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Adjusting the Tax Base for Local Land and Building Tax Based on Justice and *Mashlahah 'Ammah*

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ABSTRACT

Taxes constitute one of the sources of local revenue that play an important role in supporting the administration of regency and municipal governments. One type of local tax is the Rural and Urban Land and Building Tax (PBB-P2), the tax base of which is determined by the Taxable Object Sale Value (NJOP) of land and buildings. Adjustments to the NJOP are necessary to ensure that taxable property values remain consistent with prevailing market price developments. However, the failure of local governments to conduct periodic adjustments may create disparities between the NJOP and market values, thereby affecting the fairness of tax burden distribution. This study aims to examine the legal framework governing the authority to adjust the NJOP for PBB-P2 and evaluate it in light of the principle of maṣlaḥah from the perspective of Islamic economic law. This study employs a normative juridical method using statutory and conceptual approaches. The analytical framework is based on the concept of *maṣlaḥah* and the Islamic principle of justice (*al-'adl*). The findings indicate that the existing statutory framework governing NJOP adjustments does not provide sufficient clarity or adequate implementation standards, potentially resulting in variations in policy across local jurisdictions. Such conditions may lead to inequities in the distribution of tax burdens and fail to fully reflect *maṣlaḥah 'āmmah* (the public interest). This study underscores the importance of strengthening the regulatory framework for NJOP adjustments to ensure transparency, proportionality, and a commitment to the public interest, while maintaining a balance between optimizing local revenue and protecting taxpayers' economic well-being.

Introduction

Local taxes are one of the key instruments for implementing regional autonomy and fiscal decentralization in Indonesia (Latifa et al., 2025). Through tax revenues, local governments obtain a source of funding to provide public services, develop infrastructure, and improve community welfare (Syamsudyan & Agustina, 2025). Local taxation policies are concerned not only with optimizing fiscal revenue but also with the distribution of economic burdens among members of society and the ability of local governments to meet public needs. In this context, the Rural and Urban Land and Building Tax (PBB-P2) occupies a strategic position because it is imposed on land and/or buildings owned, controlled, or utilized by the public. Accordingly, the determination of the tax base for PBB-P2 must take into account the balance between the fiscal interests of local governments and the economic protection of taxpayers (Simamora et al., 2024; Stepani et al., 2024).

The tax base for PBB-P2 is determined by the Taxable Object Sale Value (NJOP), which serves as the basis for calculating taxes on land and buildings. The NJOP has direct implications for the amount of tax payable by taxpayers. If the NJOP does not adequately reflect changes in the value of taxable properties, tax policies may create imbalances in the distribution of tax burdens. An NJOP that lags behind market value developments may undermine the proportionality of local tax revenues, whereas substantial adjustments made without considering the economic conditions of the community may significantly increase taxpayers' financial burdens. Accordingly, the issue of NJOP adjustment concerns not merely the updating of taxable property values but also fiscal justice, legal certainty, and the protection of the economic well-being of the public (Hartono et al., 2025; Sari, 2023).

This issue becomes increasingly significant when local governments fail to adjust the NJOP consistently. The case of Pati Regency in 2025 illustrates public resistance to a property tax increase reportedly reaching 250% following a 14-year delay in adjustments. The policy triggered widespread public opposition, highlighting concerns about the economic impact of substantial tax increases and the importance of transparent, gradual, and equitable adjustments to property tax assessments. The controversy ultimately led the regent to revoke the 2025 PBB-P2 increase on 8 August 2025 (Harahap et al., 2025). Meanwhile, in Jombang Regency, a reported increase of up to 1,202% in the Rural and Urban Land and Building Tax (PBB-P2) also prompted public objections over the substantial increase in the tax burden (Adhitiawarman & Budianto, 2025). Both cases demonstrate the importance of establishing a planned, transparent, and accountable governance framework for NJOP adjustments. Significant increases in tax burdens may raise affordability concerns for taxpayers, particularly when they are not accompanied by adequate explanations, effective objection mechanisms, and consideration of prevailing socioeconomic conditions. At the same time, prolonged delays in adjusting the NJOP may undermine the alignment of the tax base with changes in taxable property values. Therefore, a regulatory framework is needed to strike a balance between safeguarding local government revenue and protecting taxpayers' interests.

Adjustments to the NJOP for PBB-P2 are regulated under Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments (HKPD Law). The NJOP is determined once every three years, although annual adjustments may be made for certain taxable properties in areas experiencing rapid development. The NJOP is determined by the Regional Head (Basir, 2025). Nevertheless, does not explicitly clarify whether NJOP adjustments are mandatory or discretionary, leaving regional heads the option to determine whether such adjustments should be implemented. Differences in the interpretation of the authority to adjust the NJOP under the HKPD Law may lead to variations in implementation across local jurisdictions. This situation may create legal uncertainty for taxpayers while also complicating the establishment of consistent local tax policy standards.

From an Islamic perspective, taxation and public financial management should be grounded in the principles of justice (al-'adl) and the public interest (maṣlaḥah 'āmmah). The principle of al-'adl requires that the distribution of tax burdens should not create unjustifiable inequalities, while the principle of maṣlaḥah emphasizes that public policies must be directed toward promoting welfare and protecting the interests of society. These principles are also relevant to the Indonesian Council of Ulama's (MUI) Fatwa Number 2/MUNAS XI/MUI/2025 concerning Equitable Taxation (Ula, 2026). These two principles are relevant to evaluating NJOP adjustment policies because fiscal policies should not be assessed solely on their ability to increase local government revenue, but also in terms of the proportionality of tax burdens, the protection of taxpayers' property, and the benefits that such revenues generate for society.

Within the framework of maṣlaḥah 'āmmah (the public interest), clarity in the regulation of NJOP adjustments has implications that extend beyond the relationship between local governments and taxpayers. Tax revenues constitute one of the instruments for financing development programs and public services. If NJOP adjustment policies generate conflicts, public objections, or declining trust in local governments, tax collection may encounter obstacles that could undermine the sustainability of local revenue. Conversely, if the NJOP is not adequately updated, the revenue potential of local governments may not be fully realized. Both situations may affect the ability of local governments to finance public welfare programs. Accordingly, the public interest should not be understood merely in terms of increasing tax revenues, but should also encompass a balance between fiscal sustainability, the equitable distribution of tax burdens, taxpayer protection, and the fulfillment of public needs.

Several previous studies have examined various aspects of the NJOP and PBB-P2. Wahyuni et al. (2023) dan Ferdinan et al. (2024), examined issues concerning local revenue potential associated with NJOP updates. Putri and Kesaulya (2020) examined the relationship between NJOP adjustments and taxpayer compliance, whereas Syaharani et al. (Syaharani et al., 2025) examined the factors that determine land values in NJOP assessments. Hartono et al's study (2025) and Yuvanda et al. (2024) also addressed the implications of the HKPD Law for local tax revenues. These studies provide an important foundation for understanding the administrative, economic, and fiscal dimensions of PBB-P2. However, further research is needed to integrate the clarity of legal norms governing NJOP adjustments, the distribution of

tax burdens, the economic protection of taxpayers, and the public interest from the perspective of Islamic economic law.

This research gap has two implications. Academically, the lack of integration between NJOP regulatory issues and the principles of justice (al-'adl) and maṣlaḥah means that the substantive justice dimension of local taxation policies has not received sufficient attention. Tax justice, however, concerns not only compliance with legal procedures but also the proportionality of the burdens borne by the public and the benefits generated by tax revenues for the public interest. In practical terms, the absence of adequate implementation standards may lead to inconsistent policies, increase taxpayer disputes or objections, and undermine the balance between local revenue requirements and the economic capacity of the community. If these issues remain unresolved, the pursuit of the public interest through development financing and public service provision may encounter obstacles. Nevertheless, the relationship between NJOP policies and public welfare outcomes should be understood as a potential consequence to be examined through normative analysis, rather than as a causal relationship that has already been empirically established.

In light of these issues, this study aims to examine the legal framework governing the authority to adjust the NJOP for PBB-P2 under Indonesian legislation and evaluate it in light of the principles of justice (al-'adl) and the public interest (maṣlaḥah 'āmmah) from the perspective of Islamic economic law. The novelty of this study lies in integrating a normative evaluation of the regulatory framework for NJOP adjustments with the principles of Islamic economic law to assess the balance between local governments' fiscal interests and the economic protection of taxpayers. Unlike previous studies that primarily focus on revenue generation, administration, or the determinants of NJOP, this study positions the equitable distribution of tax burdens and the public interest as the foundations for policy evaluation. The findings are expected to contribute theoretically to the development of Islamic economic law in local tax governance while providing a basis for recommendations to strengthen regulations so that they are clearer, more transparent, proportionate, and oriented toward public welfare.

Research Method

This article is based on normative juridical research employing statutory and conceptual approaches (Marzuki, 2007; Muhaimin, 2020). The statutory approach involves identifying and examining legal provisions governing the NJOP and PBB-P2. The analysis focuses on the authority of local governments to determine or adjust the NJOP, the basis for taxable object valuation, the procedures for determination, and the relationship between the NJOP and the calculation of PBB-P2. Relevant provisions are interpreted grammatically and systematically, taking into account the hierarchy of legislation, the interrelationship between legal provisions, and the consistency between general norms and more technical regulations. This approach is used to identify ambiguities in legal formulations, inconsistencies in regulatory provisions, and areas of discretion that may give rise to legal uncertainty.

The conceptual approach is employed to evaluate legal norms based on the principle of justice (*al-'adl*) as a foundation for equitable tax burdens and the public interest (*maṣlaḥah 'āmmah*) as a consideration of public benefit and the protection of societal interests. These principles are operationalized as parameters for normative evaluation. First, distributive justice is assessed in terms of the fairness of tax burden allocation, taking into account taxable property values and taxpayers' economic capacity insofar as these considerations are legally relevant. Second, procedural justice is assessed in terms of transparency, procedural consistency, access to information, and the availability of objection mechanisms or legal remedies. Third, the public interest (*maṣlaḥah 'āmmah*) is evaluated by examining the balance between local revenue interests, taxpayer protection, and public benefits. These principles serve as an argumentative framework for evaluating the legal framework rather than as substitutes for the applicable statutory provisions.

The legal materials used in this study comprise primary, secondary, and tertiary legal sources. Primary legal materials include relevant legislation, particularly Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments, as well as implementing regulations concerning NJOP valuation and PBB-P2 administration. Secondary legal materials consist of books and scholarly articles addressing local taxation, NJOP valuation, justice (*al-'adl*), and the public interest (*maṣlaḥah 'āmmah*). Journal articles and academic publications are used to map previous research findings, identify differences in research focus, and develop arguments concerning the contribution of this study. News reports and media publications are used selectively to provide factual context and are not treated as authoritative sources for determining the meaning or legal validity of statutory provisions.

Legal materials are collected through library research involving the examination of legislation, books, journal articles, and relevant academic documents. The collected materials are selected according to their relevance to the research questions, source authority, the current legal status of the regulations, and substantive relevance. The materials are analyzed using a qualitative-prescriptive method through three stages. First, identification and classification involve organizing legal materials according to their level of authority, subject matter, and relevance to the authority and mechanisms governing NJOP adjustments. Second, interpretation and normative evaluation involve interpreting legal provisions grammatically and systematically, examining the relationships among relevant norms, and evaluating the regulatory framework against the parameters of justice (*al-'adl*) and the public interest (*maṣlaḥah 'āmmah*). Third, the formulation of prescriptive conclusions involves answering the legal issues under investigation and developing recommendations concerning legal clarity, regulatory consistency, and the need for transparent, equitable, and public-interest-oriented NJOP adjustment mechanisms. Through these stages, the study's conclusions are developed through legal arguments that can be traced to positive law, legal doctrine, and the evaluative parameters employed.

Result

The Tax Base for the Rural and Urban Land and Building Tax (PBB-P2)

The Rural and Urban Land and Building Tax (Pajak Bumi dan Bangunan Perdesaan dan Perkotaan, PBB-P2) is a type of tax levied by regency and municipal governments in Indonesia. The imposition of PBB-P2 was initially regulated under Law Number 28 of 2009 concerning Regional Taxes and Regional Retributions (the PDRD Law), which was subsequently superseded by Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments (the HKPD Law). The transfer of authority to collect and administer PBB-P2 to regional governments represents an indicator of fiscal autonomy within the framework of regional autonomy. Revenue generated from PBB-P2 can support the financing of government administration, infrastructure development, the provision of public services, and community welfare programs (Fujianti et al., 2021; Nugroho & Mafruhah, 2016).

Constitutionally, the imposition of taxes on land and buildings is grounded in Article 33 paragraph (3) of the 1945 Constitution of the Republic of Indonesia. This provision stipulates that the land, waters, and natural resources contained therein shall be controlled by the state and utilized for the greatest possible prosperity of the people. Land and buildings provide economic benefits and/or confer a higher socioeconomic status on the individuals or entities that own, control, or benefit from them. Therefore, it is reasonable to require such individuals or entities to contribute a portion of the benefits or advantages they derive from these properties to regional governments through taxation (Zunaidi, 2021). The taxes paid by the public are used to finance programs planned by regional governments to promote public welfare (Afrizal & Khoirunurrofik, 2022).

The amount of PBB-P2 payable by taxpayers is determined based on the tax assessment base. Article 40(1) of Law No. 1 of 2022 on HKPD stipulates that the tax assessment base for PBB-P2 is the NJOP. The HKPD Law defines NJOP as the average price derived from arm's-length sales transactions or determined through price comparisons with similar properties, the acquisition cost of a new property, or the substitute sale value of the taxable object (Sudira, 2022). The HKPD Law grants regional governments the authority to determine the tax assessment base for PBB-P2. Article 40(7) stipulates that the NJOP is determined by the regional head. Furthermore, Article 40(6) of the HKPD Law provides that the NJOP must generally be determined every three years, except for certain taxable objects for which the NJOP is determined annually in accordance with regional developments (Hartono et al., 2025).

The technical provisions governing the determination of the NJOP for PBB-P2 are regulated under Minister of Finance Regulation (PMK) No. 85 of 2024 concerning the Valuation of Rural and Urban Land and Building Tax (Wicaksono, 2025). The procedure involves several stages. First, data collection and identification of taxable objects. Regional governments collect and update PBB-P2 data, including location, land area, building area, type of use, physical condition, and other characteristics of the taxable objects. These data serve as the basis for determining the characteristics and classification of the objects to be valued.

Second, classification of taxable objects based on their characteristics. Taxable objects are classified into general and special taxable objects. General taxable objects are further categorized as standard or non-standard based on characteristics such as land area, number of floors, and building area. Special taxable objects include properties with specific construction, functions, or characteristics, such as toll roads, airports, seaports, and underground structures (Gumiwang, 2024).

Third, valuation of land and buildings using appropriate methods. Valuation is conducted using methods that are appropriate to the characteristics of the taxable objects. Under the guidelines set out in Minister of Finance Regulation No. 85 of 2024, the methods used include: (a) the sales comparison method, which involves comparing the property being valued with similar properties for which transaction prices or relevant comparative data are available; (b) the new acquisition cost method, which estimates the cost of acquiring or constructing an equivalent replacement property, taking relevant depreciation into account; and (c) the substitute sale value method, which estimates value based on the relevant income or economic approach applicable to the property being valued (Naif et al., 2026). For general taxable objects, mass appraisal may be conducted using Computer-Assisted Valuation (CAV) and/or Computer-Assisted Mass Appraisal (CAMA). Taxable objects that require more in-depth analysis are assessed individually.

Fourth, validation and quality assurance of valuation results. Land valuation is conducted by analyzing market data to determine the Average Indicative Value (NIR) and Land Value Zones (ZNT). Building valuation takes into account physical characteristics, building use, building component costs, and depreciation. In simplified terms, the valuation process produces separate land and building values, which are then added together to determine the total NJOP of the taxable object. The valuation results must be assessed for consistency and reasonableness against market data (Hidayat, 2026). This Regulation also establishes quality assurance mechanisms through the measurement of the ratio between NJOP and market prices, as well as revaluation where necessary. This stage is essential to ensure that NJOP reflects not merely the results of administrative calculations but also a valuation basis that can be objectively justified.

The NJOP does not necessarily correspond to market value, although market prices constitute an important reference in the valuation of taxable objects. NJOP is determined through procedures and valuation methods prescribed by applicable laws and regulations, taking into account the characteristics of the taxable object, transaction data or relevant comparable properties, the condition of the land and buildings, and other factors affecting their economic value. The determination of NJOP must be based on accurate data, appropriate classification of taxable objects, and assessments of the reasonableness of valuation results to ensure that the established value is administratively and substantively defensible. Differences between NJOP and market prices do not necessarily indicate valuation errors. Nevertheless, such differences warrant further evaluation when they are not supported by adequate valuation methods and data, particularly to ensure legal certainty, fairness, and proportionality in the collection of PBB-P2.

Minister of Finance Regulation No. 85 of 2024 stipulates that valuations must be carried out by valuation officers who meet the prescribed qualification requirements. Where qualified valuation officers are not yet available, the regional head may appoint interim valuation personnel who satisfy the relevant training and certification requirements. Regional governments may also collaborate with public appraisers and relevant technical agencies. Once the authorized valuation officers have completed the valuation of NJOP, the subsequent procedure involves its formal determination by the regional head. The valuation results serve as the basis for the regional head to determine NJOP in accordance with the applicable legal provisions and delegated authority. In principle, NJOP is determined every three years, while certain taxable objects may be reassessed annually. Regional governments must also regulate the technical procedures for valuation, NJOP classification, the Building Component Cost Schedule (DBKB), and the applicable percentage of the tax assessment base for PBB-P2 through regional head regulations. It is important to distinguish between NJOP valuation and NJOP determination, as these constitute two separate stages. Valuation produces an estimated value of a taxable object based on technical data and valuation methods, whereas determination constitutes an administrative act undertaken by the authorized official on the basis of the valuation results.

The determination of the NJOP for PBB-P2 must adhere to the principle of fairness (Tasyah et al., 2025). This principle requires taxpayers to be treated proportionately according to the characteristics and economic value of their taxable properties. The principle of fairness requires that NJOP be determined neither arbitrarily nor solely on the basis of considerations aimed at increasing regional revenue, but rather through an objective, accurate, and accountable valuation process. Differences in NJOP among taxable objects must be justified by relevant factors, such as location, land area, building condition, use, and market value reflecting the specific characteristics of each property (Loainak et al., 2026). Furthermore, the application of the principle of fairness requires taxpayers with comparable property characteristics to receive equivalent valuation treatment, while differences in relevant characteristics may justify variations in the assessed values. This is particularly important because NJOP serves as one of the bases for determining the amount of PBB-P2 payable by taxpayers. A fair determination of NJOP not only ensures the proportionality of the tax burden but also prevents unequal treatment among taxpayers and strengthens the legitimacy of local tax collection as an instrument for financing public development and services (Candra, 2025).

The Indonesian Council of Ulama (Majelis Ulama Indonesia, MUI) Fatwa on Fair Taxation, adopted at the 11th MUI National Congress in November 2025, affirms that taxation must be grounded in the principle of justice (Majelis Ulama Indonesia, 2025). The fatwa highlights the importance of evaluating PBB-P2 policies that may impose a disproportionate tax burden on the public. In the context of NJOP determination, the principle of fairness requires regional governments to employ objective and accountable valuation methods and to avoid treating increased Regional Original Revenue (PAD) as the sole consideration in determining taxable property values. Valuation should take into account property characteristics, the economic conditions of the community, and the impact of assessed values

on tax burdens, particularly for households occupying properties as non-commercial residences. Accordingly, a fair determination of NJOP must strike a balance between the fiscal interests of regional governments and the protection of taxpayers' rights and economic capacity.

Furthermore, the determination of NJOP is closely linked to the principle of legal certainty. This principle requires clarity regarding the legal basis, valuation procedures, authority of the officials responsible for determining NJOP, and the criteria applied in assessing taxable property values (Irfano, 2023). This principle requires NJOP to be determined in accordance with applicable laws and regulations, particularly Law No. 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments and Minister of Finance Regulation No. 85 of 2024 concerning the Valuation of Rural and Urban Land and Building Tax. Clear legal provisions and measurable valuation procedures enable taxpayers to understand the basis for determining NJOP, which serves as the foundation for calculating PBB-P2, and provide certainty regarding their rights and obligations.

Furthermore, the application of the principle of legal certainty requires regional governments to use verifiable data, apply valuation methods consistently, and provide taxpayers with opportunities to file objections or pursue legal remedies in accordance with applicable regulations when discrepancies arise in the determination of NJOP. Legal certainty in NJOP determination not only ensures the legality of regional government actions but also protects taxpayers against arbitrary valuations and strengthens public trust in the administration of regional taxation. The principle of legal certainty is particularly important in NJOP determination because taxation constitutes a compulsory levy imposed under the authority of law. This compulsory nature grants the government the authority to collect taxes from taxpayers; however, the exercise of such authority must remain subject to clear and accountable legal provisions.

The determination of NJOP must be based on statutory provisions, measurable valuation procedures, and objective and consistent criteria. Legal certainty serves to prevent arbitrary government action in determining taxable property values, particularly when NJOP directly affects the amount of tax payable by the public. The government's authority to determine NJOP must not be exercised unilaterally without a valid legal basis and legitimate considerations; rather, it must adhere to the principles of legality and transparency while safeguarding taxpayers' rights. This is consistent with Article 23A of the 1945 Constitution of the Republic of Indonesia, which stipulates that taxes and other compulsory levies imposed for state purposes must be regulated by law. Accordingly, taxation must not only possess a legitimate legal basis but also ensure fair treatment and protect taxpayers against arbitrary government action (Wijaya & Urbanisasi, 2025).

Regional Governments' Authority to Adjust NJOP for Rural and Urban Land and Building Tax (PBB-P2): Balancing Justice and the Public Interest (*Maṣlaḥah 'Āmmah*)

Article 40(6) of the Law on Financial Relations between the Central Government and Regional Governments (HKPD Law) stipulates that the Taxable Object Sale Value (Nilai Jual Objek Pajak, NJOP) is determined by the regional head every three years, except for certain taxable objects located in rapidly developing areas, for which NJOP may be determined annually. This timeframe is closely related to the balance between legal certainty, tax fairness, fluctuations in land and building values, and the administrative efficiency of regional governments. As the valuation basis for Rural and Urban Land and Building Tax (PBB-P2), NJOP must reasonably reflect changes in the economic value of taxable properties without imposing disproportionate changes in tax burdens.

Substantively, determining NJOP every three years can be understood as an effort to maintain property value stability while ensuring administrative efficiency. Not all regions experience significant annual changes in land and building values. In relatively stable areas, updating NJOP on a three-year cycle can reduce the need for comprehensive revaluation, lower administrative costs, and provide taxpayers with greater certainty when planning their tax obligations. Nevertheless, the three-year interval should not be interpreted as justification for disregarding significant changes in property values, particularly those resulting from infrastructure development, changes in land-use patterns, or economic growth that substantially increases land values.

Conversely, annual NJOP determination in certain areas may be administratively and economically justified when land and building values change rapidly. Such conditions may occur in rapidly developing urban areas, commercial and business centres, industrial zones, areas affected by toll road or public transportation development, and locations experiencing changes in spatial planning. In these circumstances, annual adjustments are necessary to prevent NJOP from falling substantially behind prevailing market values. If NJOP remains unchanged for three years while land values increase sharply, horizontal inequity may arise, whereby taxable properties with comparable characteristics and economic values bear different tax burdens because their valuations were updated at different times.

However, annual NJOP adjustments also entail risks. If increases are not supported by adequate transaction data, defensible valuation methods, and effective objection mechanisms, annual adjustments may undermine legal certainty and cause sudden increases in tax burdens. The frequency of NJOP revisions must therefore be distinguished from the magnitude of tax increases. Changes in NJOP do not automatically result in equivalent percentage increases in PBB-P2, since the amount of tax payable is also determined by the applicable tax rate, the percentage of NJOP used as the tax assessment base, and any deductions or tax relief provided under the relevant legislation.

Nevertheless, Article 40(6) of the HKPD Law does not clearly establish whether determining NJOP in accordance with prevailing property values in a particular area constitutes a mandatory obligation or an optional measure. The provision does not explicitly

require regional governments to adjust NJOP periodically, establish a binding implementation timeframe, or provide uniform technical guidelines specifying the valuation methods to be applied. Consequently, regional heads retain considerable discretion in determining when and how NJOP adjustments are implemented.

The research findings also identify substantial variations in the implementation of NJOP adjustments across regional governments. Some regions undertake adjustments relatively regularly, taking into account changes in property market values, whereas others postpone revisions for considerably longer periods. One example is Pati Regency, where NJOP for PBB-P2 was reportedly adjusted only after 14 years. This variation indicates that the absence of uniform and binding regulatory standards has contributed to systemic inconsistencies in the implementation of NJOP adjustments across Indonesia.

The factors contributing to delays in NJOP adjustments are multidimensional. From a political perspective, regional heads may be reluctant to increase taxes because such decisions can trigger public resistance, particularly as election cycles approach. From a technical perspective, the limited capacity of Regional Revenue Agencies (Badan Pendapatan Daerah, Bapenda) to conduct accurate and up-to-date mass appraisals also contributes to delays in updating NJOP data. From a regulatory perspective, the absence of clearly defined sanctions for regional heads who fail to implement the necessary adjustments further reinforces the incentive to postpone them (Widuri & Nurmantu, 2024).

Prolonged delays in adjusting NJOP produce two major consequences. First, during the period of delay, when the NJOP for PBB-P2 remains substantially below actual market values, taxpayers owning high-value properties may pay taxes that are disproportionate to their economic capacity, resulting in an inequitable redistribution of the tax burden. Second, when adjustments are eventually implemented simultaneously after years of accumulated delays, taxpayers may experience substantial increases in their tax burdens within a short period, as illustrated by reported increases of 250% in Pati Regency and 1,202% in Jombang Regency. These accumulated adjustments have triggered widespread public opposition, demonstrations, and reluctance to pay PBB-P2. In response, the central government, through the Directorate General of Fiscal Balance of the Ministry of Finance, issued guidance urging regional governments to maintain economic stability by avoiding burdensome increases in PBB-related NJOP, with the aim of protecting public purchasing power (Muhamad Wildan, 2025).

The issue of the timing of NJOP determination for PBB-P2 can be analyzed through John Rawls's theory of justice. Rawls argues that the basic structure of society should be designed to maximize benefits for the least advantaged members of society (A. A. Putri & Gultom, 2025). In the context of taxation, this principle is reflected in the requirement that tax burdens be distributed proportionately according to each taxpayer's economic capacity, a concept widely recognized in tax literature as the ability-to-pay principle (Dianasari, 2025). Distributive justice in taxation has two dimensions. Horizontal equity requires taxpayers with equivalent economic capacity to be treated equally in the allocation of tax burdens. Vertical equity

requires taxpayers with greater economic capacity to bear a greater tax burden (Parwati et al., 2024).

From the perspective of horizontal equity, when the NJOP for Rural and Urban Land and Building Tax (PBB-P2) lags behind market values, properties with comparable market characteristics may be subject to different tax burdens depending on when their respective local governments last updated the NJOP. This creates unjustifiable fiscal discrimination. Second, from the perspective of vertical equity, high-value properties that should contribute a greater amount of tax may instead be subject to very low tax liabilities because their NJOP has not been adjusted for an extended period. Meanwhile, lower-income groups may bear a disproportionate burden when adjustments are implemented drastically.

The case of Jombang Regency clearly illustrates this failure of distributive justice. A 1,202% increase in PBB-P2 within a single adjustment period not only affects the economic circumstances of taxpayers who had long benefited from exceptionally low tax assessments but also reveals the absence of fair protective mechanisms for taxpayers, particularly lower- and middle-income groups who own properties in areas experiencing substantial market appreciation. This situation contradicts Rawls's conception of justice, which requires that inequalities be permitted only when they benefit the least advantaged members of society.

Beyond its distributive dimension, adjustments to the NJOP for PBB-P2 must also be evaluated from the perspective of procedural justice. Procedural justice concerns fairness in decision-making processes and policy implementation, rather than merely the outcomes achieved. In the context of NJOP adjustments for PBB-P2, procedural justice requires transparency in the valuation process, taxpayer participation through objection mechanisms, consistency in the application of valuation methods, and accessible information regarding the basis for determining taxable values (Aryani et al., 2026) .

Procedural justice in the practice of adjusting the NJOP PBB-P2 remains far from ideal. Taxpayers generally become aware of changes to the NJOP only after receiving the Tax Due Notification Letter (SPPT), without adequate explanations of the underlying calculation methods. This practice is inconsistent with the principles of good governance, which require transparency and access to information in all public policies, including fiscal policies. Furthermore, the absence of uniform standards for NJOP valuation methods across regions results in inconsistencies in procedural implementation. Taxpayers in two different administrative regions who own properties with similar characteristics may be subject to substantially different tax burdens, not because of differences in market conditions, but solely because of variations in local government policies and valuation capacities. Such procedural inconsistencies undermine the legitimacy of the local taxation system and foster perceptions of injustice, ultimately reducing taxpayer compliance.

The determination of the NJOP for PBB-P2 at three-year intervals, or at the earliest once a year, must be consistent with the principle of the public interest (al-maṣlaḥah al-'āmmah). This principle requires that every public policy, including taxation policy, be directed toward maximizing benefits for society while preventing harm (maḍarrah (Nasrulloh et al., 2026). Drastic adjustments to the NJOP without adequate protective mechanisms clearly cause harm

(maḍarrah) to taxpayers, particularly economically disadvantaged groups who lack the financial capacity to absorb sudden increases in their tax burdens.

Based on the foregoing discussion, this study recommends that the government establish whether adjustments to the NJOP for Rural and Urban Land and Building Tax (PBB-P2) based on changes in market prices should be mandatory or discretionary. NJOP adjustments for PBB-P2 should be understood as part of local tax governance oriented toward the public interest (maṣlaḥah ‘āmmah). From this perspective, NJOP adjustments serve not only to maintain the relevance of taxable property values in relation to evolving market values but also to ensure the sustainability of local revenue as a source of funding for development and the provision of public services. Mandatory and standardized NJOP adjustments are essential to establishing legal certainty, ensuring consistency in valuation, and reducing the potential for arbitrariness in tax assessment. A clearly defined adjustment cycle, such as requiring adjustments at least once every three years based on verifiable market-value data, could help local governments maintain a tax revenue base that keeps pace with economic developments and changes in property values. However, such standardization must be accompanied by measurable valuation guidelines, adequately qualified valuation personnel, and data validation mechanisms to ensure that NJOP assessments for PBB-P2 reasonably reflect the actual characteristics and conditions of taxable properties.

Furthermore, the principle of maṣlaḥah ‘āmmah requires that increased local revenue resulting from NJOP adjustments for PBB-P2 genuinely contribute to public welfare rather than serve merely as an instrument for increasing fiscal revenue. Optimally managed PBB-P2 revenue can strengthen local governments’ fiscal capacity to finance development programs, basic infrastructure, education, healthcare, and high-quality public administrative services. Accordingly, a relationship exists between reasonable NJOP assessments for PBB-P2, the optimization of local revenue, and the fulfillment of public needs through quality public services. Nevertheless, public benefit cannot be measured solely by increases in tax revenue; it must also be assessed in terms of the government’s ability to ensure that tax burdens remain proportionate and do not cause harm to taxpayers, particularly low-income groups. The implementation of phased NJOP increases for PBB-P2, the provision of tax relief for eligible groups, transparent objection procedures, and disclosure of information regarding the basis for valuation are essential to achieving tax justice. Within this framework, a standardized, transparent, and public-service-oriented policy for adjusting the NJOP for PBB-P2 embodies the principle of maṣlaḥah ‘āmmah—namely, a fiscal policy that balances the interests of government revenue with the protection of the rights and welfare of the public.

Conclusion

Based on the findings of the analysis, adjustments to the NJOP PBB-P2 constitute an important instrument for maintaining the alignment of the tax base with developments in market values and supporting the optimization of local revenue. Accordingly, a mandatory and standardized framework for periodic NJOP adjustments, providing legal certainty, is necessary, accompanied by measurable valuation guidelines and the use of accurate and

verifiable data. Such standardization is essential to reducing valuation disparities across regions, preventing potential arbitrariness, and ensuring that NJOP assessments are based on objective conditions. Thus, NJOP adjustment policies should not be oriented solely toward increasing local revenue but must also take into account fairness, the proportionality of tax burdens, transparency, and the protection of taxpayers' rights.

From the perspective of *maṣlaḥah 'āmmah* (the public interest), regular and standardized NJOP adjustments can support the sustainability of local governments' fiscal capacity to finance development and improve the quality of public services. The optimization of PBB-P2 revenue is expected to contribute to the implementation of development programs and the provision of high-quality public services, including infrastructure, education, healthcare, and administrative services. However, such public benefits cannot be measured solely by increases in tax revenue; they must also be assessed in terms of the government's ability to balance fiscal interests with public welfare. Therefore, phased NJOP increases, tax relief for eligible groups, effective objection mechanisms, and transparency in the disclosure of valuation information are essential components of a fair taxation policy. Accordingly, NJOP adjustments grounded in the principle of the public interest must reconcile legal certainty, tax justice, sustainable local revenue, and improvements in the quality of public services.

This study has methodological limitations because it is based on normative legal analysis without an in-depth examination of quantitative empirical data from specific regions. Future research is recommended to combine normative legal approaches with field studies or taxpayer perception surveys to obtain a more comprehensive understanding of the issue. The principal recommendation of this study is to reform the regulatory framework by establishing a binding requirement for periodic NJOP adjustments for PBB-P2, accompanied by uniform technical valuation standards, taxpayer protection mechanisms, and an effective public transparency system.

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