Vol. 3 No. 4 Edisi Agustus - Oktober 2026 E. ISSN. 3032-2472
Multidisciplinary Indonesian Center Journal (MICJO)
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ANALYSIS OF NON-METALLIC MINERAL AND ROCK MINING ENTREPRENEURS' COMPLIANCE IN OPTIMIZING NON-METALLIC MINERAL AND ROCK TAX REVENUE IN BULUNGAN REGENCY

ANALISIS KEPATUHAN PENGUSAHA PERTAMBANGAN MINERAL BUKAN LOGAM DAN BATUAN DALAM MENGOPTIMALKAN PENERIMAAN PAJAK MINERAL BUKAN LOGAM DAN BATUAN DI KABUPATEN BULUNGAN

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DOI: https://doi.org/10.62567/micjo.v3i4.3118

Abstract

This study analyzes the compliance of non-metallic mineral and rock (MBLB) mining entrepreneurs in optimizing MBLB tax revenue in Bulungan Regency, North Kalimantan Province, Indonesia. Using a qualitative research design with a narrative-qualitative analytical approach, data were collected through in-depth interviews with three key informants at the Regional Revenue Agency (Badan Pendapatan Daerah) of Bulungan Regency, supplemented by secondary data including regional revenue reports, tax realization records, and mining licensing documents from 2023 to 2025. The findings reveal that compliance among mining operators remains extremely low: out of approximately 24 mining entrepreneurs, only 3–4 entities with valid permits routinely report and pay their MBLB tax obligations. The consistently exceeded revenue targets are attributable primarily to a single dominant enterprise (PT. PJA) and supplementary collections from construction contractors, rather than to widespread voluntary compliance. Four principal obstacles impede compliance: (1) complex and costly mining permit acquisition processes, (2) insufficient understanding and awareness among small-scale miners regarding tax obligations, (3) inadequate government monitoring and surveillance of mining activities across the regency's vast terrain, and (4) limited human resources and budgetary capacity of the regional tax administration. The study concludes that a multi-stakeholder approach integrating simplified licensing pathways, targeted taxpayer education, strengthened inter-agency enforcement, and enhanced digital monitoring systems is essential to transform mining tax compliance from a coerced obligation into a culture of voluntary participation, thereby optimizing regional own-source revenue.

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Keywords : Tax Compliance, Non-Metallic Mineral and Rock Tax, Mining Entrepreneurs, Regional Own-Source Revenue, Bulungan Regency.

Abstrak

Studi ini menganalisis kepatuhan para pengusaha pertambangan mineral bukan logam dan batuan (MBLB) dalam upaya mengoptimalkan penerimaan pajak MBLB di Kabupaten Bulungan, Provinsi Kalimantan Utara, Indonesia. Dengan menggunakan desain penelitian kualitatif melalui pendekatan analisis naratif-kualitatif, data dikumpulkan melalui wawancara mendalam dengan tiga informan kunci di Badan Pendapatan Daerah Kabupaten Bulungan, serta didukung oleh data sekunder yang mencakup laporan pendapatan daerah, catatan realisasi pajak, dan dokumen perizinan pertambangan periode 2023–2025. Hasil penelitian menunjukkan bahwa tingkat kepatuhan pelaku usaha pertambangan masih sangat rendah; dari sekitar 24 pengusaha pertambangan, hanya 3–4 entitas yang memiliki izin sah yang secara rutin melaporkan dan memenuhi kewajiban pajak MBLB mereka. Target penerimaan yang secara konsisten terlampaui terutama disebabkan oleh satu perusahaan dominan (PT. PJA) dan tambahan penerimaan dari kontraktor konstruksi, bukan karena adanya kepatuhan sukarela yang meluas. Terdapat empat hambatan utama terhadap kepatuhan: (1) proses perolehan izin pertambangan yang rumit dan memakan biaya besar, (2) kurangnya pemahaman dan kesadaran pelaku usaha pertambangan skala kecil mengenai kewajiban pajak, (3) pengawasan pemerintah yang belum memadai terhadap kegiatan pertambangan di wilayah yang sangat luas, serta (4) keterbatasan sumber daya manusia dan kapasitas anggaran pada instansi pengelola pajak daerah. Studi ini menyimpulkan bahwa pendekatan multipihak yang mengintegrasikan penyederhanaan jalur perizinan, edukasi wajib pajak yang terarah, penguatan penegakan hukum lintas instansi, dan peningkatan sistem pemantauan digital sangat diperlukan untuk mengubah kepatuhan pajak pertambangan dari sekadar kewajiban yang dipaksakan menjadi budaya partisipasi sukarela, sehingga dapat mengoptimalkan pendapatan asli daerah.

Kata Kunci : Kepatuhan Pajak, Pajak Mineral Bukan Logam Dan Batuan, Pengusaha Pertambangan, Pendapatan Asli Daerah, Kabupaten Bulungan.

1. INTRODUCTION

Indonesia possesses abundant natural resources distributed across its vast archipelago. These resources—encompassing marine, atmospheric, and terrestrial assets—constitute one of the nation's fundamental economic pillars (Halim & Iqbal, 2019). Among these, non-metallic minerals and rocks (hereafter MBLB, from the Indonesian acronym Mineral Bukan Logam dan Batuan) represent a significant yet frequently underexploited source of regional revenue. Types of MBLB commonly extracted include limestone, andesite, granite, sand, gravel, and fill soil—all essential construction materials that support infrastructure development throughout Indonesia's provinces and regencies.

Under Law Number 23 of 2014 on Regional Government, authority over MBLB mining permits rests with provincial governments, while Law Number 1 of 2022 on Financial Relations Between the Central Government and Regional Governments assigns the taxation of MBLB extraction to regency/city administrations. This legislative framework creates a dual-authority structure: provinces issue mining permits while regencies collect the corresponding taxes. The MBLB tax is classified as a regional tax (pajak daerah) and constitutes a component of Regional Own-Source Revenue (Pendapatan Asli Daerah, or PAD), which serves as a critical indicator of a region's fiscal autonomy.

The subjects of MBLB taxation are individuals or entities engaged in the extraction or utilization of non-metallic minerals and rocks within a designated area. Mining entrepreneurs who commercially exploit these resources bear the obligation to report and remit MBLB tax based on their production volume, the type of mineral extracted, and prevailing benchmark prices established through

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gubernatorial decrees. The tax rate, as stipulated by Government Regulation Number 35 of 2023, is set at a maximum of 25% of the market value of extracted minerals measured at the mine mouth.

However, a persistent phenomenon observed across multiple Indonesian regencies is the non-compliance of mining entrepreneurs with their regional tax obligations. Many operators extract and commercialize MBLB resources without possessing valid mining permits, and consequently, without reporting their production or paying the associated taxes. This pattern of non-compliance is not unique to any single region but represents a systemic challenge in Indonesia's decentralized fiscal architecture.

Bulungan Regency, located in North Kalimantan Province, exemplifies this challenge. Despite possessing rich deposits of rock, sand, gravel, and other construction minerals across its 13,181.92 km² terrain—traversed by seven major rivers and bordered by mountainous terrain—the regency faces a persistent gap between its mining activity and its MBLB tax revenue. Data from the North Kalimantan Provincial Department of Energy and Mineral Resources indicate that as of 2025, approximately 26 mining enterprises operated in Bulungan Regency, yet not all possessed valid operational permits. Among those registered with the Regional Revenue Agency, only 3–4 operators consistently reported and paid their MBLB tax obligations on a monthly basis.

Importantly, the regency's MBLB tax revenue targets from 2023 to 2025 were consistently exceeded: realization reached 182.57% in 2023, 319.71% in 2024, and 243.49% in 2025. However, this apparent success masks a concerning dependence on a single dominant enterprise—PT. PJA, an andesite mining operation in Sekatak Subdistrict—and supplementary tax collections from construction contractors. The revenue figures thus reflect concentrated compliance rather than broad-based taxpayer participation, suggesting significant untapped potential if compliance could be expanded across the mining sector.

Given these circumstances, this study addresses two research questions: (1) How compliant are MBLB mining entrepreneurs in Bulungan Regency with their tax obligations, and what is the impact on MBLB tax revenue optimization? (2) What obstacles hinder the implementation of compliance by MBLB mining entrepreneurs in Bulungan Regency? The study aims to describe and analyze the compliance behavior of mining entrepreneurs and to identify the structural, institutional, and behavioral barriers that impede full compliance, thereby informing evidence-based policy recommendations for regional revenue optimization.

Compliance theory, as articulated by Tyler (1990, cited in Azzahra & Widodo, 2024), posits two perspectives that influence individuals' adherence to law: the instrumental perspective and the normative perspective. The instrumental perspective holds that compliance is driven by rational calculations of personal gain, where individuals weigh the costs of non-compliance (e.g., penalties, audits) against the benefits of evasion. The normative perspective, by contrast, frames compliance as a function of moral commitment—individuals comply because they perceive it as the right thing to do, even when non-compliance might serve their personal interests.

The Allingham-Sandmo model (1972, cited in Sustiyo & Permatasila, 2025) further elucidates tax compliance by framing taxpayer behavior as a decision under uncertainty: taxpayers balance expected gains from underreporting against the probability and magnitude of detection and punishment. This model predicts that compliance increases with higher audit probabilities and stiffer penalties, but its deterministic framework has been criticized for underestimating the role of trust, social norms, and institutional legitimacy.

The Slippery Slope Framework developed by Kirchler (2008) integrates both perspectives into a unified model. It proposes that tax compliance is determined by two interacting factors: trust in authority and power of authority. When trust is high, taxpayers exhibit voluntary compliance based on cooperative motivations. When governmental power is strong—through audits, enforcement, and sanctions—taxpayers exhibit enforced compliance driven by deterrence. The framework predicts four scenarios: (1) low trust and low power produce tax evasion; (2) low trust and high power generate enforced compliance; (3) high trust and low power foster voluntary compliance; and (4) high trust and high power achieve maximum compliance through both cooperative and deterrent channels.

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MBLB tax is a regional tax levied by regency/city governments on the extraction or utilization of non-metallic minerals and rocks within their jurisdictions. Under Law Number 1 of 2022, the tax base is the sales value of extracted minerals at the mine mouth, determined by multiplying production volume by benchmark prices established through gubernatorial decrees. The maximum tax rate is 25%, with an additional provincial surcharge (opsen) of 25% on the basic MBLB tax amount, as regulated by Government Regulation Number 35 of 2023.

MBLB materials are classified into two broad categories: non-metallic minerals (e.g., asbestosite, bentonite, sulfur, dolomite, feldspar, kaolin, zeolite) and rocks (e.g., andesite, basalt, limestone, granite, marble, pumice, sand, gravel, clay). Not all regions contain the same mineral deposits, and the taxable base varies accordingly. Extraction for household purposes not intended for resale, and minor excavation for utility installations (e.g., telephone poles, cable laying) that do not alter land surface function, are exempt from MBLB taxation.

Mining entrepreneurs in Indonesia bear two principal obligations under prevailing regulations. First, they must obtain appropriate mining permits as stipulated by Government Regulation Number 96 of 2021 on Mining Operations, which specifies several permit categories: Mining Business Permits (IUP), Special Mining Business Permits (IUPK), Community Mining Permits (IPR), Rock Mining Permits (SIPB), and Mining Service Business Permits (IUJP). Second, they must fulfill their regional tax obligations by reporting production volumes and remitting MBLB tax payments on a monthly basis to the regional revenue agency.

The intersection of these two obligations creates a compliance paradox: unlicensed miners who wish to pay taxes fear that doing so would expose their illegal status to law enforcement, potentially resulting in criminal prosecution. Conversely, the government's inability to extend tax collection to unlicensed miners results in a substantial revenue leakage that undermines regional fiscal capacity.

Several studies have examined MBLB tax compliance and optimization across Indonesian regencies. Damaryanan, Hammar, and Salosso (2026) found that taxpayer compliance and the management of Class C mineral extraction significantly influence regional own-source revenue optimization in West Papua Province. Wardhani (2018) analyzed MBLB tax in Aceh Singkil Regency and concluded that despite achieving revenue targets, compliance remained incomplete due to inadequate monitoring. Maulia (2017) investigated MBLB tax collection optimization in Lumajang Regency and identified regulatory compliance and enforcement capacity as key determinants. Cahyanti (2015) examined Class C mining permits in Karang Asem Regency and found that licensing irregularities directly affected regional tax receipts. More recently, Perwira, Daga, and Samad (2025) and Daga, Samad, and Mardana (2023) identified technological modernization and inter-agency coordination as critical factors in improving regional revenue collection efficiency.

2. RESEARCH METHOD

This study employs a qualitative research design with a narrative-qualitative analytical approach. Qualitative methodology was selected because the research aims to understand social phenomena in depth—specifically, the behavioral patterns, perceptions, and institutional dynamics underlying mining entrepreneurs' tax compliance decisions—from the perspective of the research subjects (Moloeng, 2002; Rasyid, 2022). The narrative approach allows the researcher to capture the richness of informant experiences and the complexity of compliance dynamics that cannot be adequately represented through quantitative metrics alone.

The research was conducted at the Regional Revenue Agency (Badan Pendapatan Daerah) of Bulungan Regency, North Kalimantan Province, which serves as the primary government institution responsible for MBLB tax assessment, collection, and enforcement within the regency. Data collection through interviews was carried out during July 2026.

Primary data were obtained through semi-structured in-depth interviews with three key informants occupying strategic positions within the Regional Revenue Agency:

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a) Head of the Regional Revenue Management Division (key informant), possessing extensive experience across staff and managerial positions (echelon IV through echelon III) over more than 15 years;
b) Head of the Regional Revenue Monitoring and Evaluation Division, with approximately 5 years of experience in the current position;
c) Head of the Regional Revenue Planning and Development Division, with approximately 4 years of tenure.

Secondary data comprised: Regional Own-Source Revenue (PAD) realization reports, MBLB tax target and realization records, mining entrepreneur registration data, Bulungan Regency demographic and economic profiles, and relevant legal and regulatory documents.

Data analysis followed the interactive model proposed by Miles and Huberman (1984, adapted by Sugiyono, 2014), consisting of three concurrent activities: data reduction (selecting, focusing, simplifying, and transforming raw data from field notes and interview transcripts), data display (organizing reduced data into narrative descriptions and structured matrices), and conclusion drawing/verification (interpreting patterns, drawing meanings, and verifying conclusions against the data through triangulation and member checking).

Research validity was ensured through triangulation of data sources (cross-referencing interview responses across the three informants), method triangulation (comparing interview data with documentary evidence), increased researcher persistence in data collection and analysis, and the provision of rich, detailed descriptions of the research context (Creswell, 2013).

3. RESULT AND DISCUSSION

Overview of Bulungan Regency

Bulungan Regency is geographically situated in the northern part of Borneo Island and is administratively divided into 10 subdistricts, 7 urban villages (kelurahan), and 74 rural villages (desa), with Tanjung Selor serving as the regency capital. The regency spans 13,181.92 km², with Peso Subdistrict constituting the largest area (3,142.79 km², or 23.84%). As of 2025, the total population was 170,239 persons (89,856 males and 80,383 females), with the majority employed in the service sector (48.74%), followed by agriculture (28.82%) and industry (22.44%).

The regency's topography—characterized by mountainous terrain, steep cliffs, and seven major river systems—provides abundant deposits of rock, sand, gravel, and fill soil. These natural resources, combined with growing demand for construction materials driven by infrastructure development in North Kalimantan Province, create significant mining activity that directly implicates MBLB taxation.

Table 1. Area of Bulungan Regency by Subdistrict

No.	Subdistrict	Area (km²)	Percentage (%)
1	Peso	3,142.79	23.84
2	Sekatak	1,993.98	15.13
3	Tanjung Palas Barat	1,615.28	12.25
4	Tanjung Palas Utara	1,525.00	11.57
5	Peso Hilir	1,197.64	9.08
6	Tanjung Palas Tengah	1,033.40	7.84
7	Tanjung Palas	758.59	5.75
8	Tanjung Selor	647.67	4.91
9	Tanjung Palas Timur	640.58	4.86
10	Bunyu	626.99	4.76
	Total	**13,181.92**	**100.00**

Source: BPS Bulungan Regency, 2026

MBLB Tax Revenue in Bulungan Regency

Bulungan Regency derives its Regional Own-Source Revenue from four principal sources: regional taxes, regional retribution, separated regional wealth management proceeds, and other

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legitimate PAD. Among these, regional taxes consistently represent the largest contributor, demonstrating year-on-year growth from Rp71.80 billion in 2023 to Rp90.28 billion in 2025.

Table 2. Realization of Regional Own-Source Revenue in Bulungan Regency, 2023–2025 (in Rupiah)

PAD Source	2023 (Rp)	2024 (Rp)	2025 (Rp)
Regional Taxes	71,800,026,794	77,050,156,383	90,279,091,285
Regional Retribution	38,417,136,269	12,634,217,757	24,152,177,742
Separated Regional Wealth	6,773,093,498	7,327,651,006	7,750,665,810
Other Legitimate PAD	48,917,499,068	78,099,597,694	58,367,755,826
Total PAD	**165,907,755,629**	**175,111,622,840**	**180,549,690,663**

Source: Regional Revenue Agency of Bulungan Regency, 2026

Among the various regional tax categories, the Specific Goods and Services Tax (PBJT)—comprising hotel, food and beverage, electricity, parking, and entertainment sub-categories—contributes the largest share at 66.74% of total regional tax revenue over the 2023–2025 period. The MBLB tax contribution, while growing in absolute terms, represents 15.38% of total regional tax revenue, ranking as the third-largest contributor after PBJT and the Land and Building Acquisition Tax (BPHTB).

Table 3. Contribution of Regional Tax Revenue by Type, 2023–2025

No.	Regional Tax Type	Total Revenue 2023–2025 (Rp)	Contribution (%)
1	PBB-P2 (Land & Building Tax)	19,854,114,164	0.93
2	BPHTB (Land Acquisition Tax)	59,343,619,976	2.79
3	PBJT (Specific Goods & Services)	1,419,897,997,076	66.74
4	MBLB Tax	327,251,459,425	15.38
5	Advertisement Tax	7,428,195,355	0.35
6	Groundwater Tax	4,696,587,440	0.22
7	Swiftlet Nest Tax	1,300,140,970	0.06
8	Motor Vehicle Tax Surcharge	270,459,175,476	12.71
9	Vehicle Transfer Tax Surcharge	17,897,984,579	0.84

Source: Regional Revenue Agency of Bulungan Regency, processed by researcher, 2026

Examining MBLB tax performance specifically, the data reveal a consistent pattern of targets being exceeded, with realization rates of 182.57% (2023), 319.71% (2024), and 243.49% (2025). The absolute revenue figures increased substantially from Rp8.22 billion in 2023 to Rp22.56 billion in 2025.

Table 4. MBLB Tax Target and Realization in Bulungan Regency, 2023–2025

Description	2023	2024	2025
Target (Rp)	4,500,000,000	1,868,700,000	9,265,198,432
Realization (Rp)	8,215,559,048	5,974,119,733	22,561,780,644
Achievement (%)	182.57	319.71	243.49

Source: Regional Revenue Agency of Bulungan Regency, 2026

MBLB tax revenue in Bulungan Regency is primarily derived from rock-based materials (andesite/crushed stone, mountain stone), followed by sand varieties (river sand, black sand), and fill soil. The dominant commodities reflect the regency's geological characteristics and the prevailing demand from construction projects across North Kalimantan Province.

Mining Entrepreneur Compliance Behavior

As of 2026, data from the North Kalimantan Provincial Department of Energy and Mineral Resources indicate 24 mining entrepreneurs operating in Bulungan Regency. Of these, 16 (66.67%)

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hold operational production permits, while 8 (33.33%) remain in the exploration phase. However, interview data reveal that the registered tax-paying population is far smaller than the total number of mining operators.

Table 5. MBLB Mining Entrepreneurs in Bulungan Regency by Permit Stage, 2026

No.	Permit Stage	Number	Percentage (%)
1	Exploration	8	33.33
2	Operational Production	16	66.67
	Total	**24**	**100.00**

Source: Department of Energy and Mineral Resources, North Kalimantan Province, 2026

The Head of the Regional Revenue Management Division stated during the interview:

"Bulungan has many hills and mountains containing rock and soil, while the rivers produce abundant sand, gravel, and mixed aggregate. Along the riverbanks and even in the middle of the Kayan River, many small boats are dredging sand—the locals call them ponton boats—their activities are clearly visible, yet not all of them pay taxes to the regional government." (Interview, July 6, 2026)

The Regional Revenue Agency has historically recorded approximately 11 mining entities as MBLB taxpayers. However, during the study period, only 3–4 operators with valid permits consistently reported and remitted their monthly tax obligations. The largest single contributor is PT. PJA, operating a crushed stone quarry in Sekatak Subdistrict, which alone accounts for the majority of monthly MBLB tax receipts.

Several manifestations of non-compliance were identified through the interviews:

a) Refusal to report or pay taxes, particularly by unlicensed (illegal) miners;
b) Under-reporting of actual production volumes, especially by operators who report only partially to reduce their tax burden;
c) Delayed submission of monthly tax reports (Surat Pemberitahuan Pajak Daerah/SPTPD);
d) Complete avoidance of the tax system by small-scale artisanal miners operating outside regulatory oversight.

To compensate for low compliance among mining operators, the Bulungan Regency government has extended MBLB tax collection to construction contractors through a dedicated Regional Head Regulation requiring contractors to pay MBLB tax on materials consumed before receiving government payments. This supplementary mechanism has proven effective in augmenting tax receipts but does not address the underlying compliance deficit among primary mining operators.

Obstacles to Compliance

The research identified four principal obstacles impeding mining entrepreneur compliance:

(1) Complex Mining Permit Acquisition. The process of obtaining valid mining permits—whether IUP, SIPB, or IPR—involves multiple stages of application, environmental impact assessment, and inter-agency coordination between provincial and regency authorities. For small-scale and artisanal miners with limited financial resources and technical expertise, these requirements pose prohibitive barriers. As noted by the Head of the Planning and Development Division: "Medium-to-small-scale miners simply don't have the human resources who understand how to navigate the system, and they lack the finances for environmental studies, mapping, and laboratory analyses required for permit applications" (Interview, July 13, 2026). Crucially, this creates a vicious cycle: without permits, miners cannot legally pay taxes; without paying taxes, they remain invisible to regulatory oversight.

(2) Insufficient Understanding and Awareness. Small-scale miners, particularly individuals or community groups extracting sand and gravel from rivers, often lack awareness of their tax obligations under prevailing regulations. Their limited educational background and physical remoteness from administrative centers compound this knowledge gap. Some operators genuinely do not understand that their extraction activities trigger MBLB tax liability, while others are aware but deliberately choose non-compliance to maximize profit margins.

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(3) Inadequate Monitoring and Surveillance. Bulungan Regency's vast terrain—spanning over 13,000 km² of mountainous and riverine landscapes—makes comprehensive field monitoring logistically challenging. Mining activities occur across dispersed and often remote locations that are difficult for government officials to access regularly. The Head of the Monitoring and Evaluation Division acknowledged: "The Regional Revenue Agency's authority is limited to administrative sanctions for non-reporting and non-payment under the Regional Regulation. We do not have the authority to prosecute or bring cases to court" (Interview, July 14, 2026). This jurisdictional limitation constrains the agency's ability to compel compliance from recalcitrant operators.

(4) Limited Institutional Resources. The Regional Revenue Agency faces quantitative and qualitative shortages in human resources competent in mining and geological assessment. Budget constraints further limit the agency's capacity for field surveillance, taxpayer outreach, and technological investments in digital monitoring systems. These resource limitations mean that even identified cases of non-compliance cannot always be pursued effectively.

Discussion and Theoretical Implications

The findings align with the Slippery Slope Framework (Kirchler, 2008) in several important respects. The low trust in government authority among illegal miners—who fear criminal prosecution if they register as taxpayers—corresponds to the framework's prediction that low trust coupled with low enforcement power produces tax evasion. Conversely, the relatively successful collection from licensed operators and contractors reflects enforced compliance achieved through regulatory mechanisms (regional regulations and contractor payment conditions), consistent with the framework's prediction that higher governmental power increases enforced compliance even in low-trust environments.

The study confirms the Allingham-Sandmo deterrence model's prediction that compliance is influenced by perceived detection probability. Many small-scale miners operate with a rational expectation that the likelihood of detection and punishment is low, given the government's acknowledged surveillance limitations. However, the persistence of voluntary compliance among certain operators—particularly PT. PJA—suggests that instrumental motivations (maintaining business reputation, securing government contracts) can substitute for normative compliance motivations in some contexts.

These findings support and extend previous research. Consistent with Damaryanan, Hammar, and Salosso (2026), the study confirms that mining entrepreneur compliance plays a crucial role in PAD optimization. Aligned with Wardhani (2018) and Perwira, Daga, and Samad (2025), it demonstrates that achieving revenue targets does not necessarily reflect broad-based compliance—concentrated contributions from few taxpayers can mask systemic non-compliance. The identification of licensing complexity as a primary compliance barrier echoes findings by Daga, Samad, and Mardana (2023) and Dahlan, Daga, and Suwandaru (2022), who emphasized that institutional and regulatory barriers significantly impede regional revenue optimization.

4. CONCLUSION

This study has analyzed the compliance of non-metallic mineral and rock (MBLB) mining entrepreneurs in optimizing MBLB tax revenue in Bulungan Regency, North Kalimantan Province. Based on the findings and discussion, the following conclusions are drawn:

First, compliance among MBLB mining entrepreneurs in Bulungan Regency remains critically low. Out of 24 registered mining enterprises, only 3–4 operators with valid permits consistently report and remit their monthly MBLB tax obligations. The consistently exceeded revenue targets (182.57%–319.71% during 2023–2025) are attributable primarily to a single dominant enterprise (PT. PJA) and supplementary collections from construction contractors, rather than to broad-based voluntary compliance. This pattern indicates that the current tax revenue structure is fragile and overly dependent on concentrated sources.

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Second, four principal obstacles impede the implementation of mining tax compliance: (a) complex and costly mining permit acquisition processes that create a vicious cycle of illegality and tax avoidance; (b) insufficient understanding and awareness among small-scale miners regarding their tax obligations; (c) inadequate government monitoring and surveillance capacity across the regency's extensive terrain; and (d) limited human resources and budgetary capacity within the regional tax administration. These obstacles interact synergistically—licensing barriers drive illegality, which limits tax awareness, which in turn reduces the tax base available for monitoring with already constrained resources.

Third, the study recommends a multi-stakeholder approach to transforming mining tax compliance. This includes: (i) simplifying and streamlining mining permit processes through inter-agency coordination between provincial and regency governments; (ii) implementing targeted taxpayer education programs that address the specific knowledge gaps and concerns of small-scale miners; (iii) strengthening enforcement capacity through formal collaboration with law enforcement agencies (Satuan Polisi Pamong Praja, police, and prosecutors); and (iv) investing in digital monitoring and surveillance technologies to extend the government's reach across remote mining sites. Future research should incorporate perspectives from mining entrepreneurs themselves and employ mixed-methods designs to quantify the relative influence of compliance determinants.

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