

The Role of DBHCHT and the Movement to Combat Illegal Smoking through Socialization in Karangampel Village, Kudus Regency

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Abstract: The Revenue Sharing Fund for Tobacco Excise (DBHCHT) has a very important role in the welfare of farm workers and cigarette workers. Therefore, the rules regarding its use, distribution, and evaluation are regulated in the Minister of Finance Regulation Number 206/PMK.07/2020 concerning the Use, Monitoring, and Evaluation of Tobacco Excise Revenue Sharing Funds. The large amount of funds allocated to Kudus Regency requires research into the role of DBHCHT on the welfare of cigarette workers in Kudus. The high level of illegal cigarette trade in Indonesia has made the government take other policies to suppress its circulation. In 2019 the government took another policy by focusing on communication and education efforts to the public in introducing the characteristics of illegal cigarettes through a campaign program entitled “Fighting Illegal Cigarettes” while still prioritizing law enforcement. The Directorate General of Customs and Excise as the implementer of this policy, then authorizes its vertical offices spread throughout the territory of the Republic of Indonesia to carry out campaigns in their respective working areas, one of which is the Parepare Customs and Excise Supervision and Service Office.

Keywords: Cigarettes, Excise, Law, Funds

1. Introduction

Revenue sharing funds are funds sourced from APBN revenues which will be allocated to each region according to the percentage portion, in order to fund regional needs in the context of carrying out fiscal decentralization. The funds come from taxes and natural resources. The instrument of revenue sharing consists of several types, one of which is Revenue Sharing Fund for Tobacco Excise (DBH CHT).

DBH CHT is a revenue-sharing fund derived from excise that will be distributed to excise-producing provinces or tobacco-producing provinces. Regulations regarding the use, monitoring and evaluation of DBH CHT are regulated in the Minister of Finance Regulation (PMK) 4 No.206/PMK07/2020. Referring to PMK No.206/PMK07/2020, it is stated in article 5 that DBH CHT regulates the field of community welfare in which there is a social environment development program to support community welfare. One of the social environment development programs includes assistance activities (Afandy, 2022). The provision of assistance is named direct cash assistance to tobacco farm workers and/or cigarette factory workers.

The proportion of DBH CHT budget sharing is 35% for assistance activities by taking into account output achievements, needs, and budget availability in the regions and considering the principle of justice. The criteria given for the provision of this assistance is based on considering the criteria for beneficiaries, the amount of assistance, and the period of assistance (Pandria et al., 2021). Kudus Regency is the largest cigarette producing area, because in kudus there are many companies that work in the cigarette sector, until now cigarettes continue to grow both on a small, medium and even large scale (Wahyuni & Asri, 2022). Kudus Regency is one of the regencies that gets revenue sharing funds for excise on tobacco products (DBHCHT). According to the data obtained, the allocation of revenue sharing funds for excise and tobacco products received in Kudus Regency in the 2023 fiscal year increased by 35.25% to Rp.238 billion, where the Kudus Regency Government allocated 35.25% to Rp.238 billion where the Kudus Regency Government allocates

the budget for the revenue sharing of tobacco products (DBHCHT) to support infrastructure activities such as roads and bridges amounting to Rp.38.6M (Assauqi & Islam, 2022).

The dominant excise revenue is supported by the advantages of the basic characteristics of excise, namely the existence of a relatively easy administration and an effective supervision system, physical supervision and audit supervision of bookkeeping. The largest excise revenue is sourced from tobacco excise.

In Indonesia, cigarettes are commonly found in various places. World cigarette consumption statistics in 2014 reaffirmed Indonesia's position as one of the largest cigarette consuming countries. During 2014, global cigarette consumption reached 5.8 trillion cigarettes, 240 billion cigarettes (4.14 percent) of which were consumed by Indonesian smokers. This cigarette consumption figure places Indonesia as the fourth largest cigarette consuming country in the world after China (2.57 trillion cigarettes), Russia (321 billion cigarettes), and the United States (281 billion cigarettes). The statistics on cigarette consumption in Indonesia seem to be in line with the high prevalence of smoking in the country (Fatmariyah et al., 2022).

There needs to be extra strict supervision in the tobacco control sector, considering that there is no misuse and circulation of illegal cigarettes in the community, so that the revenue targeted by the government can be achieved as expected (Novytska, Khliebnikova & Korotun, 2020; Geroy & Encarnacion, 2021). Cigarettes are dangerous and addictive products. Cigarettes contain 7000 chemicals, 250 of which are carcinogenic (cancer triggers). Cigarettes are the biggest preventable cause of death in the world. One in 10 adult deaths is caused by cigarette consumption (Mahfudloh & Wardah Yuspini, 2017).

Due to imperfect information held by consumers about health risks and addictive effects (addiction), there is a market failure in tobacco consumption. As many as 78 percent of smokers in Indonesia started smoking before the age of 19 (Pradana, & Ernawati, 2016). Nicotine is highly addictive, as demonstrated by smokers under the age of 15, 8 out of 10 of whom fail in their attempts to quit smoking. Unlike other addictive consumer goods that are illegal, cigarette consumers are constantly faced with incessant advertising that promotes cigarettes as something that is commonly accepted in society (Wardani, 2022). Cigarette excise taxes play an important role in keeping cigarette prices high to prevent children and adults who do not smoke from starting to smoke, resulting in a lifelong addiction.⁵

Based on Article 1 paragraph (1) of Law Number 39 of 2007 Jo. Law Number 11 of 1995 concerning Excise that state levies are imposed on certain goods that have properties or characteristics. Article 2 paragraph (1) Certain goods that have properties or characteristics:

- a. The consumption needs to be controlled
- b. Its circulation needs to be monitored
- c. Its use may have a negative impact on society or the environment
- d. Its use requires the imposition of state levies for the sake of fairness and balance.

Excise Tax Tape is a sign of excise payment in the form of paper that has properties with certain specifications and designs that are used as evidence of excise payment and at the same time as a supervisory tool in the context of securing State revenue, where from the production of tobacco products that are widely circulated in the community are cigarettes that are packaged for retail sale but are not attached with excise tax tape or what is often referred to as plain cigarettes. These plain cigarettes are categorized as illegal cigarettes. Illegal cigarettes are cigarettes circulating in the territory of Indonesia which in their manufacture and circulation do not fulfill the provisions of the laws and regulations. The enactment of Law No. 32 of 2004 Concerning Regional Government and Law No. 33 of 2004 Concerning the Financial Balance between the Central Government and Regional Governments, the administration of regional government is carried out by giving the widest possible authority, accompanied by the granting of rights and obligations to organize regional autonomy within the unity of the state government administration system.

2. Methods

The implementation method used in this activity is that the KKN team held a socialization, which invited several youth communities in Karangampel Village, we invited the heads of several organizations such as IPNU, Ansor, SEKAK Kiyongan, Karang Taruna. The socialization was conducted in Karangampel village hall by providing education and learning about revenue sharing funds for excise and tobacco products (DBHCHT) and knowledge about illegal cigarettes. With this socialization, the community will understand and understand that they will not even try to deal with illegal cigarettes. The socialization implementation activities are divided into several stages, including:

1. Preparing a proposal about the socialization planning for the community in Karangampel Village.
2. Submitting a proposal to the Village Head to request permission to carry out activities.
3. Conducting discussions with several agencies that will be invited to socialize. Some of the agencies invited were the Head of Karangampel Village Youth Organization, the head of the Village Ansor, the Head of IPNU, the head of the SEKAK Kiyongan organization.
4. Prepare the facilities and infrastructure needed such as venues, projectors, and others.
5. Conducting socialization with the previously invited audiences.
6. Evaluate and prepare a report on the activities that have been carried out.
7. Make a report on the activities that have been carried out

Socialization participants are expected to be able to disseminate information obtained from socialization activities to reduce the potential impact caused by the spread of illegal cigarettes. The steps taken during the socialization activities were first the participants were given the material on the introduction of the Tobacco Excise Revenue Sharing Fund (DBHCHT), then the next material was explaining the impact of the spread of illegal cigarettes on national development, then the presentation of the legal basis for illegal cigarette violations.

3. Results

The socialization activity of combating illegal cigarettes was carried out at the Karangampel Village Hall on Saturday, August 26, 2023 at 19.30 - 21.00 WIB. There were 15 participants in this activity consisting of the head of Karang Taruna, head of Ansor, head of SEKAK organization, head and members of IPNU - IPPNU. This activity was carried out to increase participants' understanding of the impact of the spread of illegal cigarettes as presented in Fig. 1. Some of the participants who attended the socialization activity to combat illegal cigarettes.



Fig. 1: Socialization Participants

4. Discussion

The socialization of illegal cigarettes began with a question posed by the resource person regarding the participants' understanding of what illegal cigarettes are. Most of the participants answered that illegal cigarettes are cigarettes that do not have excise stamps. Hearing the answers from the participants, the resource person then confirmed the answer and added an explanation of cigarettes whose excise levies are not fulfilled or which do not meet the provisions of the law so that they do not include excise stamps in the wrapper. Illegal cigarettes have characteristics that can be seen, namely cigarettes without excise stamps, fake excise stamps or used excise stamps and excise stamps that are not intended for these cigarettes. This can be seen in Fig. 2. resource persons preparing to start socialization.



Fig. 2: Resource Persons Delivering Materials

The circulation of illegal cigarettes in the community is one form of crime that still needs attention because it is easy to find without us realizing it (Lyman, 2016). As a result of this public disease, state losses rise to billions of rupiah, which is why the circulation of cigarettes in Indonesia requires control by the authorities, namely the Directorate General of Customs and Excise and the Regional Government. According to the Preece (2018), excise is a state levy imposed on certain goods that have the properties or characteristics stipulated in the excise law, while according to the large Indonesian dictionary the definition of excise is a tax or duty imposed on imported goods and consumer goods.

Excise is different from tax, this is seen from the function of excise as control and only applies to certain goods that are dangerous, besides that the imposition of excise is carried out by the directorate general of customs and excise (Maccarthy & Jibrin, 2022). Taxes themselves function as a source of state financial income and apply to all products

that are traded, the imposition of taxes is also carried out by the directorate general of taxes. Control of goods subject to excise has been regulated and explained in Law Number 39 of 2007.

Rampant circulation of illegal cigarettes in the community has resulted in reduced state revenue in the excise sector and has an impact on people's welfare (Handayani et al., 2022; Wirawan & Sinaga, 2020). Especially in the field of tobacco and cigarettes, this is because revenue from cigarettes will be used as Revenue Sharing Fund for Tobacco Excise (DBHCHT) in each region. DBHCHT plays an important role in financing various sectors, such as the health sector, law enforcement, and the welfare of farmers and workers in the tobacco products industry.

According to the Indonesian Minister of Finance, the circulation of illegal cigarettes has increased by 4.9% in 2020. In fact, the government targets the circulation of under 3%. Data on the development of illegal cigarettes in Indonesia can be seen in Fig. 3.

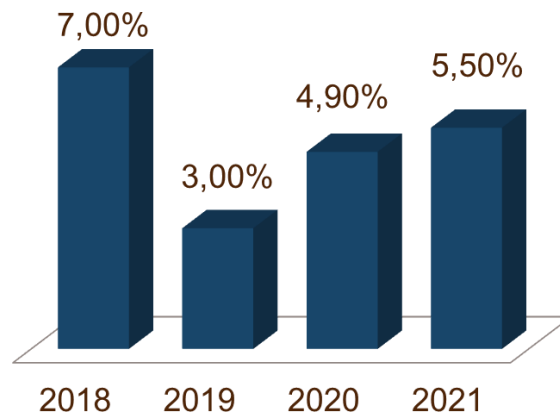


Fig. 3: Illegal Cigarette Development
Data Source: indonesiabaik.id, 2021

After the resource person gave an introduction to illegal cigarettes, the next topic was sanctions for violators of DBHCHT. Criminal offenses regarding excise are specifically regulated in Law Number 39 of 2007 articles 50, 54 and 56: any person who without a license carries out factory activities, storage and import of excisable goods with the intention of evading payment of excise shall be sentenced to imprisonment for a maximum of 5 years and a minimum fine of 2x the value of excise and a maximum of 10x the value of excise.

Article 54 reads: “Any person who offers, delivers, sells, or makes available for sale excisable goods that are not packaged for retail sale or are not affixed with excise stamps or other excise payment marks as referred to in Article 29 paragraph (1) shall be punished with imprisonment for a minimum of 1 (one) year and a maximum of 5 (five) years and/or a fine of at least 2 (two) times the excise value and a maximum of 10 (ten) times the excise value that should have been paid”.

Article 56 reads: “Any person who hoards, stores, possesses, sells, exchanges, acquires, or delivers excisable goods which he knows or reasonably should suspect to be derived from a criminal offense under this law shall be punished with imprisonment of not less than 1 (one) year and not more than 5 (five) years and a fine of not less than 2 (two) times the excise value and not more than 10 (ten) times the excise value that should have been paid.

The KKN team of Muria Kudus University, Karangampel village, hopes that this activity is not only limited to ceremonial. However, it is hoped that the community can digest, dedicate and educate the material that has been delivered, then apply it in their daily lives to minimize the spread of illegal cigarettes, especially for users in Karangampel village. The implementation of socialization activities regarding the illegal cigarette campaign went smoothly. The achievement of the socialization objectives to increase legal knowledge of illegal cigarette violations can be seen from the discussion session conducted between the resource person and the participants. Illegal cigarette cases must be reduced because they have a negative impact on national development.

5. Conclusion

The Gempur Illegal Cigarette socialization program is an effort made by UMK KKN students to reduce and even eradicate the circulation of illegal cigarettes. The purpose of this socialization is that the socialization participants understand and understand the dangers of illegal cigarettes. There were no obstacles during the socialization, even the enthusiasm of the participants was seen at the beginning of the socialization. In the socialization contains about legal cigarette excise is very helpful in terms of regional economy. Even cigarette excise has a very large impact on regional development.

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Conflict of Interest

The authors declare no conflicts of interest.

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