



Legal Review Of The Leakage Due To Misrepresentation Of Local Original Revenue Funds In Tebing Tinggi City In 2025

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Article Info	Abstract
Article History Received: 2025-08-05 Revised: 2025-08-06 Published: 2025-09-10 Keywords: <i>Criminal Liability, PAD Leakage, Night Market, Regional Tax, Corporations.</i>	<p>Tebing Tinggi City Regional Regulation Number 1 of 2024 serves as the basis for collecting Regional Taxes and Regional Levies, including in the entertainment sector. However, the implementation of night market entertainment at Sri Mersing Field showed a significant leakage of Regional Original Revenue (PAD). An investigation by the Anti-Corruption Community Communication (KOMAKI) revealed potential regional losses reaching more than IDR 439 million from the activities that took place from April 22 to June 5, 2025. This loss came from various levies such as food, beverages, parking, entertainment, advertising, and cleaning that were not paid legally, even though they were included as tax objects according to Article 23 and Article 27 of Regional Regulation No. 1 of 2024 concerning Regional Taxes and Regional Levies.</p> <p>Strong suspicions point to systematic tax evasion by legal entity night market organizers (corporations). This violation is not only administrative in nature, but has the potential to become a criminal offense based on Article 102 of Regional Regulation No. 1 of 2024 in conjunction with Article 181 of Law No. 1 of 2022, and can even be qualified as a criminal act of corruption by corporations according to Law No. 31 of 1999 in conjunction with Law No. 20 of 2001. Therefore, the importance of law enforcement for economic crimes that reaches structural aspects, including apparatus accountability and public oversight, is key to preventing systemic neglect in regional governance. This article aims to evaluate the form of violation of the Law on Misappropriation of Regional Original Revenue Funds. Normative legal research with field data shows an element of intent in tax evasion. Therefore, firm legal steps are needed to prevent repeated losses and strengthen the regional government oversight system. This approach is in line with the ideal of Law (Dassolen) to bridge intentionality with empirical reality (Dassein).</p>

I. INTRODUCTION

Regional taxes and levies are the backbone of Regional Original Revenue (PAD) in the implementation of autonomous governance. In this context, Tebing Tinggi City Regional Regulation Number 1 of 2024 concerning Regional Taxes and Regional Levies, exists as a form of legal tax and levy collection that covers the services, entertainment, food and beverage, and advertising sectors. However, in its implementation, deviant practices have occurred and have created the potential for PAD leakage

that is detrimental to regional finances. PAD leakage in the organization of night market entertainment in Tebing Tinggi is an unlawful act that can be subject to criminal liability, both for individuals and legal entities (corporations). One concrete case that has attracted public attention is the organization of night market entertainment at Sri Mersing Field, which took place from April 22 to June 5, 2025.

Based on the results of the Anti-Corruption Community Communication (KOMAKI) investigation, the potential state loss that should

have been included in the Regional Original Revenue (PAD) reached Rp439,475,000. This amount comes from levy sectors such as food and beverages, parking services, entertainment services, advertising, and cleaning that were not legally paid. The calculation of these levies has been explained in detail, including food and beverage levies from 61 kiosks operating for 44 days, parking services at 20 locations, entertainment in the form of music and skill games, billboard advertising, and waste management. All of these components are included in the tax object according to Article 23 and Article 27 of Regional Regulation No. 1 of 2024, but were not collected properly. Strong suspicions that this leak was caused by systematic tax evasion by the night market organizers who used a business entity in the form of a corporation. This raises serious legal problems, because it is not only administrative, but has the potential to become a criminal offense as regulated in Article 102 of Regional Regulation No. 1 of 2024 concerning Regional Taxes and Regional Levies. Article 181 of Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments can even be classified as a criminal act of corruption by corporations.

Within the framework of modern criminology, this act constitutes a form of white-collar crime that not only results in fiscal losses but also undermines the credibility of the regional tax collection system. Muhammad Arif Sahlepi emphasized that law enforcement against economic crimes must encompass structural aspects, including apparatus accountability and public oversight, to prevent systemic permissiveness that becomes ingrained in local governance. Furthermore, minimal oversight and weak law enforcement by regional governments contribute to regional revenue leakage. This demonstrates that criminal prosecution has not been a primary focus in regional revenue management, despite the far-reaching consequences.

This misappropriation of local revenue (PAD) not only causes financial losses but also has profound social and economic impacts. This leakage of public funds can hamper the development of vital infrastructure and social services, such as road repairs, improving health facilities, or subsidizing education.⁵ As a result, the wider community becomes an indirect victim of this corrupt practice, which in turn can fuel public distrust in the performance of local governments.

Therefore, it is important to legally review this act not simply as an administrative violation, but as a crime that undermines the social and economic order and requires strict criminal law enforcement.

In understanding the legal issues related to criminal liability for this PAD leakage, it is relevant to use the approach between Dassein (what happened) and Dassollen (what should have happened). Dassein in the legal context describes the empirical reality, namely the practice of evading levies and taxes by night market entertainment organizers. Conversely, Dassollen reflects the legal norms or ideals that should be complied with according to the provisions of the Regional Regulation and applicable laws and regulations. The discrepancy between Dassein and Dassollen reflects the weak effectiveness of the law, which according to legal experts must be immediately bridged through law enforcement reform based on corporate criminal liability. Thus, the initial statement in this study is that the PAD leakage from the night market organizers meets the elements of a criminal act and should be processed under the criminal law of corruption and tax crimes, with a Corporate Criminal Liability approach.

This view is reinforced by Suci Ramadani in her study, which emphasizes that proof in corporate crimes must be based on adequate criminal procedural law, so that it can ensnare the corporation as a responsible subject of criminal law. Furthermore, Rahmayanti in one of her studies highlights collective criminal liability carried out jointly in corruption crimes, which is relevant to the night market case where the fraudulent act allegedly involved many parties within a single corporate entity. This opinion is in line with Ismaidar, who researched that corporate criminal liability is an integral part of eradicating money laundering crimes that are often related to corruption and other economic crimes.

1. What are the legal arrangements that arise due to the leakage of misappropriation of local revenue funds in Tebing Tinggi City?
2. What are the forms of legal misappropriation of Tebing Tinggi City's original regional revenue funds in 2025?

II. RESEARCH METHODS

This research uses a normative juridical method with a qualitative approach. This method was chosen because the research focuses on

analyzing applicable legal norms and comparing them with the empirical reality of organizing night market entertainment in Tebing Tinggi City. Primary data was obtained from documentation of Regional Regulation No. 1 of 2024 and official reports from the public, particularly an open letter from KOMAKI. Secondary data was collected through literature review, in the form of criminal law books, scientific journals, academic papers, and laws and regulations related to regional taxes, corporate crimes, and PAD management.

Data analysis techniques are carried out using the following steps:

1. Inventory and interpretation of legal norms contained in Regional Regulation No. 1 of 2024 as well as criminal provisions in Law No. 1 of 2022 concerning the Regulation of Financial Relations between the Central Government and Regional Governments and the Corruption Law.
2. A field case study, namely the case of the leak of PAD from night market entertainment at Sri Mersing Field, to see the extent to which the implementation of legal regulations is taking place.
3. The theoretical analysis uses the theory of corporate criminal responsibility and the theory of economic crime, including a critical view from Muhammad Arif Sahlepi who highlights the weakness of the detection and enforcement system for corporate-based crimes in the local government environment.
4. Comparison of norms and practices, to formulate legal conclusions and realistic solutions for criminal law enforcement against violations in PAD management.

This research is descriptive-analytical in nature, with the aim of presenting a comprehensive picture of the legal dynamics that occur and providing constructive suggestions regarding the weakness of the regional fiscal oversight system.

III. RESULTS AND DISCUSSION

A. Legal Regulations Arising from the Leakage of Regional Original Revenue Funds in Tebing Tinggi City

Regional governance based on the principle of regional autonomy demands financial independence, one of the sources of which is Regional Original Revenue (PAD). PAD leakage, such as that seen at the night market in Tebing Tinggi City, is a serious problem that not only harms regional finances but also undermines the legal system and public trust. Therefore, a thorough understanding of legal regulations is necessary to prosecute perpetrators of this misappropriation.

Indonesian legal regulations adhere to the principle of "lex specialis derogat legi generali" (special law overrides general law). In this case, the primary legal regulation is Tebing Tinggi City Regional Regulation Number 1 of 2024 concerning Regional Taxes and Regional Levies. This regulation specifically regulates the types of taxes and levies imposed, rates, collection procedures, and sanctions for violators. However, when the violation is criminal in nature and involves a corporate entity, a higher legal regulation such as a law will be the primary reference. Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments (HKPD Law) is a strong legal basis because it gives regions the authority to impose criminal sanctions on violators in the field of regional taxation. Article 181 of the HKPD Law explicitly states that "any person who intentionally fails to submit a regional tax return or other required documents or commits other acts that cause losses to regional revenue, shall be punished with a maximum imprisonment of 2 years and/or a maximum fine of 4 times the amount of tax owed."

Outside the scope of the Tax Criminal Law, this act can also be qualified as a Corruption Crime if it meets the elements of state financial loss, as regulated in Law Number 31 of 1999 in conjunction with Law Number 20 of 2001 concerning the Eradication of Corruption Crimes (Corruption Law). In this context, Dr. Ismaidar in his scientific publication discusses in detail that the crime of money laundering which is often related to corruption, can ensnare corporations as legal subjects responsible. This is in line with Rahmayanti's view that highlights collective criminal responsibility carried out together in criminal acts of corruption.

Furthermore, criminal liability for corporations is also specifically regulated in

Supreme Court Regulation (PERMA) Number 13 of 2016 concerning Procedures for Handling Criminal Cases by Corporations. This PERMA provides guidance for law enforcement officials to identify and prosecute corporations involved in criminal acts. According to the PERMA, a corporation can be held criminally liable if the crime is committed by a Corporate Manager, within the scope of the corporation's business, for the benefit of the corporation, and the corporation fails to take preventative measures. This represents a legal breakthrough that enables effective law enforcement against complex economic crimes.

Essentially, misappropriation of regional revenue (PAD) that results in losses for the region is a criminal offense. However, in practice, law enforcement officials often struggle to prove the element of corporate fault (*mens rea*) because the fault is spread among the individuals working within the corporation. Addressing this challenge, Yasmira Mandasari Saragih, in her book **Introduction to Criminal Law: Transition of Criminal Law in Indonesia**, explains that corporate criminal liability can be based on theories such as vicarious liability or identification theory. These theories help law enforcement officials identify corporate fault, not just the individual perpetrator.

This view is also reinforced by Dr. Muhammad Arif Sahlepi, who emphasized the importance of law enforcement that encompasses structural aspects. According to him, failure to prosecute corporations committing economic crimes can create a moral hazard, where corporations feel safe continuing their misconduct because only individuals are punished, while the corporate entities that profit from it remain intact. Therefore, existing legal regulations in Indonesia are adequate, but the challenge lies in how these regulations can be implemented firmly and consistently.

B. Forms of Legal Misappropriation of Tebing Tinggi City's 2025 Regional Original Revenue Funds

The misappropriation of Regional Original Revenue (PAD) funds in Tebing Tinggi City in 2025, highlighted by the night market case at Sri Mersing Field, represents a structured form of legal violation. These forms of misappropriation can be classified into several types, ranging from administrative violations to criminal acts, which can ensnare both individuals and corporations.

First, misappropriation takes the form of administrative violations. Based on Regional Regulation No. 1 of 2024, every activity that generates regional revenue must have a permit and comply with reporting regulations. Administrative violations occur when night market organizers lack official permits, fail to report revenue honestly, or fail to fulfill proper recording and reporting obligations. These violations, while seemingly trivial, are the precursors to larger misappropriations. Administrative sanctions stipulated in the Regional Regulation, such as fines, permit revocation, or suspension of activities, should be the initial step to discipline the perpetrators. However, if these sanctions are ineffective, these violations will progress to a more serious stage.

Second, embezzlement in the form of criminal acts. The embezzlement that occurred at the Tebing Tinggi City night market has the characteristics of organized economic crime. Based on the KOMAKI report, there is a strong suspicion that there was manipulation of turnover data and tax evasion. Embezzlement of taxes and regional levies is a crime regulated by Law Number 28 of 2007 concerning the Third Amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures (UU KUP). The failure to deposit PAD funds that should be deposited into the regional treasury is a clear form of this embezzlement. Furthermore, Rahmayanti in one of her journals examined the criminal act of corruption committed collectively. In this night market case, it is suspected that there was collaboration between the organizers and other parties to conceal data and avoid paying legitimate levies.

Third, embezzlement involving abuse of authority. In the case of local revenue management, collusion often occurs between private parties and local government officials. Yasmira Mandasari Saragih, in another work, discusses the elements of criminal liability by legal subjects, which include both individuals and corporations, as well as the role of ethics in law enforcement. In this case, if it is proven that local government officials deliberately allowed or even conspired with night market organizers to commit embezzlement, they can be charged with the crime of abuse of authority as stipulated in the Corruption Law. This act not only harms state finances but also damages public trust in government institutions.

Furthermore, Suci Ramadani, in her study of legal professional ethics, emphasized that

corruption and misappropriation in local government are often caused by weak ethics and professionalism among officials. Therefore, law enforcement must not only focus on criminal sanctions but also be accompanied by efforts to improve the system and enhance moral integrity. The night market case in Tebing Tinggi City is a clear example of systemic failure that requires comprehensive legal action.

IV. CONCLUSIONS AND RECOMMENDATIONS

1. Legal Regulations on PAD Misappropriation: The relevant legal regulations regarding PAD leakage from night market entertainment activities in Tebing Tinggi City are comprehensive, including Regional Regulation No. 1 of 2024, Law No. 1 of 2022, the Corruption Law, and Supreme Court Regulation No. 13 of 2016. These regulations enable law enforcement against individual and corporate perpetrators, using a corporate criminal liability approach that is relevant to the characteristics of economic crimes.
2. Forms of Legal Abuse: The forms of abuse that occur range from administrative violations, such as operating without a permit, to criminal acts, such as tax evasion and manipulation of revenue data. These violations significantly result in regional financial losses and can result in criminal and/or administrative sanctions. Firm and ongoing law enforcement is needed to prevent similar cases from recurring in the future.

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