ANALYZING THE STRATEGY OF THE BUDGET PORTRAIT IN INDONESIA

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ABSTRACT

The State Budget (APBN) is the main instrument in planning and managing state finances in Indonesia. The APBN describes the estimated state revenues and expenditures prepared to support fiscal policies and national development goals. This journal aims to provide a comprehensive portrait of the APBN, starting from the definition, structure, function, to the challenges faced in its preparation. In general, the APBN has two main components, namely state revenues and state expenditures, each of which plays a role in driving economic growth and creating equitable development. However, the implementation of the APBN faces a number of challenges, including dependence on tax revenues, frequent budget deficits, debt financing, and development disparities between regions. In recent years, the Indonesian government has attempted to improve the efficiency of APBN management by prioritizing infrastructure development, human resources, and reducing dependence on debt. In addition, transparent financial management based on mature planning is expected to support sustainable economic growth, poverty reduction, and improving people's welfare. Despite various challenges in its implementation, the APBN remains a very important tool in realizing the vision of long-term development and advancing the country's economy..

A. INTRODUCTION

The State Budget (APBN) plays a very important role in supporting economic and social development in Indonesia. As the main instrument of fiscal policy, the APBN is responsible for regulating government revenues and

expenditures used to achieve various macroeconomic goals, such as creating stable economic growth, increasing the distribution of public welfare, and reducing poverty levels. In practice, the portrait of the Indonesian APBN reflects complex dynamics, where state revenues are influenced by external and internal factors, such as fluctuations in global commodity prices, as well as changing domestic economic conditions.

State spending, on the other hand, is focused on several priority sectors, such as infrastructure, education, health, and energy subsidies, all of which have a significant impact on public welfare. However, although the APBN has a very strategic role, Indonesia faces a number of major challenges, such as the increasing budget deficit and limitations in managing public resources efficiently. Therefore, efforts to improve the taxation system, increase transparency, and strengthen accountability in managing the APBN are very important. Reforms in this fiscal policy are expected to create a more sustainable APBN and be able to optimally support national development in the future.

In addition, Indonesia's dependence on primary sources of revenue such as taxes and oil and gas also poses a challenge in designing a stable and resilient state budget. When world oil prices fluctuate or tax revenues decline, the government must face pressure to adjust state spending without sacrificing vital sectors. This leads to the need to design more diversified

policies in terms of revenue sources, including strengthening the non-oil and gas sector and improving the level of tax compliance of the community. This challenge also requires efforts to improve the tax system to be fairer and more efficient so that the country's fiscal burden can be better managed.

Meanwhile, in facing increasingly rapid and complex global developments, good APBN management requires not only a technical approach in budget planning and implementation, but also a long-term strategic vision. Focus on infrastructure development and improving the quality of human resources is the key to creating Indonesia's economic resilience. Therefore, the integration of fiscal policy and comprehensive development policy will determine the extent to which the APBN can drive the economy to achieve sustainable development goals. The implementation of appropriate,

transparent, and responsive fiscal policies to global and domestic economic dynamics will be very important in facilitating the achievement of these targets.

The importance of transparent and accountable APBN management is also a major highlight, considering that poor management can lead to potential budget misuse and reduce development effectiveness. Therefore, strengthening supervisory institutions such as the Supreme Audit Agency (BPK) and increasing public participation in monitoring budget use are essential to ensure that the state budget is used appropriately and for the benefit of the wider community. By strengthening APBN management, it is hoped that Indonesia can realize inclusive and sustainable economic growth that can overcome various social and economic challenges in the future.

B. METHOD

This study uses a qualitative approach with descriptive analysis to describe the portrait and dynamics of the management of the State Budget (APBN) in Indonesia. The data used in this study include official government documents, annual APBN reports, and literature studies related to Indonesia's fiscal policy from various trusted sources, such as the Central Statistics Agency (BPS), the Ministry of Finance of the Republic of Indonesia, and other research institutions. This qualitative approach was chosen to gain a deep understanding of the challenges, policies, and effectiveness of APBN implementation in the context of economic and social development in Indonesia.

Data analysis was conducted by reviewing fiscal policies reflected in the State Budget over the past few years, and evaluating the impact of these policies on the economy and public welfare. In addition, this study also involved interviews with economists and government officials who are competent in the field of state financial management to gain a broader perspective on issues related to budget deficits, transparency, and tax reform. Thus, this method is expected to provide a comprehensive picture of the management of the Indonesian State Budget and the steps that need to be taken to improve efficiency and sustainability in state budget management.

C. FINDINGS AND DISCUSSION

The State Budget (APBN) is a vital instrument in Indonesia's fiscal and economic planning. As a tool to achieve national development goals, the APBN has a broad impact on various aspects of people's lives, be it economic, social, or political.

1. Issue of APBN portrait in Indonesia

   a. Dynamics of State Revenue

   Indonesia's state revenues are mostly derived from the taxation and natural resources (SDA) sectors, especially oil and gas. Frequent fluctuations in global commodity prices have a direct impact on state revenues. During times when world oil prices are high, state revenues increase significantly, but conversely, when world oil prices fall, state revenues experience a fairly drastic decline. This shows Indonesia's high dependence on the oil and gas sector, which poses a risk to fiscal stability.

   In addition, tax revenue, although the main source of the APBN, also faces major challenges in terms of tax compliance. The Indonesian government has implemented several policies to increase tax revenue, such as tax amnesty, but the results have not been optimal. Low tax compliance rates, both from individuals and business entities, have resulted in the potential for greater tax revenue not being optimally utilized. In this context, more comprehensive and technology-based tax reform is very important to improve the efficiency and effectiveness of the Indonesian tax system.

   b. State Expenditure Allocation

   The Indonesian State Budget (APBN) prepares spending allocations with the aim of supporting inclusive economic growth and equitable distribution of public welfare. The sectors that receive the main attention in state spending are infrastructure, education, health, and energy subsidies. Infrastructure development, which includes roads, ports, and airports, is considered important to improve connectivity between regions and accelerate economic growth, especially in areas that have been left behind. Infrastructure also serves

to encourage investment and create jobs, which are key to poverty alleviation.

The education and health sectors also receive a fairly large portion in the APBN, as a form of government effort to improve the quality of Indonesia's human resources. Spending on the education sector, such as school construction, improving teacher quality, and scholarships for students, is a long-term investment that will support Indonesia's competitiveness in the global arena. Likewise with the health sector, where state spending is focused on improving health facilities and services to ensure the welfare of the people.

However, despite the large allocation of spending for these vital sectors, the problem of inequality and disparities between regions remains a major challenge. Although the APBN attempts to address inequality, the uneven distribution of resources between Java and outside Java, as well as between rich and poor regions, often makes these policies ineffective. The education and health sectors in certain regions still have low quality, while the high funding needs in remote areas are often not well accommodated.

c. Budget Deficit and Fiscal Challenges

One of the main challenges faced by the Indonesian government is the ever- increasing budget deficit. In recent years, Indonesia's budget deficit has experienced a significant spike, caused by the imbalance between state revenue and expenditure. Most of this deficit is financed through debt, both domestic and foreign debt. Although debt is used to finance development, excessive reliance on debt can be problematic if not managed carefully. High interest payments on debt can burden the state budget in the long run, reducing the ability to finance other vital sectors.

The increase in the budget deficit also reflects shortcomings in the management of state revenues and expenditures. One of the main causes is weak tax revenues, which are not in accordance with existing potential. In addition, large state spending on energy subsidies and employee spending also contributed to the deficit. Therefore, reforms in

the management of state spending, especially in the energy subsidy sector and employee spending, are very important so that the budget deficit can be controlled.

d. Transparency and Accountability of APBN Management

Transparent and accountable management of the state budget is very important to ensure that the state budget is used efficiently and effectively. One of the important findings in this study is the inefficiency in the management of state spending, which is caused by corrupt practices, budget waste, and lack of adequate supervision. Although supervisory institutions such as the Audit Board of Indonesia (BPK) have conducted audits and evaluations of the implementation of the state budget, there are still findings of irregularities in budget management.

In this context, increasing transparency and accountability in the management of the State Budget is very crucial. The government needs to implement a more open and technology-based information system, so that the public can more easily access information on the allocation and use of public funds. In addition, strengthening the role of the community in overseeing the use of the budget can also help ensure that the State Budget is truly used for the benefit of the people.

e. Tax Reform and Fiscal Sustainability

Tax reform is one of the important steps to improve Indonesia's dependence on debt and create a more sustainable fiscal system. This study highlights that the tax amnesty policy implemented in previous years only provided a short-term solution, and was not enough to address the fundamental problems in the tax system. Deeper reforms are needed to improve tax administration, expand the tax base, and increase public awareness and compliance with tax obligations.

The application of technology in the tax system, such as e-filing and e-payment, can increase the efficiency of tax collection and reduce the potential for tax leakage. In addition, the government also needs to focus on the informal sector and micro, small, and medium enterprises

(MSMEs), which have so far been difficult to reach in the Indonesian tax system.

2. Structure and Components of the Indonesian State Budget

The Indonesian State Budget (APBN) is the main tool used by the government to manage state finances, regulate revenue and expenditure in order to achieve economic, social and government development goals.

a. Country income

State revenue is all receipts received by the state to finance government and development activities. State revenue is divided into two main components, namely:

- Tax Receipts: This is the main source of state revenue derived from tax payment obligations by individuals, companies, and business entities. Tax revenue consists of several main types of taxes, namely:
  - Income Tax (PPh): Tax imposed on income received or obtained by taxpayers, both individuals and business entities.
  - Value Added Tax (VAT): Tax imposed on every transaction of goods and services that occurs in Indonesia.
  - Sales Tax on Luxury Goods (PPnBM): Tax imposed on the sale of luxury goods, such as luxury motor vehicles, jewelry, and luxury property.
  - Other taxes: Including motor vehicle tax, land and building tax, and other regional taxes.
- Non-Tax State Revenue (PNBP): This is state revenue originating from sources other than taxes, including the results of natural resource management, revenue from state-owned enterprises (BUMN), and revenue from grants or donations. Some of the main components of PNBP include:
  - Income from Natural Resources (SDA): Such as income from the exploitation of oil, gas and minerals.
  - Revenue from State-Owned Enterprises (BUMN): Dividends obtained from state- owned companies.

> ➤ Income from Others: Such as income from administrative fines, contributions, and the sale of state assets.

> ➤ Income from Grants: Receipts from foreign aid, either in the form of money or goods.

b. State Shopping

> State spending is spending made by the government to finance various development activities and programs aimed at improving public welfare. State spending consists of several main components, namely:

- Government Spending: This is the expenditure used to finance government activities, including civil servant salaries, operational costs of ministries/agencies, and expenditures related to public services. This expenditure also includes administrative and operational costs to carry out government functions.

- Capital Expenditure (Investment): Budget allocation for infrastructure development and long-term investment, such as the construction of roads, bridges, ports, airports, and other facilities. Capital expenditure aims to increase the country's economic capacity and facilitate long-term economic growth.

- Social Shopping: Is spending used to support social programs to improve the quality of life of the community. Social spending includes:

> ➤ Subsidies: Budget allocation for subsidies for energy, food, and other basic necessities provided to ease the burden on society.

> ➤ Education and Health Programs: Spending on the education and health sectors to improve the quality of human resources through the construction of educational facilities, schools, hospitals and other health services.

> ➤ Social Assistance: Budget allocation for direct cash assistance programs, food assistance, and various forms of support for the poor or vulnerable groups.

- Infrastructure Shopping: Investments made by the government to increase the capacity of national infrastructure that supports

economic activities, including the transportation, energy, and communication sectors. This spending is very important to accelerate economic development and equalize development between regions.

c. Budget Deficit

A budget deficit occurs when total government spending exceeds total government revenue. When a deficit occurs, the government must find sources of financing to cover the difference between government revenue and spending. Deficits can be caused by higher spending on development programs or other unavoidable spending, such as increased energy subsidies or social spending.

d. APBN Financing

Financing in the APBN is used to cover the budget deficit. This financing is usually done through two main sources:

- National Debt: The government can issue government bonds, both in the domestic and international markets, to obtain the funds needed to cover the deficit. This debt can be in the form of government securities (SBN), bonds, or foreign loans.

- Other Financing: In addition to debt, financing can also be obtained from other sources, such as the sale of state assets, dividends from state-owned enterprises, or receiving grants from countries or international institutions.

e. Budget Surplus

If state revenue exceeds state spending, a budget surplus will be created. This surplus can be used to reduce state debt or allocated to broader development programs. A budget surplus indicates more efficient fiscal management and can strengthen the state's financial position.

f. Function of APBN

The APBN has several important functions, namely:

- Allocation Function: Allocating resources to various economic and social activities to achieve development goals.

- Distribution Function: Helping distribute income among the community through social programs, subsidies, and equitable development.
- Stabilization Function: Regulating economic stability by controlling inflation, creating jobs, and ensuring macroeconomic stability.
- Control Function: Ensure that government spending remains under control and in line with national priorities and avoids budget waste.

g. Priority of APBN Usage

The APBN also determines priorities in the use of public funds to achieve certain goals. Some priorities that are often the main focus in the Indonesian APBN are:

- Infrastructure Development: Focus on building roads, ports, airports and other basic infrastructure to support economic growth.
- Improving Human Resources Quality: Investment in education and health to improve the quality of life and capabilities of Indonesia's human resources.
- Empowerment of People's Economy: A program that supports micro, small and medium enterprises (MSMEs), as well as empowering sectors that support inclusive economic growth.
- Poverty Reduction: Social assistance and subsidy programs aimed at poor and vulnerable communities to improve their welfare.

D. CONCLUSION

The portrait of the Indonesian State Budget (APBN) shows that the country's fiscal management faces various complex structural and conjuncture challenges. High dependence on the natural resource sector, especially oil and gas, makes state revenues vulnerable to global price fluctuations, which have a direct impact on budget stability. In addition, the contribution of taxes to state revenues is still relatively low, with major challenges related to increasing tax compliance and less than optimal management of the informal sector. Therefore, strengthening tax reform and diversifying revenue sources is essential to create a more stable and sustainable revenue base.

On the other hand, although the allocation of state spending is quite large for vital sectors such as infrastructure, education, and health, the imbalance in allocation between regions and inaccurate targeting of energy subsidies are still major problems. More equitable infrastructure development, especially outside Java, as well as improvements in more efficient and targeted subsidy management, are needed to support equitable development and reduce social disparities. In addition, debt financing used to cover the budget deficit also requires careful management so as not to burden the country's fiscal future.

To achieve more effective and sustainable state budget management, the Indonesian government needs to strengthen transparency and accountability in budget management. Implementing a digital system for budget monitoring, as well as increasing oversight by independent institutions, are important steps to ensure that public funds are used efficiently. In addition, developing sustainable economic sectors, such as the green economy and digital economy, as well as improving the quality of human resources, must be a priority in fiscal policy to create a stronger foundation for Indonesia's long-term development.

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