

## E-PARTICIPATION IN THE MANAGEMENT OF TOBACCO EXCISE PRODUCTION SHARING FUNDS: AN INITIATION TO STRENGTHEN THE PRINCIPLES OF DECENTRALIZATION IN INDONESIA

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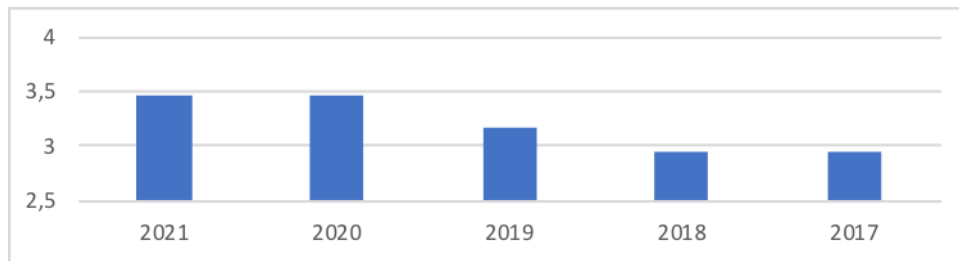
Article	Abstract
<p><b>Keywords:</b> decentralization, participation, stakeholders, Tobacco Excise Production Sharing Fund;</p> <p><b>History of Article</b> Received: April 1, 2022; Reviewed: April 11, 2022; Accepted: April 13, 2022; Published: April 14, 2022</p>	<p>The implementation of the Tobacco Excise Production Sharing Fund (<i>Dana Bagi Hasil Cukai Hasil Tembakau/DBHCHT</i>) still leaves a disharmony between justice and public benefit, considering that even though the revenue from tobacco excise revenue has increased, the allocation has not been able to cover losses in several impovitalas of the state, such as the field of community welfare, law enforcement, and health on the justification for the less control of cigarettes in society on behalf of excise levies on tobacco products. Two main conclusions were drawn based on a normative juridical study with a focusing principle of decentralization. First, there are still several obstacles and challenges in managing DBHCHT in Indonesia due to the inadequate participation of the stakeholders involved in the implementation of DBHCHT. Second, e-participation, which includes e-information, e-consultation, and e-cooperation, is needed so that the performance of DBHCHT management in Indonesia can run ideally based on the principle of decentralization. Even though the private industry holds the cigarette trade, it is compulsory to transfer the actual CHT as the mandate of decentralization principle in the 1945 Constitution due to the DBHCHT that local governments must accept in carrying out their functions and duties to develop their regions. It is recommended that the central government build an online DBHCHT system, including a website, to accommodate the running of e-participation so that decentralization in the implementation of DBHCHT produces the expected outputs and outcomes.</p>

### 1. INTRODUCTION

Tobacco Excise (Cukai Hasil Tembakau/CHT) is a source of income in Indonesia, as regulated in Law Number 11 of 1995 as amended by Law Number 39 of 2007 concerning Excise (Excise Law). With the enactment of regional decentralization and creating social welfare, the Government has determined the allocation of the Tobacco Excise Production Sharing Fund (*Dana Bagi Hasil Cukai Hasil Tembakau/ DBHCHT*) annually, as data for the

2017-2021 fiscal year are presented in Figure 1 below. Those data are taken from the Ministry of Finance Regulation (Peraturan Menteri Keuangan/PMKM) Number 230/PMK.07/2020, PMK Number 13/PMK.07/2020, PMK Number 12/PMK.07/2019, PMK Number 30/PMK.07/2018, and PMK Number 192/PMK.07/2017.

**Figure 1**  
**Tobacco Excise Production Sharing Fund for the Fiscal Year 2017-2021**  
**(in trillion rupiahs)**



Even though the data in Figure 1 show the significant increase of DBHCHT in 2017-2021, which has reached almost Rp3.5 trillion in 2021, or increasing of 40% compared to 2017, the regulations regarding the determination and distribution of DBHCHT also leave a disharmony between justice and public benefit. Considering that even though the results of tobacco excise have increased, it turns out that the allocation of only 2% of the realization of CHT achievements has not been able to cover losses in several vital areas of the state, such as the field of community welfare, law enforcement, and health, on the justification for the lax control of cigarettes in society on behalf of CHT levies. Kosen's research (2018) showed macroeconomic losses of almost Rp in community welfare. Six hundred trillion Six hundred to cigarette consumption in Indonesia in 2015, so cigarette consumption tends to harm efforts to improve public health and overall development<sup>1</sup>. In the illegal excise law enforcement sector, the side of law enforcement that is too strict will result in household cigarette factories (it will be difficult to develop if they have to be subject to excise as in large factories).

In contrast, big capital cigarette factories will survive. In the health sector, even though there is always a DBHCHT allocation to support programs in the health sector, there is always a tug-of-war in the form of a percentage of the total DBHCHT allocation. For example, the Minister of Finance Regulation (Peraturan Menteri Keuangan/PMK) Number 7 of 2020 has been revoked by PMK Number 206/PMK.07/2020 stipulates that 50% of Excise Production Sharing Fund in the current year and the remainder of the previous year must be used for the health sector, but PMK Number 206/PMK.07/2020 states that only 25% of the total Excise Production Sharing Fund allocation for the current year and the remaining Excise Production Sharing Fund must be used to support programs in the health sector. In fact, according to the research results in 2015, there were 1.99 mil-

<sup>1</sup> Soewarta Kosen, "Riset terbaru: kerugian ekonomi di balik konsumsi rokok di Indonesia hampir Rp.600 triliun", 2018, accessed on Oct 21, 2020, <https://theconversation.com/riset-terbaru-kerugian-ekonomi-di-balik-konsumsi-rokok-di-indonesia-hampir-rp600-triliun-89089>.

lion cases of 33 tobacco-related diseases, with the number of instances dying as much as 230.86 thousand deaths.

The unfair implementation of DBHCHT is reflected in the failure to cover losses in several vital areas of the state (such as the community welfare, law enforcement, and health) and the inadequate implementation of Article 18 paragraph (2) of the 1945 Constitution of the Republic of Indonesia (UUD 1945) and Article 1 number 20 Law Number 33 the Year 2004 concerning Financial Balance between the Central Government and Regional Governments (Financial Balance Law), imply that the regional community and regional government are still neglecting the regional communities and local governments who are entitled to actively participate in the implementation of DBHCHT by the principles autonomy, which requires consistent execution of decentralization in fostering autonomous regions and regional independence<sup>2</sup>. This attempt to examine and criticize the management of DBHCHT in Indonesia has also been charged in several works of literature. Suteki and Putri concluded that the formulation of policy for poverty alleviation through the management of DBHCHT in each region is different due to Law Number 9 of 2015 concerning Regional Government (second amendment to Law No. 23 of 2014) (Local Government Law), the Excise Law and PMK. So it is hoped that the regulation of the use of DBHCHT allocations is quite flexible, leading to more optimal management because it is intensive enough to involve all stakeholders<sup>3</sup>.

Then, Sari (2012) concluded that the division of authority between the Central Government and Regional Governments in the management of DBHCHT must meet the externality criteria (considering the impact/consequences arising from an administration of government affairs), the accountability criteria (which handles the more direct/closer level of government). With the impact/consequence of the matters dealt with, so that the accountability of the administration by the government to the community will be more guaranteed), and efficiency criteria (considering the availability of resources, such as personnel, funds, and equipment, to obtain accuracy, certainty, speed of results, and efficiency that must be achieved), which in its implementation pays attention to the harmony of relations between government structures<sup>4</sup>. Furthermore, Pramugar and Sinaga (2021) conclude that the performance of e-government in financial management (in this case, non-tax revenues) in Indonesia is currently still limited to applications and websites, even though there is overlapping licensing authority between the central government and regional governments. Thus, it is necessary to integrate checks and balances between the central government, provincial governments, and competent

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<sup>2</sup> Anis W. Hermawan, Henry D. P. Sinaga, and Leo B. Barus, "Legal Reconstruction of Tax-Sharing Funds in Indonesia: Towards the Progressive and Democratic Tax Function", *Advances in Social Science, Education and Humanities Research* Vol. 499 (2020): 153, < <https://doi.org/10.2991/assehr.k.201209.279>>.

<sup>3</sup> Suteki and Putri, Nastiti Rahajeng, "Kebijakan Pengaturan Penggunaan Dana Bagi Hasil Cukai Hasil Tembakau Dalam Program Pembinaan Lingkungan Sosial Guna Pengentasan Kemiskinan", *Administrative Law & Governance Journal*, Vol. 3, Issue 1 (2020): 124-152, < <https://doi.org/10.14710/alj.v3i1.124-152>>.

<sup>4</sup> Insana Meliya Dwi Cipta Aprila Sari, "Hubungan Kewenangan Antara Pemerintah Pusat Dengan Pemerintah Daerah Dalam Pelaksanaan Program/Kegiatan Alokasi Dana Cukai Hasil Tembakau", *Yuridika*, Vol. 27, No 3 (2012): 263-264, < <https://doi.org/10.20473/ydk.v27i3.299>>.

stakeholders based on transparency, participation, and accountability<sup>5</sup>. There is an unfair implementation of DBHCHT, the inadequate implementation of prevailing laws, and some literature that tries to review and criticize the management of funds in terms of the division of authority between the Central Government and Regional Governments in Indonesia. Then this study aims to answer the two main problem formulations that exist. First, how is the participation of related stakeholders in implementing the Excise Production Sharing Fund in Indonesia? Second, what ideal electronic involvement is based on decentralization in Indonesia's Excise Production Sharing Fund management?.

## 2. METHODS

This study is a normative juridical study, doctrinal legal study, or black-letter approach to doctrinal research. Doctrinal legal studies are research on laws conceptualized and developed based on the doctrines adhered to by the drafters and their developers<sup>6</sup>. This study views law as an autonomous system of regulations, which tends to focus more on the law in books when it wants to achieve its goal of implementing or enforcing legal rules in society<sup>7</sup>. So, the analysis of this study will produce a prescription, which has a view of the law in its form as a rule that determines what is allowed and what is not allowed to be done<sup>8</sup>.

This normative juridical research uses secondary data, which is data obtained indirectly from the first source, including, among others, laws and regulations, official documents, books, research results in the form of reports, and so on<sup>9</sup>. The secondary data consists of primary, secondary, and secondary legal materials<sup>10</sup>. Primary legal materials are binding materials, which in this paper, among others, use several prevailing laws and regulations; the secondary legal materials are legal materials that can explain primary legal materials, which in this paper include using books, research results, articles, while tertiary legal materials are legal materials that can explain primary and secondary legal materials, which in this paper include using dictionaries, encyclopedias, and web sites<sup>11</sup>.

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<sup>5</sup>Rintis Nanda Pramugar, and Reny Y. Sinaga, "E-Government in Optimizing Non-Tax Revenue of The Mining Sector in Indonesia", *Journal of Accounting and Finance*, Vol. 5, No. 1 (2021): 42, <<https://doi.org/10.25124/jaf.v5i1.3743>>.

<sup>6</sup> Soetandyo, Wignjosoebroto, *Hukum Paradigma, Metode dan Dinamika Masalahnya*, (Jakarta: Elsam & Huma, 2002).

<sup>7</sup> Michael Salter and Julie Mason, *Writing Law Dissertations: An Introduction and Guide to the Conduct of Legal Research*, (Essex: Pearson Education Limited, 2007), 118.

<sup>8</sup> Achmad Ali and Wiwie Heryani, *Menjelajahi Kajian Empiris terhadap Hukum*, (Jakarta: Penerbit Kencana, 2013).

<sup>9</sup> Amirudin and Zainal Asikin, *Pengantar Metode Penelitian Hukum*, (Jakarta: PT Raja Grafindo Persada, 2006), 31.

<sup>10</sup> Soerjono Soekanto, *Pengantar Penelitian Hukum*, (Jakarta: Penerbit Universitas Indonesia, 2010),

<sup>11</sup> *Ibid.*, 52.

### **3. ANALYSIS AND DISCUSSION**

#### **a. An Arrangement of the Tobacco Excise Production Sharing Fund and Its Relationship with the Stakeholders.**

This section is the most important section of your article. The analysis or results of Tobacco Excise Production Sharing Fund is regulated in Article 1 Law number 20 of the Financial Balance Law, Article 1 number 49, and Article 289 paragraph (1) letter b and paragraph (3) of Law no. 9 of 2015 concerning the Second Amendment to Law Number 23 of 2014 concerning Regional Government (Regional Government Law), and Articles 66A to 66D of the Excise Law.

Article 1 point 20 of the Fiscal Balance Law confirms that the profit-sharing fund (DBH/Dana Bagi Hasil) is sourced from the State Revenue and Expenditure Budget (APBN), allocated based on a percentage figure to fund regional needs in the context of implementing decentralization. In terms of the profit-sharing fund and its sources, there is an expansion of meaning in Article 1, number 49 of the Regional Government Law, which states that "funds originating from certain APBN revenues are allocated to producing regions based on certain percentage figures to reduce inequality in financial capacity between the Central and Regional Governments," while DBH originating from excise is explicitly regulated in Article 289 paragraph (1) letter b and paragraph (3) of the Regional Government Law.

As Article 66A of the Excise Law must be interpreted by the Constitutional Court decision Number 54/PUU-VI/2008, where the DBHCHT distribution of 2% of the realization of excise tax revenues is to finance the improvement of raw material quality and environmental quality so that all tobacco-producing provinces must be covered. Into an area entitled to receive an allocation of excise on tobacco products. Then Article 66B of the Excise Law regulates the distribution of the Tobacco Excise Production Sharing Fund by way of book entry from the state general cash account to the provincial available cash account and regency/city general cash account. Furthermore, Article 66C regulates the authority of the Minister of Finance in monitoring and evaluating the use of the Tobacco Excise Production Sharing Fund in the context of improving the quality of raw materials, fostering industry, fostering the social environment, socializing provisions in the excise sector, and/or eradicating illegal excisable goods, so that if there are indications of irregularities to be followed up by applicable laws and regulations, and Article 66D of the Excise Law regulates the imposition of sanctions in the form of suspension to termination of the Tobacco Excise Production Sharing Fund distribution in the event of misuse of the allocation of funds.

Provisions regarding Tobacco Excise Production Sharing Fund, which are regulated in the Fiscal Balance Law, Regional Government Law, and Excise Law, reflect the need to consistently protect the best interests of all stakeholders, which include, among others, the Central Government (Ministry of Finance), Regional Government, Non-Governmental

Organizations (NGOs) labor and tobacco/clove farmers<sup>12</sup>, cigarette industry, and other related communities, considering that stakeholders in an organization are people, or a group of people, or organizations, who participate or want to participate and have an interest in an activity, whose involvement can influence or be influenced by the action itself and can bring value (which can be positive or negative) for activities<sup>13</sup>. Of course, the protection of all competent stakeholders in the DBHCHT can be sustainable and maximally through information, communication, and technology facilities<sup>14</sup>, which are expected to result in public information disclosure in limiting all forms of abuse of authority and considering the rights of each stakeholder<sup>15</sup>. The existence of the information, communication, and technology in the management of the Tobacco Excise Production Sharing Fund will allow the availability of a shared database, the availability of a telecommunications network that allows the central government to maintain supervision, and also the decentralization of authority to Regional governments at the same time enabling other stakeholders (NGOs, tobacco farmers, and other competent communities) to access and input information, decision support tools (which allow decision-making to become part of the participation of each competent stakeholder), and automatic identification of each Tobacco Excise Production Sharing Fund activity<sup>16</sup>. So it can be said that the building of information, communication, and technology in the management of DBHCHT can increase the participation of all stakeholders in strengthening accountability, correctness, and appropriateness of reporting and accountability for procedures or processes<sup>17</sup> DBHCHT.

#### **b. Strengthening the Principle of Decentralization in the Management of the Tobacco Excise Production Sharing Fund**

Tobacco Excise Production Sharing Fund is a fund based on a specific percentage figure allocated by APBN to excise-producing and/or tobacco-producing regions in the context of implementing decentralization in Indonesia, so it is necessary to have a deep understanding of the principles of devolution so that the management of DBHCHT can be carried out fairly.

There are several understandings of decentralization. Maddick (1963) argues that decentralization is granting legal authority to carry out certain functions or other

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<sup>12</sup> Aditya Wirawan and Benny Rikardo P. Sinaga, "Fair And Beneficial Tobacco Excise Sharing Funds Regulations For Tobacco Farmers In Indonesia", *Advances in Social Science, Education and Humanities Research* Vol. 499 (2020): 635-637, <<https://doi.org/10.2991/assehr.k.201209.346>>.

<sup>13</sup> Massimo Pirozzi, *The Stakeholder Perspective: Relationship Management to Increase Value and Success Rates of Projects*, (Boca Raton: CRC Press, 2020), 8.

<sup>14</sup> E. N. Sinaga, and H. D. P. Sinaga, "Business process reengineering of school committee in Indonesia", in Hendayani, R., et al. (eds.), *Synergizing Management, Technology and Innovation in Generating Sustainable and Competitive Business Growth*, (London: Routledge, 2021), 85.

<sup>15</sup> Sinaga, H. D. P., and Bolifaar, A. H., "Blockchain Adoption for Plea Bargaining of Corpo-rate Crime in Indonesia", *ICBCT'20: Proceedings of the 2nd International Conference on Blockchain Technology*, March (2020): 115—119, <[10.1145/3390566.3391680](https://doi.org/10.1145/3390566.3391680)>. 2020.

<sup>16</sup> H. L. Bhaskar, "A critical analysis of information technology and business process reengineering", *International Journal of Productivity and Quality Management*, Vol. 19, No. 1 (2016): 98–115.

<sup>17</sup> Henry Dianto Pardamean Sinaga, F. X. Adji Samekto, and Joni Emirzon, "Ideal Corporate Criminal Liability for the Performance and Accreditation of Public Accountant Audit Report in Indonesia", *International Journal of Economics and Business Administration* Vol. 7, No. 4 (2019): 456.

functions into a legally established regional power<sup>18</sup>. Then, Rondinelli, Nellis, and Cheema (1983) interpret decentralization as the formation or strengthening, financially or legally, of government units in the regions whose activities are substantially outside the direct control of the central government<sup>19</sup>. Furthermore, Kelsen interprets decentralization as the process of distributing power or authority to make and decide policies and implement policies outside the top of the state hierarchy or throughout the country<sup>20</sup>. The understanding of decentralization is also contained in the prevailing laws and regulations in Indonesia, as Article 18 paragraph (2) of the Constitution states that "Provincial, Regency and City Government regulates and manages government affairs according to the principles of autonomy and co-administration" and the Law Regional Government which defines decentralization as the transfer of government affairs by the central government to autonomous regions based on the autonomy principle.

Some of these understandings of decentralization emphasize that about the DBHCHT, the decentralization that continues to emanate from executive power has had implications on regional autonomy, namely, the management of the DBHCHT that cannot be separated from the implementation of regional governance within the sphere of community interest at the regional level, as regional autonomy is a right, the authority and obligations of the autonomous region to regulate and manage government affairs and the interests of local communities in the system of the Unitary State of the Republic of Indonesia. In terms of allocating DBHCHT, decentralization is to create laws that apply locally or create a diversity of policies by the community's character so that decision-making by elements outside the top of the state can be implemented and accountable to the people in their territory. The rationality of decentralization in managing the DBHCHT cannot be separated from historical facts and the constitution's mandate, which shows Indonesia's vast territory and large population. These historical facts are based on the vision of the nation's founders towards democratization of government administration as a socio-economic and political necessity in covering Indonesia's vast territory and large population.

However, ideally, the decentralization function in allocating DBHCHT is not in line with practice considering that several problems still occur. One of them is related to the issues that are often experienced by some tobacco farmers, such as purchasing tobacco seeds and fertilizers (which are not cheap) from loans to moneylenders; the best quality tobacco harvest is only valued by the grader (the person who determines the price of tobacco and is an intermediary for the warehouse. cigarettes with farmers), and specific requests for assistance e.g.g, tractors to support production) but not approved by the

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<sup>18</sup> Henry Maddick, *Democracy, Decentralization and Development*, (Bombay: Asia Publishing House, 1963), 65-69.

<sup>19</sup> Dennis A. Rondinelli, John R. Nellis, and G. Shabbir Cheema, *Decentralization In Developing Countries, The Internasional Bank For Reconstruction And Developmen*", (Washington: The World Bank, 1983), 24.

<sup>20</sup> Hans, Kelsen, *General Theory of Law and State*, (New Brunswick and London: Transaction Publishers, 2006), 304.

central government<sup>21</sup>. So it is necessary to strengthen the principle of decentralization in the management of ideal DBHCHT because the direction of devolution should provide just legal certainty as a moral consideration<sup>22</sup> without having to ignore concerns of the value of public benefits as economic considerations regarding the arrangement of the DBHCHT that benefits the public should not ignore national interests that its main objective is to realize the ideals of the general welfare<sup>23</sup>, including the welfare of tobacco and clove farmers. The moral consideration standard of the just legal certainty can be based on Fuller's notion, which asserts that the formation of an excellent positive law must be based on internal legal morality, as the formal requirement that must be met as a law, and external legal character, as the legal requirements of legal substance if the law wants to be reasonable or fair and can function in society<sup>24</sup>. It is hoped that moral considerations as an effort to create good, appropriate, and working laws in society can guide the management of DBHCHT in one of the national goals as stated in the Preamble of the UUD 1945, namely promoting the general welfare, which according to Sukarno refers to the creation of a society or the nature of the just and prosperous society, happy for all, no humiliation, no oppression, and no exploitation<sup>25</sup>.

### **c. Active Participation of Stakeholders in Achieving Outputs and Outcomes of the Tobacco Excise Production Sharing Fund**

Ideally, the decentralization function becomes one of the foundations for protecting the interests of all stakeholders in the implementation of the DBHCHT, considering that DBHCHT, which is and has the benefit of the public, must be able to provide good out-puts and outcomes in its efforts to overcome certain (potential) losses<sup>26</sup>. Concerning the output achievements of DBHCHT, there are the following five programs: improving the quality of raw materials, developing industry, fostering the social environment, socializing provisions in the field of excise, and eradicating illegal excisable goods<sup>27</sup>, whereas outcomes of the Tobacco Excise Production Sharing Fund should refer to the character-

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<sup>21</sup> A. Wirawan and B. R. P. Sinaga, "E-Governance in tobacco excise sharing funds: An Initiative to reduce the poverty of tobacco farmers in Indonesia", in Hendayani, R., et al. (eds.), *Synergizing Management, Technology and Innovation in Generating Sustainable and Competitive Business Growth*, (London: Routledge, 2021), 245-251.

<sup>22</sup> Henry D. P. Sinaga, Aditya Wirawan, Aditya, and Rintis N. Pramugar, "Reconstruction of Corporate Criminal Liability in Indonesia", retrieved from <http://sersc.org/journals/index.php/IJAST/article/view/20141>, *International Journal of Advanced Science and Technology* Vol. 29, No. 8 (2020): 1231-1240.

<sup>23</sup> A. W. Hermawan, and H. D. P. Sinaga, "Public Benefit Principle in Regulating E-Commerce Tax on Consumer's Location in Indonesia". Retrieved from <http://sersc.org/journals/index.php/IJAST/article/view/20137>. *International Journal of Advanced Science and Technology* Vol. 29, No. 8 (2020): 1212-1222.

<sup>24</sup> Lon L. Fuller, *The Morality of Law*, revised edition Ninth Printing, (New Haven and London : Yale University Press, 1973), 5.

<sup>25</sup> Sukarno, *Filsafat Pancasila Menurut Bung Karno*. Cetakan I, (Jakarta : P.T. Buku Seru, 2015), 186.

<sup>26</sup> Henry D. P. Sinaga, and Benny R. P. Sinaga, *Rekonstruksi Model-Model Pertanggungjawaban di Bidang Perpajakan dan Kepabeanan*, (Yogyakarta: PT. Kanisius, 2018), 35-36.

<sup>27</sup> Direktorat Jenderal Perimbangan Keuangan, "Laporan Pengelolaan DBH CHT Tahun 2018", Jakarta: Direktorat Jenderal Perimbangan Keuangan Kementerian Keuangan, retrieved on April 20, 2021 from <http://www.djpk.kemenkeu.go.id/wp-content/uploads/2019/05/buku-DBH-CHT-2018.pdf> , pp. 1-25, 2019.



istics of the imposition of excise following the Excise Law. , among others, to control tobacco consumption and control tobacco distribution in connection with its use, which may harm society<sup>28</sup>.

The understanding of outputs and outcomes in the context of decentralization reflects the right of each stakeholder to consistently participate actively in the management of the Tobacco Excise Production Sharing Fund, considering that its implementation tends to focus only on allocating the Tobacco Excise Production Sharing Fund by the Directorate General of Fiscal Balance (Direktorat Jenderal Perimbangan Keuangan /DJPK), which only exists in the capital city, which will be able to ignore the active participation of specific, more competent stakeholders. For example, Articles 66A - 66D of the Excise Law are within the scope of the Directorate General of Customs and Excise (Direktorat Jenderal Bea dan Cukai/DJBC) as well as Article 66C of the Excise Law concerning monitoring and evaluation, as well as Article 66D of the Excise Law concerning the imposition of sanctions; it is ideal if it involves DJBC which does have service offices up to to the regency/city<sup>29</sup>. Or, neglect will strengthen “Local Communities and Community Networks” and develop cooperatives among tobacco farmers regarding the allocation of the Tobacco Excise Production Sharing Fund, which will have an impact on tobacco production and quality, which of course, will also affect increasing tobacco excise revenue for the state and in minimizing the circulation of cigarettes. Illegal from abroad<sup>30</sup>.

Efforts to prevent deviations from the output and outcome achievements of the Tobacco Excise Production Sharing Fund need to be done by strengthening relations between stakeholders in three forms of civic participation: access to information, communication or consultation, and active participation or collaboration<sup>31</sup>. The Organization for Economic Co-operation and Development (OECD) emphasizes that information is related to the government's initiative to announce its policy-making or that the government allows its citizens to be able to access information related to its policies, such as access to public accountability reports, official newspapers and government websites. As for communication or consultation relating to the government's obligation to ask for and receive feedback from citizens on its policymaking, such talks will create a two-way relationship between the government and its citizens (for example, through public opinion surveys). Meanwhile, active participation relates to the active involvement of citizens in government policymaking (based on the principle of partnership), for example, open working groups, panels, and dialogue processes<sup>32</sup>.

Supervision carried out through the active participation of each competent stakeholder component is very relevant in various societal structures related to Tobacco Excise (Cukai Hasil Tembakau/CHT). Their objectives are to improve environmental, social, and

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<sup>28</sup> Ibid.

<sup>29</sup> Aditya Wirawan and Benny Rikardo P. Sinaga, Ibid.

<sup>30</sup> A. Wirawan and B. R. P. Sinaga, Ibid.

<sup>31</sup> Organization for Economic Co-operation and Development. *Benchmarking Digital Government Strategies in MENA Countries*, OECD Digital Government Studies”. Paris: OECD Publishing, 2017. Available in <http://dx.doi.org/10.1787/9789264268012-en>.

<sup>32</sup> Loc.cit.

economic conditions and the quality of community life and strive to contribute to social cohesion and individual and collective welfare<sup>33</sup>. In fact, it is in line with the understanding of several thoughts related to participation, such as Mannarini et al. (2010) which emphasizes that active community participation can improve social welfare through strengthening perceptions of individuals and groups that have been integrated and socially accepted as well as with individual and community self-confidence<sup>34</sup>, Leonard and Trusty (2016) who argue that management must be familiar with participatory management practices, which basically can influence or share in managerial decisions so that any supervision that is carried out can react positively<sup>35</sup>, and Lando (1999) who emphasizes that the participation process can reach far into the future to anticipate certain vital matters that have not been articulated<sup>36</sup>, it is appropriate that supervision through the active participation of all stakeholders independently and independently (as the participatory principle is a shared right and obligation by all stakeholders. The interest in preventing and eradicating any misuse of DBHCHT management will result in a critical attitude towards all irresponsible implementation of DBHCHT and against all non-transparent DBHCHT activities that are detrimental to achieving the output and outcome of DBHCHT itself<sup>37</sup>.

#### **d. E-Participation in Ideal Tobacco Excise Production Sharing Fund Management in Indonesia**

Concerning the public sector in the current era of globalization, the responsiveness of decentralization is expected to reach out to electronic governance that can increase system capacity (such as search engines, email contact information, and interactive features). So that efforts to improve the performance of decentralization, efforts must be supported by increasing the active participation of each stakeholder who refers to existing technological capabilities, such as interactive mechanisms that allow citizens to vote, provide comments on proposed government regulations, or personalize websites for special or specific interests<sup>38</sup>. Likewise, with active electronic participation (e-participation) of each competent stakeholder component in the implementation of DBHCHT, it must be an interactive form of decentralization that reaches the public and is accountability oriented because in adjusting the delivery of information and utilizing the power of interactive and two-way communication, participation the program must be integrated with internet services<sup>39</sup>.

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<sup>33</sup> Dumaria Simanjuntak, et al., "Reconstruction of Village Funds Supervision: An Action to Prevent Corruption in Village Funds Management", *Test Engineering and Management* Vol. 83 (March-April 2020): 11857-11856.

<sup>34</sup> T. Mannarini, A. Fedi, A., and S. Trippetti, "Public Involvement: How to Encourage Citizen Participation", *Journal of Community Appl. Soc. Psychol.* vol. 20, no. 4 (2010): 262-274.

<sup>35</sup> E. C. Leonard, and K. A. Trusty, *Supervision: Concepts and practices of management*, (Boston: Cengage Learning, 2016).

<sup>36</sup> T. Lando, "Public Participation in Local Government: Points of View", *Natl. Civ. Rev.* vol. 88, no. 2 (1999): 109-122.

<sup>37</sup> *Loc.cit.*

<sup>38</sup> Darrell M. West, *Digital Government: Technology and Public Sector Performance*, (New Jersey: Princeton University Press, 2005), 10-16.

<sup>39</sup> *Loc.cit.*

Regarding the management of DBHCHT, which tends to focus only on the allocation of DBHCHT solely by the central government (in this case, the Directorate General of Fiscal Balance/DJPK), will not be able to maximize the achievement of DBHCHT outputs and outcomes if the right to participate as a necessity for implementing decentralization consistently actively is not strengthened, given the active participation of each stakeholder component DBHCHT will be a means to demonstrate that fairness in the management of DBHCHT has been built, as the basic concept refers to the equal position of all citizens in law and government and the obligation to uphold law and government without exception<sup>40</sup>. The fair building of the DBHCHT will strongly oppose the centralized management of DBHCHT due to the many situations and conflicts that cannot be handled alone because these public authorities will often lack data, information, capacity, or power to deal with complex issues, such as responding to citizen demands for better public services despite limited budgets. Of course, these challenges will require the central government to pursue forms of closer and more creative participation and collaboration with regional governments and related non-institutional actors. Participation can increase the legitimacy of decisions and policy choices in supporting citizen empowerment and support. Restoring the unfair distribution of resources and power has been the basis for inequality, poverty, and social pressure. The strategic use of digital technology in increasing participation can substantially contribute to the creation of more inclusive forms of governance and decision-making, which will enable governments to understand citizens' evolving needs, ideas better, and resources held outside the public sector and help public authorities are turning to citizen-driven approaches to service delivery and governance and decision-making to some extent<sup>41</sup>.

The existence of various obstacles or obstacles that can hinder the achievement of the outputs and outcomes of DBHCHT due to legal/institutional centralism shows the need to strengthen decentralization through digitally supported participation that results in an inclusive DBHCHT policy. Enhancing participatory platforms to increase broader participation and effective follow-up<sup>42</sup> in the management of DBHCHT can be done by e-information, e-consultation, and e-cooperation, as a brief description is presented in Table 1 below.

**Table 1: E-Participation in the Ideal Management of DBHCHT**

No	Related Stakeholders	E-Information	E-Consultation	E-Cooperation
1	DJPK	(1) Website centralization and information disclosure; (2) collect and display the results (analysis) data [34]	(1) Website centralization; (2) Openness of consultation on each Tobacco Excise Production Sharing Fund policy; (3)	Website centralization and openness of cooperation in the Tobacco Excise Production Sharing Fund

<sup>40</sup> Elvrida N. Sinaga, et al., "Reconstruction Of E-Commerce Law In Addressing The Challenges Of E-Commerce In Indonesia: A Fairness Perspective", *Ayer Journal*, Vol. 27, No. 2 (2020): 109.

<sup>41</sup> Organization for Economic Co-operation and Development. *Benchmarking Digital Government Strategies in MENA Countries*, OECD Digital Government Studies". Paris: OECD Publishing, 2017. Available in <http://dx.doi.org/10.1787/9789264268012-en>.

<sup>42</sup> Loc.cit.

			Comments on all participants <sup>43</sup> .	
2	DJBC	Tobacco Excise (Cukai Hasil Tembakau/CHT) day per day achievements.	Actively involved in educating farmers and the tobacco industry down to the district/city level.	To be actively involved in evaluating and monitoring the use of the Tobacco Excise Production Sharing Fund down to the district/city level.
3	Regional government	Distribution and accountability of Tobacco Excise Production Sharing Fund allocations	(1) Acceptance and follow-up of complaints from tobacco farmers or the tobacco industry in their regions; (2) Interactive dialogue with tobacco farmers and the tobacco industry	Cooperate with the central government and LSM in the distribution of the Tobacco Excise Production Sharing Fund that is right on target
4	Cigarette Industry	Deposit Tobacco Excise (CHT) day per day	In terms of services from the government (central and regional) and	Partnership with tobacco farmers
5	Tobacco Farmers (including Cooperatives and Local Communities)	(1) Access to delivery of information (such as day-per-day tobacco production and sales); (2) Reporting and accountability of DBHCHT received.	Access to consultation (such as the realization of assistance and efforts to improve tobacco production and quality)	Access to collaboration
6	LSM (NGOs)	Data on the findings of DBHCHT distribution	Public opinion surveys and interactive dialogue	Partnerships with tobacco farmers and government

Table 1 above explains how the public participation mechanism through e-information, e-consultation, and e-cooperation reflects the decentralization principle in the policymaking of DBHCHT involving stakeholders consisting of DJPK, DJBC, and Regional Government, Cigarette Industry, Tobacco Farmers, and NGOs.

The ideal e-participation mechanism in managing DBHCHT in Table 1 shows that each stakeholder involved in DBHCHT must maximize e-information, e-consultation, and e-cooperation to strengthen the principle of decentralization in Indonesia. Tobacco farmers in various regions of Indonesia have to sell their tobacco products to the private sector. However, the sales are supposed to bring and increase added value to tobacco business development and quality through the allocation of targeted and efficient DBHCHT from the central government (DJPK) with great attention to inputs and complaints from

<sup>43</sup> Herbert Kubicek, and Georg Aicholzer, "Summary and Outlook". In Aicholzer, G., et al (eds.), *Evaluating e-Participation: Frameworks, Practice, Evidence*, (Cham: Springer International Publishing Switzerland, 2016), 333-350.

tobacco farmers or the tobacco industry in Indonesian regions, and also interactive dialogues that local governments should organize. The existence of an update on tobacco production that tobacco farmers sell to the private sector utilizing e-information, e-consultation, and e-cooperation, will serve as an alert warning system for DJBC in narrowing the space for private parties who do not or neglect to pay CHT obligations every day. Thus, the more excellent the CHT deposit, the greater the allocation of DBHCHT distributed by the regional government in the context of the decentralization principle that maximizes welfare and the development of facilities and infrastructure in the region, such as breaking the chain with intermediaries or moneylenders through providing access to cheap tobacco seeds and fertilizers and soft loans, to authorized banks or cooperatives, as well as selling the best quality tobacco harvests at the latest market prices.

#### 4. CONCLUSION

This study concluded that all stakeholders' participation in implementing the DBHCHT has not yet been implemented. There are still various obstacles and challenges in implementing DBHCHT management in Indonesia. Electronic participation is a requirement of the ideal decentralization principle in the management of DBHCHT in Indonesia, which fulfills inclusiveness and effectiveness and must be carried out at least based on e-information, e-consultation, and e-cooperation. It is recommended that the central government (in this case, the DJPK) build a transparent and account-able system and data to coordinate all DBHCHT implementation by creating a DBHCHT website (process and performance) that always displays information, communication, and consultation, and the latest active participation and cooperation. Even though the private industry holds the cigarette trade, the cigarette industry's obligation to always deposit actual CHT is the mandate from the decentralization principle in the 1945 Constitution; as in the CHT, there is the DBHCHT that local governments must accept in carrying out their functions and duties to develop their regions. Indeed, there are constraints in the form of a reasonably large budget in building e-participation in DBHCHT. Still, the long-term impact of effective and efficient implementation and supervision of the DBHCHT is a pay-off that shows the virtue of e-participation in DBHCHT in Indonesia.

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