

## **Reconstruction of the Regulatory Framework on Exemptions or Relaxations for PT. PLN Assets in Relation to the Imposition of Rural and Urban Land and Building Tax**

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### **Abstract**

*This research is motivated by the disharmony of regulations concerning the imposition of Rural and Urban Land and Building Tax (PBB-P2) on electricity infrastructure assets owned by PT Perusahaan Listrik Negara (PLN) (Persero), such as substations, tower sites, and power plants. This disharmony arises from conflicting norms between Law Number 1 of 2022 concerning the Financial Relations between the Central Government and Regional Governments (the HKPD Law), which designates all land and/or buildings owned by business entities as objects of PBB-P2, and several Presidential Regulations, such as Presidential Regulation Number 109 of 2020 and Presidential Regulation Number 14 of 2017, which classify PLN's assets as part of National Strategic Projects (PSN) and national vital objects that should be granted special fiscal treatment in the form of PBB-P2 relaxation. This research is guided by two main questions: First, how should the regulatory construction of exemptions or relaxations of PBB-P2 on PLN's assets be formulated to ensure legal certainty? Second, what future regulatory recommendations can be proposed to provide legal certainty for PBB-P2 relaxation on PLN's assets? To address these questions, this research employs a normative (doctrinal) legal research method using three approaches: the statutory approach, the conceptual approach, and the historical approach, analyzed through prescriptive-analytical reasoning. Based on the findings and analysis, it is concluded that the imposition of PBB-P2 on PLN's assets continues to create normative conflicts between the HKPD Law and the Presidential Regulations on PSN, thereby generating legal uncertainty. The solution lies in revising the HKPD Law to provide exemptions for PLN's assets as PSN, while obligating regional heads to grant tax relief. This should be accompanied by the issuance of a Government Regulation regulating regional authority, central intervention, NJOP (Tax Object Sales Value) standardization, and fiscal coordination to guarantee legal certainty, energy sustainability, and fiscal justice.*

**Keywords: Reconstruction, Tax Relaxation, Land and Building Tax, PLN.**

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## **INTRODUCTION**

In the framework of realizing national development, the Government of Indonesia has adopted the development goals as mandated by the 1945 Constitution of the Republic of Indonesia as its main reference. The Constitution affirms that the welfare of the people is the primary objective of development. The economic structure of Indonesia is classified into three main pillars, namely private enterprises, state-owned enterprises (SOEs), and cooperatives. These three pillars hold strategic roles in supporting planned development. In this context, SOEs serve as important state instruments in managing strategic economic sectors. To optimize their contribution, the state encourages the strengthening of the SOE sector as well as an increase in state ownership of certain business entities, so that the benefits can be more significantly felt by society. (Akhyar et al., 2021).

In many developing countries, including Indonesia, SOEs dominate economic activities. Indonesian SOEs are divided into two forms, namely Persero and Perum. A Persero is a limited liability company in which the state holds at least 51% of the shares, operating on a profit-oriented basis. Meanwhile, a Perum is wholly owned by the state, does not take the form of shares, but is nevertheless required to generate profits while also providing goods and services for the public interest. One Persero that plays a vital role is PT PLN (Persero), the national electricity provider. Electricity is a basic necessity inseparable from modern life, and PLN has been the main operator of the electricity sector since the late 19th century. In carrying out its

activities, PLN applies the principles of Good Corporate Governance (GCG) as regulated by the Ministry of State-Owned Enterprises, in order to ensure reliable electricity services and prevent operational disruptions.(Jenar, 2022).

Amid growing competition and service demands, PT PLN is required to manage its assets effectively. Pursuant to the State Finance Law and regulations on the management of state-owned property, SOE assets, including those of PLN, are classified as state assets. These assets consist of land, buildings, equipment, and other supporting facilities. PLN controls a vast amount of land and buildings for the purposes of power plants, substations, transmission networks, as well as supporting facilities such as offices, warehouses, official residences, and vacant land. (Jaya, 2024). However, not all of these assets are optimally utilized. Some, in fact, generate maintenance costs and tax obligations that may lead to conflicts if not properly recorded or supervised.

Effective asset management includes stages of inventory, legal audit, valuation, optimization, and the development of an asset management information system. For PLN, one important aspect of asset management relates to taxation obligations. Tax objects attached to PLN's land and buildings are subject to the Rural and Urban Land and Building Tax (PBB-P2). This tax serves as an important source of local government revenue, particularly after the enactment of Law No. 1 of 2022 on Fiscal Relations between the Central Government and Regional Governments. This law strengthens the authority of regional governments to collect and manage PBB-P2 as a form of fiscal decentralization.(Moho, 2019).

Prior to the enactment of this law, the management of PBB-P2 was based on Law No. 28 of 2009 concerning Regional Taxes and Levies. However, its implementation faced various challenges, including disparities in revenue among regions, the under-optimization of local tax bases, and the limited authority of local governments. With the enactment of Law No. 1 of 2022, regional governments now possess broader authority, including the power to determine tax rates and the tax base.

Subsequently, this research bears relevance to the study conducted by Yudi Angga Syahputra from Universitas Islam Riau (2019), which examined the collection of PBB-P2 in Kepulauan Meranti Regency, focusing on the implementation process as well as the supporting and inhibiting factors of local PBB-P2 collection. However, this study differs substantially in its focus, as it emphasizes the reconstruction of regulatory provisions concerning the exemption or relaxation of PBB-P2 on assets owned by PT PLN (Persero), which are designated as national vital objects and part of National Strategic Projects (PSN). Its main concern lies in the regulatory disharmony between Law No. 1 of 2022 on Fiscal Relations between the Central Government and Regional Governments (HKPD Law) and several Presidential Regulations that provide special fiscal treatment. This research aims to make a theoretical contribution to the harmonization of tax law and offer practical recommendations to promote legal and fiscal certainty for PT PLN (Persero).

As a result, problems arise when PLN's electricity infrastructure assets—such as power plants, substations, and transmission tower sites, are classified as PBB-P2 taxable objects. In contrast, under Presidential Regulations on the acceleration of National Strategic Projects, electricity infrastructure is categorized as part of the PSN that must be prioritized and protected. Furthermore, the Presidential Regulation on the acceleration of electricity infrastructure development explicitly states that power generation, transmission, distribution, substations, and other supporting facilities are components of vital infrastructure managed under a self-management mechanism by PT. PLN (Persero).

This condition gives rise to legal disharmony between the law, which classifies PLN's infrastructure assets as regional tax objects, and the presidential regulations, which designate them as national strategic projects entitled to special treatment. Such normative contradictions

generate legal uncertainty, both for PLN in fulfilling its tax obligations and for local governments in optimizing regional tax revenue. Given this regulatory conflict, an in-depth study is required to analyze the legal status of PT PLN (Persero) as a PBB-P2 taxpayer concerning its electricity infrastructure assets. This study is expected to provide clarity—both in terms of legal certainty, regional fiscal interests, and the sustainability of public electricity services as a fundamental need of society.

## RESEARCH METHODS

This research is a type of normative (legal) research. According to Peter Mahmud Marzuki, in a conceptual/doctrinal framework, normative legal research is referred to as rule-based or dogmatic research, and naturally, this research is an inventory of positive law and contains prescriptive elements. (Marzuki, 2005). Furthermore, according to Jonaedi Effendi, the objects of normative legal research include legal principles, legal systems, and the level of vertical and horizontal synchronization. Therefore, in order to thoroughly examine the issues in this research, the researcher will present findings relevant to primary legal materials derived from legislation and secondary legal materials obtained from academic literature.(Jonaedi Efendi, 2018). The research approach used consists of a juridical approach and a conceptual approach. (Rizkia & Fardiansyah, 2023).

## RESULT AND DISCUSSION

Based on the analysis can describe more detail, as follows:

### **1. The Legal Construction of Regulatory Exceptions or Relaxations on The Assets of PT. PLN (Persero) with Legal Certainty**

The harmonization of the regulatory framework concerning the exemption of PT. PLN's assets in relation to the obligation to pay the Rural and Urban Land and Building Tax (PBB-P2) must be constructed upon an argumentative basis that emphasizes the principle of the hierarchy of laws and regulations. Within the Indonesian legal context, statutes (Undang-Undang) occupy a higher position than presidential regulations (Peraturan Presiden). Consequently, any regulation that gives rise to juridical consequences, particularly those concerning taxation and regional levies, must be grounded in statutory provisions. This aligns with Hans Kelsen's Stufenbau theory, which asserts that lower legal norms must not contradict higher ones. In cases where a conflict arises between a statute and a presidential regulation, the prevailing norm is that which is established at the statutory level.(Andrianto, 2020).

In the context of PLN's assets, regulatory conflict becomes evident in the relationship between Law No. 1 of 2022 on Fiscal Relations between the Central Government and Regional Governments (UU HKPD) and Presidential Regulation No. 109 of 2020 on the Third Amendment to Presidential Regulation No. 3 of 2016 concerning the Acceleration of National Strategic Projects. The UU HKPD explicitly grants authority to local governments to impose PBB-P2 on taxable subjects, including assets owned by state-owned enterprises (BUMN) such as PLN. Conversely, Presidential Regulation No. 109 of 2020 designates PLN's electricity infrastructure development as part of the National Strategic Projects (PSN), which logically requires full support, including exemption from PBB-P2 liabilities, in order to prevent any hindrance to project implementation.(Puspitaningrum, 2025).

Within the increasingly complex and integrated framework of national development governance, PT. PLN (Persero) cannot be viewed merely as an ordinary state-owned enterprise engaged in electricity provision. Rather, it must be regarded as a functional state entity with a

strategic role in safeguarding the continuity of national development through the guarantee of a reliable, sustainable, and equitable energy supply.(Akhyar et al., 2021). The necessity of electricity as the backbone of economic, industrial, transportation, educational, and public service activities renders the electricity sector a vital domain in the structure of a modern state.

In this regard, the state cannot simply delegate the responsibility of electricity infrastructure development to market mechanisms constrained by commercial logic. Instead, the state must intervene through strategic instruments, one of which is the direct appointment of PT. PLN (Persero) as the implementing body of the PSN, explicitly stipulated in the Annex of Presidential Regulation No. 109 of 2020 on the Third Amendment to Presidential Regulation No. 3 of 2016 concerning the Acceleration of PSN. This designation places PT. PLN (Persero) in a central position in implementing national-scale electricity projects, which encompass the construction of power plants, substations, transmission and distribution systems, as well as rural electrification and power connections for strategic industrial zones. With such a status, PT. PLN (Persero), normatively, is no longer merely a public corporation but a concrete manifestation of the state's effort to safeguard energy sovereignty and advance the public interest in this vital sector.

To ensure that the implementation of National Strategic Projects in the electricity sector proceeds optimally, the state has established additional legal instruments to facilitate their acceleration. The enactment of Presidential Regulation No. 4 of 2016 on the Acceleration of Electricity Infrastructure Development, further reinforced and expanded through Presidential Regulation No. 14 of 2017, illustrates this approach. These regulations not only prescribe acceleration procedures but also formulate fiscal and administrative instruments of a relaxative nature for PLN as the project executor. One crucial provision serving as the basis for granting fiscal facilities can be found in Article 6 paragraph (1) letter (d) of Presidential Regulation No. 14 of 2017, which stipulates:

*“The Central Government provides support to State-Owned Enterprises and Regional-Owned Enterprises as referred to in Article 4 paragraph (1) letter a, in the form of: ... d. facilities in the form of tax incentives and privileges in accordance with the provisions of laws and regulations.”*

Furthermore, state support in the utilization of assets is also affirmed in Article 35A paragraph (5), which stipulates: “The Central Government or Regional Government may provide concessions in the form of tariff formulas or rental rates for State/Regional-Owned Assets to business entities in the context of utilizing such assets for electricity infrastructure.” These two provisions constitute a concrete representation of the “developmental state” approach, wherein the state actively shapes a fiscal policy configuration conducive to accelerating development, particularly in sectors characterized as public utilities, such as electricity. In this normative structure, it is evident that the state recognizes the necessity of releasing part of the fiscal burden as a structural incentive to promote efficiency and accelerate project realization in the energy sector.(Megawati, 2022).

However, when the implementation mechanism of these strategic projects enters the sphere of fiscal relations between the central and regional governments, a normative fragmentation emerges that obstructs the smooth implementation of the previously established fiscal relaxation spirit. This is reflected in the Law on Fiscal Balance between the Central and Regional Governments (UU HKPD), particularly Article 38 paragraph (3)(b), which states: *“Land and Building Tax on Rural and Urban Areas (PBB-P2) that is used solely to serve the public interest in the fields of religion, social services, health, education, and national culture, and is not intended to generate profit.”*

This provision does not explicitly provide an exemption for electricity infrastructure assets owned by PT. PLN (Persero), even though such assets are utilized for public services within the framework of national strategic projects. Even in the explanatory section of the provision, the exempted objects are limited only to general public facilities, without mentioning

substations, transmission networks, or power plants as part of the infrastructure excluded from the imposition of PBB-P2. The absence of PLN's infrastructure from the exemption list has opened interpretative space for regional governments to continue imposing PBB-P2 on vital assets used by PLN in carrying out the state's strategic mandate. Consequently, PLN is burdened with taxes on operational buildings, substations, transmission towers, and other electricity facilities, notwithstanding that all of them are utilized to support public services and National Strategic Projects.

Here arises the issue of disharmony, which concretely juxtaposes two distinct legal regimes, both of which carry binding force. On one hand, the UU HKPD explicitly affirms taxation obligations as a principal instrument to support local revenue (PAD). Regional taxes, in this context, are not merely interpreted as formal fiscal obligations but also as a manifestation of regional fiscal independence guaranteed by the Constitution under the principle of regional autonomy. In other words, the UU HKPD situates taxation obligations as fundamental, insofar as they constitute one of the bases of legitimacy for local governments in carrying out public service functions, development, and societal welfare.

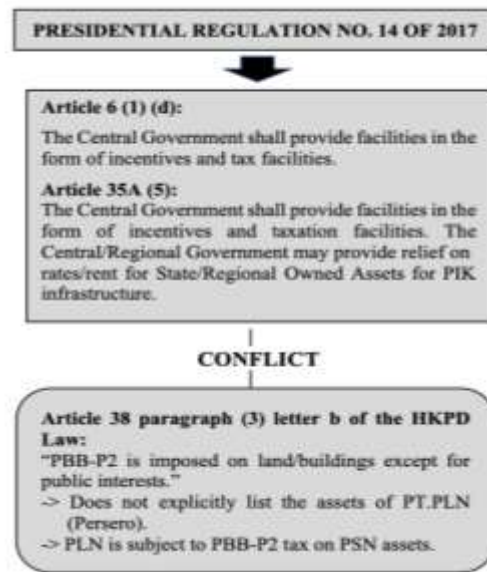
On the other hand, the Presidential Regulation (Perpres) introduces a different orientation. With its emphasis on accelerating national development, the Perpres legitimizes special treatment for strategic projects, including those undertaken by PLN, which substantively often necessitate tax concessions or even exemptions. This provision is intended to create a favorable climate for the realization of National Strategic Projects, particularly in the electricity sector, which serves as the backbone of economic growth and public service. (Azhar & Satriawan, 2018).

According to the researcher, it is precisely the contradiction between the taxation obligations mandated by the UU HKPD and the special facilities legitimized by the Perpres that creates a space of disharmony. Unless resolved promptly through an appropriate mechanism of regulatory harmonization, this condition will give rise to severe legal uncertainty. For PLN as a taxpayer, this uncertainty presents a dilemma: whether it must fully comply with tax obligations under the UU HKPD, or whether it may rely on the fiscal relaxations facilitated by the Perpres. Meanwhile, for regional governments as tax authorities, this uncertainty results in hesitation in determining and collecting taxes, since every decision made risks being challenged legally or administratively. (Sitepu, 2023).

Thus, harmonization between the UU HKPD and the Presidential Regulation becomes indispensable to ensure that strategic projects carried out by PLN are not hindered by an inflexible fiscal bureaucracy. To this end, concrete measures are required, either through revisions to the implementing regulations of the UU HKPD or through the issuance of a government regulation that explicitly includes PLN's electricity infrastructure assets as objects exempted from PBB-P2. Such a measure is not merely intended to reduce PLN's corporate burden, but more importantly, it forms part of the national agenda to establish a resilient and affordable energy structure for all Indonesian people.

**Picture 1.**

**Normative Issues: PBB-P2 on PLN Assets in National Strategic Projects**



In the tiered legal system as developed by Hans Kelsen in *Reine Rechtslehre* (Pure Theory of Law), legal norms are arranged in a hierarchical structure, wherein a lower norm derives its validity (juridical validity) from a higher norm. This concept was further expanded by Hans Nawiasky, who structured the legal order into four principal layers, namely: *staatsfundamentalnorm*, *staatgrundgesetz*, *formell gesetz*, and *verordnung und autonome satzung*. In the Indonesian context, this structure is normatively adopted within the legislative framework as regulated in statutory law, with a hierarchical order consisting of: the 1945 Constitution, Laws/Government Regulations in Lieu of Laws, Government Regulations, Presidential Regulations, and so forth. Accordingly, within this system, the principles of *lex superior derogat legi inferiori* (a higher rule overrides a lower one) and *lex specialis derogat legi generali* (a specific rule overrides a general one) apply.

Problems arise when there is a substantive conflict between the norms of a presidential regulation and those of a law, as illustrated in the context of PT PLN (Persero)'s role as the executor of National Strategic Projects, which should be granted facilities and ease in implementing electricity infrastructure development, but is, on the other hand, subjected to fiscal obligations under statutory provisions that do not provide relaxation with respect to such infrastructure assets. Theoretically, this condition reflects a vertical inconsistency within the normative system. Kelsen's theory requires that every norm not only be consistent with the norm above it but also refrain from obstructing the implementation of higher-level norms if it functions at the level of execution. Where a norm at the same or higher level implicitly or explicitly weakens the effectiveness of strategic development norms, such a situation indicates disharmony within the legal system.

Systemically, a sound legal system is one that is hierarchically consistent and normatively coherent. When a Presidential Regulation affirms fiscal facilities for the implementation of National Strategic Projects by PT. PLN (Persero), yet the prevailing law does not accommodate such fiscal policies, a horizontal conflict emerges (between fiscal policy and development policy), which is then manifested as a vertical conflict between implementing regulations and statutory mandates. In Kelsenian theory, law is a closed, logical system, and any inconsistency constitutes a systemic defect that can undermine both the validity and effectiveness of legal norms. Such disharmony also carries the potential to generate normative contradiction, namely a

situation where one norm mandates or permits an action while another, higher norm prohibits or burdens that same action.

Furthermore, legislation theory also teaches that the formulation of norms must adhere to the principle of systematic coherence of the legal system. Legal norms must not be enacted in isolation from existing norms but must take into account the structure of the legal system as a whole. The creation of fiscal norms that impose burdens on state entities tasked with implementing strategic national projects, without providing exemptions within the framework of public interest, is clearly in conflict with this principle. Therefore, every legislative product must be designed through a systemic and integrative approach so as not to generate internal legal disorder within the national legal system.

The Law on Fiscal Relations between the Central Government and Regional Governments (UU HKPD) grants broad authority to regional governments to collect local taxes, including the Rural and Urban Land and Building Tax (PBB-P2), as part of efforts to enhance regional fiscal independence. However, the regulation does not include provisions that explicitly exempt certain objects, such as state-owned strategic assets used for public interest and supporting National Strategic Projects. The assets of PT PLN (Persero)—particularly transmission networks, substations, and other electricity infrastructure—are integral to public services and national energy security. From a normative perspective, such assets possess the legal characteristics of vital national objects, which should not be subjected to full local tax burdens as doing so risks impeding the state's service functions.

The absence of exemption provisions in the UU HKPD creates serious legal ambiguity. In tax law doctrine, one of the fundamental principles is the principle of legal certainty, whereby taxpayers must know their rights and obligations clearly and definitively. When a norm does not explicitly stipulate whether certain assets are taxable or exempt, wide interpretive space arises for interested parties, both local governments and tax payers such as PLN. This ambiguity not only creates potential administrative disputes but also diminishes the overall quality of legal certainty, as the legal norm loses its directive force and imperative authority.

From the perspective of legislative theory, as developed by Hans Kelsen through the *Stufenbau des Recht* (hierarchy of norms), a legal system must be structured in a layered and consistent manner from the highest to the lowest norm. When a law such as the UU HKPD fails to incorporate harmonizing norms or exemptions for vital national objects, discontinuity arises between general norms (UU HKPD) and sectoral norms of a specific character (such as Presidential Regulations on PSN or sectoral regulations in the field of electricity). The absence of synchronization results in a conflict of norms, where two or more applicable regulations substantively contradict one another and cannot be applied simultaneously without creating legal uncertainty. (Muhtadi, 2011).

Thus, the urgency of normative harmonization is not merely an administrative or technical issue, but a fundamental necessity in preserving the consistency of the national legal system, ensuring legal certainty, and guaranteeing that all legal instruments operate in alignment toward the achievement of state objectives: protecting the public interest, fostering national development, and safeguarding the continuity of strategic public services, such as electricity provision by PT PLN (Persero).

## **2. Recommendations for Future Regulations with Legal Certainty**

This study demonstrates that the regulation of exemptions or relaxations of the Rural and Urban Land and Building Tax (PBB-P2) on the assets of PT. PLN (Persero) constitutes an urgent and rational necessity within the framework of national development and equitable fiscal governance. This urgency can be assessed from three interrelated and mutually reinforcing aspects. **First**, from the juridical aspect, neither the Law on Fiscal Decentralization (UU HKPD) nor its derivative regulations explicitly provide fiscal protection or exemptions for PLN's electricity infrastructure assets designated as National Strategic Projects (PSN) under the UU

HKPD. This regulatory gap creates legal uncertainty and opens the possibility of unilateral interpretation by local governments in imposing tax obligations on assets that are, in essence, vital to public service delivery and long-term development. By contrast, in other regulations governing PSN and electricity infrastructure, the central government emphasizes that accelerating energy infrastructure development is part of the public interest, which should be shielded from fiscal burdens inconsistent with the spirit of public service.(Andrianto, 2020).

**Second**, from the functional aspect, PLN's assets such as substations, transmission networks, and power plants form part of strategic public utility infrastructure that does not generate direct profit at their specific locations. The imposition of full taxation on these assets, without consideration of exemptions or relaxations, could increase the company's operational costs, ultimately resulting in higher electricity tariffs or reduced service efficiency. In the long term, such a situation not only disadvantages the state-owned company but also burdens society as beneficiaries of electricity services, while potentially diminishing overall national economic competitiveness, given that electricity constitutes a fundamental component in both industrial and social activities.

**Third**, from the institutional aspect, there exists a misalignment in coordination between the central and local governments regarding fiscal policy on PLN's assets. Although the central government has designated electricity projects as national priorities and classified them as PSN, this has not been followed by synchronized and concrete fiscal regulations at the regional level. Such discrepancies risk generating conflicts of authority between local fiscal bodies relying on their tax collection mandate and national policies aimed at efficiency and the acceleration of infrastructure development. In practice, this disharmony has led to various problems, including legal disputes, operational obstacles, and potential state losses stemming from regulatory conflicts among institutions.(Jusuf & Mazin, 2024).

Referring to Hans Kelsen's theory of legislation, law is understood as a hierarchical system of norms, in which higher norms regulate and confer legitimacy upon lower norms. Within this framework, the lack of coherence between PSN regulations (e.g., Presidential Regulations on PSN) and the UU HKPD as the legal basis for PBB-P2 collection illustrates a disharmony within the legal system. This contradiction undermines the principle of normative hierarchy in the national legal system and distorts the implementation of public policy.(Prianto, 2024).

Kelsen emphasizes that in a rational legal system, every norm must be coherent with one another. Hence, the misalignment between local fiscal policy and national strategic policy underscores the necessity of a structural normative reformulation, either through legislative amendments or the issuance of technical regulations that reconcile such disparities. The following recommendations are therefore proposed:

**Table 1.**  
Recommendations and Reconstruction of Regulations

| Aspects that Need to be Regulated                | Strategic Recommendations  | Form of Reconstruction   |
|--|--|--|
| Substantive Provisions of the HKPD on Law        | Revise Article 38 Clause (3) (UU HKPD).<br><br>Article 96 (UU HKPD). | <b>Additional clause:</b> “Assets owned by state-owned enterprises used in electricity projects designated as National Strategic Projects are <b>exempt</b> from PBB-P2.”<br><br><b>Clause (1):</b> Regional Heads shall grant relief, reduction, exemption, and deferral of payment of principal and/or penalties for Taxes and Levies <b>on assets owned by State-Owned Enterprises used in National Strategic Projects.</b>   |
| Subordinate Regulation (Implementing Regulation) | Enactment of Government Regulation                                   | The Government Regulation should focus on regulating the mechanism of fiscal <b>relaxation concerning the imposition of Rural and Urban Land and Building Tax (PBB-P2)</b> on electricity infrastructure assets owned by PT PLN (Persero). Such provisions must accommodate two fundamental aspects: <b>First, the authority of Regional Heads</b> to grant fiscal incentives in the form of relief, <b>reduction, exemption, or deferral of payment</b> of the principal and/or sanctions related to regional taxes and levies; and <b>Second, the policy intervention of the Central Government</b> in the form of adjustments to regional tax policies as part of National Strategic Projects (PSN), as regulated by a Presidential Regulation. |

*Source: Legal materials compiled by the author*

**Table 2.**  
Recommendations and Reconstruction of Regulations

| <b>Implementing Regulatory Aspect</b> | <b>Legal Basis</b>  | <b>Recommendation</b>   | <b>Formulation of Provision in Future Government Regulation</b>  |
|---------------------------------------|---|---|--|
| Regional Fiscal Relaxation            | Article 96 paragraphs (1)–(2) of Law No. 1 of 2022, Article 118 paragraphs (1)–(4) of Government Regulation No. 35 of 2023.     | Regional Heads are granted authority to provide fiscal incentives for electricity infrastructure designated as National Strategic Projects (NSP). | <i>“Regional Heads may stipulate the granting of relief, reduction, exemption, or deferment of payment on the principal and/or sanctions of Rural and Urban Land and Building Tax (PBB-P2) imposed on taxable objects in the form of electricity infrastructure owned by PT PLN (Persero) that has been designated as a National Strategic Project.”</i>           |
| Central Government Intervention       | Article 97 paragraphs (1) and (5) of Law No. 1 of 2022, Article 118 paragraphs (3)–(4) of Government Regulation No. 35 of 2023. | The Central Government may stipulate adjustments to regional fiscal policies in relation to national priority programs.                           | <i>“The Central Government may stipulate a policy of PBB-P2 relaxation at the national level in the form of reduction of the Tax Object Sales Value (NJOP) or the lowest tariff on electricity infrastructure assets owned by PT PLN (Persero) that are included in national priority programs, with adjustments regulated through a Presidential Regulation.”</i> |
| National Standardization              | Article 40 paragraph (5) of Law No. 1 of 2022.  | Determination of NJOP at a minimum of 20% nationally for PBB-P2 fiscal relaxation.  | <i>“The Tax Object Sales Value (NJOP) of electricity infrastructure assets owned by PT PLN (Persero) that cannot be exempted may be determined at a minimum of 20% as a form of national fiscal relaxation.”</i>   |

Source: Legal materials compiled by researchers

Based on the **first recommendation**, it is necessary to reformulate Article 38 paragraph (3) of the Law on Fiscal Relations between the Central and Regional Governments (UU HKPD). The need to formulate an explicit provision granting an *exception* from the imposition of Rural and Urban Land and Building Tax (PBB-P2) on assets owned by PT.PLN (Persero) constitutes a strategically significant step in normative terms. The electricity infrastructure owned by PT. PLN (Persero), such as substations, transmission networks, power plants, and other related facilities, essentially represents strategic public infrastructure that serves as the primary backbone for the continuity of essential services to both society and the business sector. If these vital objects are subjected to PBB-P2 without any special treatment, the result would not only be an increased fiscal burden on the state-owned enterprise but also a potential disruption to operational efficiency and the sustainability of national electricity provision.

The **second recommendation** concerns the amendment of the wording in Article 96 paragraph (1) of the UU HKPD, which obligates regional heads to provide relief, reduction, exemption, or deferral of payment of principal taxes and/or tax sanctions as well as levies. This obligation carries significant urgency when connected to the imposition of PBB-P2 on assets owned by PT PLN (Persero). If these vital objects are subjected to PBB-P2 without special treatment, the consequences would not only increase the fiscal burden on PT PLN (Persero) as a state-owned enterprise but also potentially disrupt operational efficiency and the sustainability of national electricity provision. Through the imperative nature of Article 96 paragraph (1), regional heads are no longer merely granted discretionary authority but are mandated to support national strategic interests through fiscal relief instruments. This formulation affirms that the imposition of PBB-P2 must not become an obstacle to the development of vital state infrastructure, particularly in the electricity sector, which plays a fundamental role in the lives of the people. Thus, emphasizing special treatment with respect to the imposition of PBB-P2 on assets owned by PT.PLN (Persero) is not merely about alleviating the fiscal burden on the SOE but constitutes a strategic normative decision to ensure operational efficiency, sustainability of national electricity provision, and harmonization between regional fiscal interests and the national strategic development agenda.

Finally, the **third recommendation** is that if amendments to Article 38 paragraph (3) and Article 96 paragraph (1) of the UU HKPD are not feasible, then the construction of provisions through a Government Regulation (PP) is necessary, given that a PP holds a central role as a strategic legal instrument to resolve regulatory conflicts in the imposition of PBB-P2 on electricity infrastructure assets owned by PT PLN (Persero). In this context, the drafting and enactment of a PP as a derivative of the UU HKPD becomes crucial to ensure legal certainty, fiscal certainty, and protection of vital state-owned assets.

## CONCLUSION

The provisions concerning the imposition of Rural and Urban Land and Building Tax (PBB-P2) on the electricity infrastructure assets of PT. PLN (Persero) continue to give rise to a normative conflict between the Law on Fiscal Decentralization (UU HKPD), which does not provide exemptions, and the Presidential Regulation on National Strategic Projects, which instead grants relaxation, thereby creating legal uncertainty that urgently requires harmonization. Therefore, firm regulatory measures are necessary through an amendment to the UU HKPD by introducing an explicit clause that exempts PLN's electricity infrastructure assets designated as National Strategic Projects (PSN) from PBB-P2 objects, as well as by revising the wording of Article 96 paragraph (1) from "may" to "shall," thereby obligating regional heads to grant relief, reduction, exemption, or deferral of PBB-P2 on PLN's vital assets.

In addition, a Government Regulation as an implementing regulation must be enacted to govern the authority of regional heads in granting fiscal relaxation, central government fiscal

intervention through the reduction of the taxable sales value (NJOP) or the setting of minimum tariff thresholds, the standardization of specific NJOP for PLN assets, and the coordination mechanism between central and regional governments to ensure that fiscal policies operate in a synchronized and proportionate manner. Through clearer and more imperative normative arrangements, legal certainty can be achieved, the sustainability of national energy infrastructure development can be secured, and fiscal justice between the central and regional governments can be realized.

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