-party funding has the potential to pose a risk of program instability if there is a policy change from Bank BJB in the future. This opinion reinforces the need for a sustainable and planned financing strategy within the framework of regional fiscal policies.

In addition to the financing aspect, Fuad (2025) emphasized the importance of transforming the service approach from authoritative to more participatory and technology based. Initiatives such as the Pakdedaman (Regional Tax in Your Hands) application and incentive programs for taxpayers through the collection of receipts are innovative efforts to increase tax compliance while strengthening the regional revenue base. However, the effectiveness of this strategy needs to be further evaluated in the context of institutional capacity and community responsiveness. Thus, it can be concluded that although the regulatory aspect has supported the sustainability of the tapping box program, the main challenge lies in the dependence on external funding and the need for institutional capacity building.

CONCLUSIONS

The evaluation of Depok City's 3% tax reduction policy for *tapping box* users, informed by Campbell's theory (1989), demonstrated mixed outcomes: while tax revenues increased after the 2023 implementation, challenges such as complex administration, technical issues, limited socialization, unequal access for MSMEs, reliance on a single banking partner, and weak enforcement reduced the policy's overall effectiveness. To improve results, recommendations include simplifying processes for MSMEs, expanding taxpayer education, diversifying funding sources, and introducing clearer incentives and sanctions. Future research should explore optimal incentive structures for large businesses, cost-effective technical solutions for *tapping box* reliability, and comparative studies with similar policies in other regions, as well as the potential benefits of integrating digital literacy and cross-regional tax harmonization to enhance equity, adoption, and long-term revenue optimization.

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