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**THE ROLE OF THE REGIONAL FINANCIAL AND ASSET AGENCY IN  
THE RECONCILIATION OF CENTRAL TAX COLLECTION ON REGIONAL  
EXPENDITURE GOVERNMENT OF NORTH SUMATRA PROVINCE FIRST  
SEMESTER OF FISCAL YEAR 2025**



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**Abstract**

This study aims to analyze the role of the Regional Financial and Asset Agency (BKAD) of North Sumatra Province in the reconciliation of central tax collection on regional expenditure during the first semester of Fiscal Year 2025, as well as to identify the inhibiting factors in its implementation. The research employs a qualitative approach with a descriptive method. Data collection techniques include observation, in-depth interviews, and documentation involving informants from BKAD officials, central tax authorities, and regional financial management officers. Data analysis is conducted using the interactive model of Miles and Huberman. The results indicate that BKAD has carried out its role as a coordinator, facilitator, and controller in the implementation of central tax reconciliation on regional expenditure; however, the implementation has not yet been fully optimal. The main inhibiting factors include limited technical understanding of taxation among officials, delays in data submission, and the lack of integration between regional financial information systems and central tax systems. Therefore, strengthening human resource capacity, improving information systems, and enhancing inter-agency coordination are required to support the effectiveness of central tax reconciliation on regional expenditure.

**Keywords:** Role of BKAD, Central Tax Reconciliation, Regional Expenditure, Regional Financial Management

## INTRODUCTION

Tax is one of the main sources of state revenue and plays a strategic role in supporting government administration and national development. Based on Law Number 28 of 2007 concerning General Provisions and Tax Procedures, tax is defined as a mandatory contribution to the state owed by individuals or entities, which is coercive in nature under the law, without direct compensation, and is used for state purposes to achieve the greatest prosperity of the people. In the practice of regional governance, the implementation of regional expenditure gives rise to central tax obligations, such as Income Tax (PPh) and Value Added Tax (VAT), which must be collected, deposited, and reported by regional governments in accordance with statutory provisions. Regional financial management in Indonesia is regulated by Law Number 23 of 2014 concerning Regional Government and Government Regulation Number 12 of 2019 concerning Regional Financial Management. These regulations emphasize that all regional rights and obligations that can be valued in monetary terms must be managed in an orderly manner, in compliance with laws and regulations, efficiently, economically, effectively, transparently, and accountably. One form of accountability in regional financial management is the reconciliation of central tax collection on regional expenditure, which aims to ensure data conformity between regional governments and central tax authorities and to minimize potential administrative tax errors. Theoretically, the concept of role in public administration is understood as a dynamic aspect of a position that reflects the execution of rights and obligations in accordance with one's position within an organization (Soekanto, 2012). Biddle and Thomas (1966) state that a role represents a set of normative expectations regarding the behavior of individuals or organizations in performing specific functions. In the context of regional financial management, the Regional Financial and Asset Agency (BKAD) has a strategic role as a supporting element of the regional head in managing regional finances and assets. This role includes coordination, facilitation, control, and supervision of regional financial administration, including the reconciliation of central tax collection on regional expenditure.

In practice, the implementation of central tax reconciliation on regional expenditure still faces various challenges. Common issues include discrepancies in data between regional governments and central tax authorities, delays in data submission by regional apparatus organizations (OPD), limited technical understanding of taxation regulations among officials, and the lack of integration between regional financial information systems and central tax administration systems. These conditions have the potential to result in audit findings by the Audit Board of the Republic of Indonesia (BPK), hinder the distribution of Revenue Sharing Funds (DBH), and reduce the overall quality of regional financial governance. Several previous studies indicate that issues related to central tax reconciliation in regional governments remain relevant. Mardiasmo (2016) concludes that weak human resource capacity and internal control systems are the main factors affecting regional government tax compliance. Bastian (2006) finds that suboptimal coordination between regional apparatus organizations and vertical tax institutions often leads to data discrepancies and delays in reporting. Meanwhile, Denhardt and Denhardt (2015) emphasize that the role of public institutions is crucial in ensuring accountability and compliance with fiscal policies established by the government. Based on the above

description, it can be concluded that the role of the Regional Financial and Asset Agency is a key factor in ensuring the effectiveness of central tax reconciliation on regional expenditure. Therefore, this study is important to analyze in depth the role of BKAD in the reconciliation of central tax collection on regional expenditure, identify the challenges encountered, and describe the empirical conditions of its implementation as an effort to support accountable and transparent regional financial governance.

## **REVIEW OF LITERATURE**

### **Public Role**

A role is a dynamic aspect of a position that reflects how rights and obligations are carried out by individuals or organizations within a social system. Soekanto (2012) states that a role represents the execution of functions inherent in a particular status. Biddle and Thomas (1966) also explain that a role is related to a set of normative expectations that must be fulfilled according to one's position. In the context of regional governance, the role of public organizations greatly determines the success of administrative duties and responsibilities.

### **Regional Financial Management**

Regional financial management encompasses all activities related to planning, implementation, administration, reporting, and accountability of regional finances. It is regulated by Law Number 23 of 2014 concerning Regional Government and Government Regulation Number 12 of 2019 concerning Regional Financial Management. These regulations emphasize that regional financial management must be conducted in an orderly, transparent, and accountable manner, including the implementation of regional expenditure that gives rise to central tax obligations.

### **Central Taxes**

Central taxes are taxes managed by the central government and used to finance general state expenditures. They constitute the main source of revenue in the State Budget (APBN). Examples of central taxes include Income Tax (PPh), Value Added Tax (VAT), Luxury Goods Sales Tax (PPnBM), and Stamp Duty. The collection and remittance of these taxes must be carried out in accordance with tax laws and regulations. The fulfillment of these obligations forms part of the responsibility of regional governments in supporting state revenue and maintaining fiscal compliance.

### **Role of the Regional Financial and Asset Agency**

The Regional Financial and Asset Agency plays a strategic role in the reconciliation of central tax collection on regional expenditure. BKAD acts as a coordinator among regional apparatus organizations, a facilitator in collecting and presenting financial data, and a controller of tax administrative compliance. The success of tax reconciliation is highly influenced by human resource capacity, financial information systems, and coordination with central tax authorities.

## **RESEARCH METHOD**

This study employs a qualitative approach with a descriptive method. This approach is used to understand and describe in depth the role of the Regional Financial and Asset Agency in the reconciliation of central tax collection on regional expenditure. The research

location is the Regional Financial and Asset Agency of the Government of North Sumatra Province. The study focuses on the implementation of central tax reconciliation on regional expenditure during the first semester of Fiscal Year 2025. Informants were selected using purposive sampling based on their involvement and understanding of the research object. They include BKAD officials and staff, regional financial managers in OPD, and parties related to central tax administration. Data collection techniques include observation, in-depth interviews, and documentation. Data analysis follows the interactive model of Miles and Huberman, consisting of data reduction, data presentation, and conclusion drawing. Data validity is ensured through source and method triangulation.

## **RESULTS AND DISCUSSION**

### **The Role of the Regional Financial and Asset Agency in the Reconciliation of Central Tax Collection on Regional Expenditure Government of North Sumatra Province, First Semester of Fiscal Year 2025**

The role of the Regional Financial and Asset Agency (BKAD) in the reconciliation of central tax collection on regional expenditure is an important component in supporting accountable and orderly regional financial management. Central tax reconciliation is conducted to ensure conformity of tax data between regional governments and central tax authorities and to minimize errors in tax recording and reporting. In its implementation, The role of the Regional Financial and Asset Agency (BKAD) acts as a supporting element of the regional head with authority in regional financial management, including central tax administration. The discussion of BKAD's role in this study is analyzed using the theory of government roles proposed by Suhardono (2016), which classifies government roles into three main categories: facilitator, regulator, and mobilizer.

#### **Government as Facilitator**

According to Suhardono (2016), the role of government as a facilitator involves providing convenience, technical support, and facilities to ensure effective policy implementation. In this study, BKAD fulfills its facilitator role by providing administrative assistance to OPD, supplying information related to tax collection and reporting mechanisms, and facilitating reconciliation between regional governments and central tax authorities.

The role of the facilitator is crucial in overcoming communication and information barriers in the implementation of public policies, particularly in the context of administrative reporting and reconciliation. In studies on the implementation of village government roles in other contexts, the facilitator function has proven effective in helping clarify procedures to the public, enabling them to participate more actively and effectively in ongoing programs. Accordingly, BKAD has successfully carried out its role as a facilitator by providing adequate technical support and effective communication, which has had a positive impact on the smooth running of the central tax collection reconciliation process in the Province of North Sumatra.

#### **Government as Regulator**

The role of government as a regulator refers to establishing rules, policies, and guidelines that serve as the basis for governance activities (Suhardono, 2016). In central tax reconciliation on regional expenditure, BKAD performs its regulatory role by adhering to laws and regulations on regional financial management and taxation, as well as by

formulating internal guidelines and mechanisms for tax reconciliation within the Government of North Sumatra Province.

In the practice of reconciliation, BKAD, together with related agencies, conducts supervision of tax data submitted by Regional Apparatus Organizations. This regulatory role is reflected in activities such as monitoring reports, providing corrections or notes when data discrepancies are found, and reaffirming central tax regulations to prevent errors in recording and reporting. BKAD's function as a regulator has proven significant in maintaining tax reporting standards and ensuring the compliance of Regional Apparatus Organizations with central tax regulations.

### **Government as Mobilizer**

The role of government as a mobilizer involves motivating, encouraging, and coordinating resources and policy implementers to achieve established objectives (Suhardono, 2016). In this study, BKAD acts as a mobilizer by coordinating OPD to submit tax data on time, mobilizing officials involved in the reconciliation process, and maintaining coordination with central tax authorities.

This mobilisator approach is also supported by public administration literature, which emphasizes that the active participation of implementers and cross-agency coordination are essential for the successful implementation of public policies. Such interactions help reduce information gaps and foster a shared understanding of common objectives, thereby improving the efficiency of the reconciliation process. Therefore, through socialization activities, coordination, and intensive communication, BKAD demonstrates an effective mobilisator role in encouraging awareness and active involvement of Regional Apparatus Organizations in the Province of North Sumatra.

### **Factors Hindering the Role of the Regional Financial and Asset Agency (BKAD) in the Reconciliation of Central Tax Collection Charged to Regional Expenditures of North Sumatra Province for the First Semester of Fiscal Year 2025**

The implementation of BKAD's role in the reconciliation of central tax collection charged to regional expenditures still faces a number of inhibiting factors. Limited human resource capacity in several Regional Apparatus Organizations has become one of the main obstacles. Some regional treasurers stated that staff responsible for reconciliation do not yet fully understand central tax reporting procedures, so intensive assistance from BKAD and the Tax Service Office is required. Differences in recording systems and report formats between BKAD and Regional Apparatus Organizations sometimes lead to data inconsistencies, causing the reconciliation process to take longer. Insufficient coordination and intensive communication at certain stages of reconciliation can also hinder the process. Although socialization is conducted periodically, several treasurers admitted that they still experience difficulties in understanding the data that must be matched, requiring repeated explanations from BKAD. Time constraints in completing reconciliation reports often place pressure on regional treasurers, especially when other duties must be handled simultaneously. This factor can reduce the quality of records and the timeliness of reporting, which in turn affects the effectiveness of BKAD's roles as facilitator, regulator, and mobilisator.

Overall, these inhibiting factors arise from a combination of human resource capacity limitations, differences in systems and formats, suboptimal coordination, and time

pressures. All of these aspects need to be addressed in order to improve the effectiveness of central tax reconciliation.

## CONCLUSION

Based on the research findings and discussion, it can be concluded that the Regional Financial and Asset Agency (BKAD) of North Sumatra Province plays an important role in the reconciliation of central tax collection on regional expenditure during the first semester of Fiscal Year 2025. This role is reflected in BKAD's efforts to ensure orderly tax administration, data conformity, and compliance of regional apparatus organizations with central tax regulations. From the perspective of government role theory proposed by Suhardono (2016), BKAD has carried out its role as a facilitator by providing technical assistance, financial data, and reconciliation facilitation between OPD and central tax authorities. However, this role has not yet been fully optimal due to difficulties faced by some OPD in understanding technical aspects of tax collection and reporting. As a regulator, BKAD has implemented its role by adhering to financial and tax regulations and applying them in reconciliation mechanisms. Nevertheless, differences in regulatory understanding at the OPD level still result in inconsistencies in tax collection and data submission. Furthermore, as a mobilizer, BKAD coordinates OPD to actively submit data, participate in reconciliation processes, and comply with schedules and procedures. However, this mobilization role is constrained by limited human resources, delays in data submission, and the lack of integration between regional financial information systems and central tax administration systems. The main inhibiting factors include limited tax competence among officials, weak inter-OPD coordination, and insufficient support from integrated information systems. Therefore, efforts are needed to enhance human resource capacity, strengthen inter-agency coordination, and develop integrated financial and tax information systems to ensure that the reconciliation of central tax collection on regional expenditure can be conducted more effectively, accurately, and sustainably.

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