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AN EVENLY DISTRIBUTED BASE ON AN UNEVENLY DISTRIBUTED MARKET: REVENUE GEOGRAPHY UNDER A SURCHARGE

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ABSTRACT
An organization operating across many territories holds two distributions that need not coincide: the distribution of its physical customer base and the distribution of the revenue that base generates. This article examines a case where the two diverge sharply and shows what the divergence reveals. Across the 35 jurisdictions of Central Java Province, Indonesia, the registered vehicle fleet of 22,285,789 units is distributed with a Gini coefficient of 0.2497, while the local tax revenue those jurisdictions collect is distributed with a Gini of 0.4361. Revenue per registered vehicle on the annual vehicle tax varies by a factor of 5.62 between the highest and lowest jurisdictions, with cities collecting 330,500 rupiah per vehicle against 157,200 in regencies. On the transfer duty, levied on the same fleet by the same authority, per-vehicle yield varies by a factor of only 2.22 and the city–regency ratio is 1.15; the two per-vehicle series are essentially uncorrelated. The article argues that unit yield rather than unit count is the operative variable in revenue geography, that the two instruments extract from a common physical base in unrelated spatial patterns because they are triggered by different behaviours, and that a reassignment allocating revenue by unit location will equalize or concentrate depending on which of the two distributions it tracks. It proposes that organizations reporting market coverage should report yield dispersion alongside it.

1. INTRODUCTION

Organizations operating across territories report coverage: how many customers, how many units, how many locations. Coverage is easy to measure and easy to compare, and it stands in for market position. It answers only half the question, because two territories holding the same number of units may generate very different revenue from them.

This article examines a setting in which both distributions are observable and the divergence between them is large. The setting is unusual in a way that makes the comparison clean: two revenue instruments are levied on one physical base, by one authority, through one channel, and are reported separately for each of 35 territories.

The article shows that unit count and revenue are distributed very differently, that the two instruments extract from the same units in spatial patterns unrelated to each other, and that the reason lies in what triggers each instrument rather than in where the units are.

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2. LITERATURE REVIEW

2.1 Coverage and yield as separate distributions

Let a territory hold n units of an installed base and generate revenue R from them. Coverage is n; yield is R/n. An organization can compare territories on either, and the two orderings need not agree.

Where the base is homogeneous and the revenue mechanism uniform, yield is constant and coverage determines revenue. Where either condition fails, yield varies and coverage becomes a poor predictor. The base may be heterogeneous — units of different value or intensity of use — or the mechanism may respond to behaviour that differs across territories even where units do not.

The proposition developed here is that these two sources of yield variation are distinguishable by their spatial signature. Heterogeneity of the base produces yield variation that persists across instruments levied on that base, because every instrument encounters the same units. Behavioural variation produces yield differences specific to the instrument whose trigger the behaviour concerns. Where an organization holds two instruments on one base, comparing their yield geographies separates the two.

2.2 Why the distinction matters for allocation

The distinction becomes practically important wherever revenue is allocated between territories by rule. Agrawal and Shybalkina (2024) demonstrate for local sales taxation that the administrative rule determining where revenue is credited is itself distributionally powerful, independently of where economic activity occurs. Agrawal and Chen (2026) examine how tax policy adjusts when the location of activity becomes mobile, and Baskaran (2021) shows that rate differentials across boundaries produce base movement.

The implication is that an allocation rule keyed to unit location distributes according to the coverage distribution, while the revenue actually generated follows the yield distribution. Where the two differ, the rule redistributes — not by design but as an arithmetic consequence of which distribution it tracks. Whether the redistribution equalizes or concentrates depends on whether coverage is more or less evenly distributed than revenue.

Bury, Feld and Burret (2024) show that equalization formulas embed implicit marginal rates that were not part of their stated design; Alves and Araujo (2024) and Bernardelli, Paschoalino, Russo and Kortt (2026) find transfers altering local fiscal incentives unintendedly; and Saens, Cox and Villalobos (2026) find behavioural responses conditioned by fiscal capacity. In each case a rule produces a distributional effect that follows from its mechanics rather than from its purpose, which is the phenomenon this article identifies in a different form.

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2.3 Reading dispersion as market information

For an organization managing revenue across territories, yield dispersion is diagnostic in a way coverage is not. A large dispersion indicates that territories differ in something the organization may be able to act on; a small dispersion indicates a uniform condition.

Öztürk and Bağış (2025), synthesizing resource dependence with the resource-based view, argue that a dependence must be assessed alongside the internal resources available to address it. Applied here, dispersion identifies where an organization's own action might change the outcome, and its absence identifies where the constraint is external. Helfat (2022) and Riviere, Zámborský and Dumoulin (2025) both indicate that an organization reads its environment through the categories it was configured with — which is a reason to expect coverage, the simpler measure, to dominate reporting even where yield is the informative one.

2.4 What determines yield where the collector is common

If yield varies across territories served by one collector, the variation must originate in the base, in the behaviour the instrument taxes, or in local administrative effort. The tax literature offers evidence on each and helps to rank them.

On instrument design, Bagchi (2025) shows that collection at source raises compliance sharply because it removes the payer's discretion over remittance — which implies that an instrument secured in this way will show little territorial variation attributable to effort, since effort is not what secures it. Sen and Wallace (2022) show for a shared subnational instrument that revenue productivity depends on collection effort the beneficiary does not control, locating variation in the collector rather than in the recipient.

On local administration, Kim and Kang (2024), Collazos-Ortiz and Schakel (2023) and Pill (2024) each find administrative intensity, efficiency or apparatus associated with fiscal performance across jurisdictions. Rachevski and Shami (2024) find local revenue performance improving with the business environment. These findings would predict territorial variation attributable to local characteristics — but they concern jurisdictions that administer their own instruments, which the recipients here do not, so their applicability to a surcharge collected centrally is limited.

On spatial structure, Vincent and Osei Kwadwo (2022) demonstrate that fiscal flows generate spillovers between neighbouring jurisdictions, and Lucidi (2022) shows fiscal effects varying regionally within one country. Porto, Puig and Vidal (2026) and Singh and Dubey (2026) show subnational responses depending on timing and on revenue composition respectively. Together these caution that a single-year cross-section cannot separate a stable geography from a transitory one, which Section 5 restates as a limitation.

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3. METHOD

Indonesian provinces levy an annual motor vehicle tax on registered vehicles and a duty on transfers of ownership. Both are administered by the provincial revenue agency through joint service offices and collected in the same transaction at the same counter. From 5 January 2025, under Law No. 1 of 2022, regencies and cities receive a surcharge of 66 per cent of the principal of each, allocated by place of vehicle registration.

Registered vehicle counts by jurisdiction for 2025 are from the provincial statistics office, sourced from the traffic police: 22,285,789 vehicles across 35 jurisdictions, of which 19,790,010 are motorcycles. Principal collection by revenue service unit for fiscal year 2025 is from the provincial revenue agency dashboard, aggregated to the 35 jurisdictions. Local tax revenue by jurisdiction is from the Regional Financial Information System of the Directorate General of Fiscal Balance.

Three limitations apply. Agency collection figures are operational reporting and are not audited, and district revenue figures are reported by local governments and likewise unaudited. Vehicle counts are available in total but not by vehicle type at jurisdiction level, so composition of the fleet cannot be controlled for directly and is inferred from the yield pattern rather than measured. And the analysis is a single-year cross-section.

4. RESULTS AND DISCUSSION

4.1 Two distributions

Table 1 reports the dispersion of the physical base and of the revenue it supports.

Table 1. Dispersion across 35 jurisdictions

Distribution	Gini	Note
Registered vehicles, 2025	0.2497	22,285,789 units
Local tax revenue, 2024	0.4361	Pre-reform
Local tax revenue, 2025	0.3858	Post-reform
Surcharge entitlement, 2025	0.2751	Tracks the fleet

Gini coefficients computed by the authors across 35 jurisdictions on unweighted totals, fiscal years 2024 and 2025. Sources: Central Java Provincial Statistics Office, vehicle registration counts 2025; Directorate General of Fiscal Balance, Regional Financial Information System, December cumulative period; Central Java Regional Revenue Agency operational dashboard, December 2025 cumulative (all retrieved 2026).

The physical base is distributed far more evenly than the revenue. A Gini of 0.2497 for vehicles against 0.4361 for local tax revenue means that jurisdictions holding similar numbers of vehicles were collecting very different amounts of tax overall — because their other tax bases, commercial and property-based, are concentrated where the vehicles are not.

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The surcharge entitlement has a Gini of 0.2751, close to the fleet it is levied on and well below the revenue distribution it was added to. This is why the reform equalized: an allocation rule keyed to unit location necessarily produced the coverage distribution, and the coverage distribution is flatter than the revenue distribution.

4.2 Yield per unit differs sharply, and differently by instrument

Table 2 reports yield per registered vehicle on the two instruments.

Table 2. Yield per registered vehicle, FY2025 (thousand IDR)

Group	Annual tax	Transfer duty	Ratio
Cities (n = 6)	330.5	83.8	3.94
Regencies (n = 29)	157.2	72.7	2.16
City to regency ratio	2.10	1.15	—
Highest to lowest, all 35	5.62×	2.22×	—
Correlation between the two series	—	—	r = 0.06

Yield is realized principal divided by registered vehicles, fiscal year 2025. Correlation is computed by the authors across all 35 jurisdictions between the two per-vehicle series. Sources: Central Java Regional Revenue Agency operational dashboard, December 2025 cumulative; Central Java Provincial Statistics Office, vehicle registration counts 2025 (retrieved 2026).

Annual tax yield varies by a factor of 5.62 across jurisdictions and cities collect 2.10 times as much per vehicle as regencies. Transfer duty yield varies by only 2.22 and the city–regency ratio is 1.15. The correlation between the two per-vehicle series across the 35 jurisdictions is 0.06.

That two instruments levied on the same fleet by the same authority produce essentially uncorrelated per-unit geographies is the article's central empirical observation. It cannot be explained by anything about the collector, which is common, or about the units, which are the same units.

4.3 What the pattern indicates

The framework in Section 2.1 supplies the reading. The annual tax is levied on the recorded attributes of every registered vehicle, so its yield reflects fleet composition: where the fleet is weighted toward passenger cars rather than motorcycles, assessed value per unit is higher. Fleet composition varies with urbanization, which produces the observed city–regency gradient and the wide dispersion. This is base heterogeneity, and it persists as long as the composition does.

The transfer duty is triggered by a change of ownership, which most vehicle owners do not undertake in a given year. Its yield reflects transaction frequency rather than vehicle value, and transaction frequency relative to fleet size is similar across territories. This produces

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narrow dispersion and a city–regency ratio close to one. This is behavioural, and it can move without the base moving.

The near-zero correlation follows. One instrument reads the fleet; the other reads a behaviour. A territory with a valuable fleet need not be a territory where ownership changes hands often, and the data indicate that in this province it is not.

4.4 Discussion

Three implications follow, with a fourth observation bounding them.

The first is that coverage is a weak proxy for revenue position. Across these 35 territories the physical base is nearly twice as evenly distributed as the revenue, and a manager reasoning from unit counts would materially misjudge where revenue comes from. Reporting yield dispersion alongside coverage would cost nothing, since both quantities are already held.

The second concerns allocation rules. A rule keyed to unit location distributes according to the coverage distribution. Here that produced equalization, because coverage is flatter than revenue. In a setting where the base were concentrated and the revenue dispersed — a network of few high-value installations, say — the identical rule would concentrate. The distributional direction is a property of the two distributions rather than of the rule, and is therefore predictable in advance of adopting it. Agrawal and Shybalkina (2024) make the parallel point for remittance rules in local sales taxation.

The third is diagnostic. Where an organization holds two instruments on one base, comparing their yield geographies separates base heterogeneity from behavioural variation, and the two call for different responses. Base heterogeneity is a structural feature to be planned around; behavioural variation may respond to action. That the transfer duty shows narrow dispersion indicates a condition common to all territories rather than differences among them, which is information a manager would not obtain from either instrument alone.

The bounding observation concerns what the data cannot support. Fleet composition by jurisdiction is not published, so the interpretation of the annual tax gradient as a composition effect is an inference from the yield pattern rather than a measurement of the pattern's cause. An alternative explanation — that assessed values differ for reasons unrelated to composition, or that collection intensity varies systematically with urbanization — is consistent with the same data. Distinguishing them requires vehicle-type counts by jurisdiction, which the traffic police hold and do not publish at that resolution.

4.5 The allocation rule stated as a general result

The distributional finding can be stated in a form that does not depend on this province's numbers, which makes it usable before a rule is adopted rather than only after. Consider a set of territories, an existing revenue distribution R, and a new entitlement allocated by a rule keyed to some observable attribute with distribution A. The combined distribution after allocation is a weighted mixture of R and A, so the direction of the distributional effect is

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determined by whether A is more or less concentrated than R, and its magnitude by the size of the new entitlement relative to the existing revenue.

Three consequences follow. Where the allocating attribute is flatter than existing revenue, the rule equalizes, and it does so more strongly the larger the entitlement. Where the attribute is more concentrated, the rule concentrates. And where the two distributions have similar Gini coefficients, the rule is distributionally neutral in aggregate while still redistributing among individual territories, since equal concentration does not imply the same territories occupy the same positions.

The case examined here is the first configuration. The allocating attribute is vehicle location, whose distribution has a Gini of 0.2497; existing local tax revenue has a Gini of 0.4361; the entitlement is large relative to the recipients' pre-existing revenue; and the observed effect is a fall in the revenue Gini from 0.4361 to 0.3858. Nothing about this outcome required a distributional intention on the part of the legislature, and the published record contains no evidence of one. The equalization is a consequence of the two distributions, and it would have been computable from published data before the statute took effect.

4.6 A counterfactual worth stating

The general result implies that the same rule applied to a different attribute would have produced a different distributional outcome, and it is worth making the alternative concrete because it shows how much turned on a choice that was made for administrative rather than distributional reasons.

Suppose the surcharge had been allocated by the location of the transaction rather than the location of the vehicle — that is, credited to the territory where the payment was made or the transfer registered rather than where the vehicle is garaged. Transactions concentrate at service offices, which are fewer than territories and are located disproportionately in cities. The allocating attribute would then have had a Gini substantially above 0.2497, plausibly above the revenue Gini of 0.4361, and the identical statutory rate applied to the identical base would have concentrated rather than equalized.

This is not an idle hypothetical. Agrawal and Shybalkina (2024) document exactly this class of choice for local sales taxation in the United States, where the rule determining whether revenue is credited at origin or destination reallocated substantial sums among jurisdictions without any change in the tax itself. The lesson for the case here is that the crediting rule is a distributional instrument whether or not it is treated as one, and that treating it as a purely administrative matter forfeits control over an outcome the legislature will nonetheless be held responsible for.

4.7 Two objections

The first objection is that the near-zero correlation between the two per-vehicle series may reflect measurement noise rather than genuine independence. Transfer duty yield in a single

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year is a volatile quantity, since transfer volumes are small relative to the fleet and a handful of high-value transactions can move a territory's figure; noise of that kind attenuates correlation toward zero mechanically. The objection is fair and the article cannot dismiss it on one year of data. Two features bear against it. Attenuation from noise would depress the correlation without producing the systematic city–regency pattern reported in Table 2, where the annual tax shows a ratio of 2.10 and the transfer duty 1.15 — a difference in structure, not merely in variance. And the transfer duty's cross-territory dispersion is narrow rather than wide, which is the opposite of what a noise-dominated series would show.

The second objection is that the equalization documented here is a first-year effect that may not persist. Fleet distribution changes slowly, but the revenue distribution it is compared against can move quickly, and territories whose own tax bases grow faster will pull the revenue Gini back up. This is correct and the article does not claim permanence. What the general result in Section 4.5 establishes is the direction of the effect at the moment of allocation; whether the effect endures depends on the relative growth of the two distributions, which is a separate empirical question and one that a second and third year of data would begin to answer.

4.8 Limitations

Four limitations bound the analysis. Fleet composition by jurisdiction is not published, so the interpretation of the annual tax gradient as a composition effect is an inference from the yield pattern rather than a measurement of its cause, as Section 4.4 states. The revenue figures are agency operational reporting for the surcharge year and audited statements for the prior year, so the two sides of the comparison do not have identical provenance.

The Gini coefficients are computed on unweighted jurisdiction totals rather than on a per-capita or per-household basis, which is the appropriate construction for a question about distribution among governments and the wrong one for a question about distribution among people. Nothing here bears on the second. And the analysis covers one province, whose fleet is unusually large and whose urbanization gradient is pronounced; the general result in Section 4.5 does not depend on these features, but the particular magnitudes reported do.

4.9 What the finding asks of reporting practice

The recommendation that organizations report yield dispersion alongside coverage is easy to state and worth spelling out, because its cost and its content are both modest. Coverage reporting — units, customers, sites, registered assets by territory — is standard in almost every multi-territory organization, public or commercial. Yield dispersion requires only that revenue be divided by units at the same territorial resolution and that the resulting series be summarized by its range and its coefficient of variation. Both quantities are held; neither requires new collection.

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What such reporting would add is visibility of the gap this article measures. An organization reporting a base distributed with a Gini of 0.2497 and revenue distributed with a Gini of 0.4361 is describing a business in which where the customers are and where the money is are substantially different questions. A manager reading only the first would allocate effort by unit count and would be wrong by a wide margin. The two Ginis reported side by side make the divergence a first-order fact rather than something recoverable only by an analyst who thinks to compute it.

A second addition is diagnostic and applies where the organization holds more than one instrument or product on the same base. Reporting per-unit yield separately by instrument, as Table 2 does, exposes whether the instruments read the same underlying variation or different ones. Where they are correlated, a single territorial strategy serves both. Where they are uncorrelated, as here, a strategy built on one instrument's geography will misallocate effort for the other, and the organization has been running two businesses on one map without knowing it.

4.10 Summary of findings

The factual findings are four. Across the 35 jurisdictions the registered fleet of 22,285,789 units is distributed with a Gini of 0.2497 while local tax revenue is distributed with a Gini of 0.4361. The surcharge entitlement, allocated by vehicle location, has a Gini of 0.2751 and its introduction is associated with a fall in the revenue Gini to 0.3858. Yield per registered vehicle on the annual tax varies by a factor of 5.62 across jurisdictions, with cities collecting 2.10 times as much per vehicle as regencies; on the transfer duty the factor is 2.22 and the city–regency ratio 1.15. And the two per-vehicle series are essentially uncorrelated across the 35 jurisdictions.

The interpretive claims are three. Unit yield rather than unit count is the operative variable in revenue geography, since a base distributed with a Gini of 0.2497 generates revenue distributed with a Gini of 0.4361. Comparing the yield geographies of two instruments on a common base separates base heterogeneity from behavioural variation, because the collector and the units are held constant. And an allocation rule keyed to an observable attribute will equalize or concentrate according to whether that attribute is flatter or steeper than existing revenue — a property computable from published data before the rule is adopted.

A closing observation concerns the relationship between this article and the equalization result reported for the same reform elsewhere. That the surcharge reduced the revenue Gini from 0.4361 to 0.3858 is a distributional finding about governments. That per-vehicle yield varies by a factor of 5.62 on one instrument and 2.22 on another is an observation about the market from which both draw. The two are connected by the crediting rule, which is the mechanism translating one into the other, and separating them clarifies what is attributable to policy and what to geography. The equalization was produced by a rule; the geography it operated on was there already and was not designed by anyone.

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One methodological note belongs here. The Gini coefficient is used throughout as a summary of concentration because it is familiar and because the comparison of interest is between two distributions rather than within one. It is not the only available summary, and it is insensitive to where in the distribution inequality sits: two distributions with the same Gini can differ substantially in whether the concentration lies at the top or the bottom. For the comparison made here — a base distribution against a revenue distribution, with a gap of 0.19 between them — that insensitivity does not affect the conclusion. For finer questions about which territories drive the divergence, a decomposable measure such as the Theil index would be the better instrument, and the underlying data support its computation.

4.11 Managerial implications

For an organization operating across territories, the divergence documented here translates into three concrete practices.

The first is to report yield dispersion beside coverage in the standard territorial report. The two Gini coefficients — 0.2497 for the physical base and 0.4361 for revenue — describe a business in which the map of customers and the map of income are substantially different, and a manager allocating effort by unit count would misjudge it by a wide margin. Both figures derive from data already held, and presenting them together makes the divergence a first-order fact rather than something an analyst must think to compute.

The second is to report per-unit yield separately by instrument or product line rather than in aggregate. Where two lines on a common base show correlated yield geographies, one territorial strategy serves both; where they are uncorrelated, as the two instruments examined here are, a strategy built on either will misallocate effort for the other. An organization in the second position is running two businesses on one map, and aggregate per-unit reporting hides the fact.

The third concerns how territorial performance is judged. A territory with low revenue and a large installed base is failing on yield, which may be actionable; a territory with low revenue and a small base is not failing at all. Ranking territories on revenue alone conflates the two and directs management attention to the wrong units. Ranking on yield, with coverage reported alongside, separates them and costs nothing beyond a second column.

5. CONCLUSION

Across 35 territories, a physical base of 22.29 million units is distributed with a Gini of 0.2497 while the revenue those territories collect is distributed with a Gini of 0.4361. Two instruments levied on that base by one authority through one channel produce per-unit yields varying by factors of 5.62 and 2.22 respectively, in spatial patterns essentially uncorrelated with each other.

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The general claim is that unit yield rather than unit count is the operative variable in revenue geography, that comparing the yield geographies of two instruments on a common base separates base heterogeneity from behavioural variation, and that an allocation rule keyed to unit location will equalize or concentrate according to which of the two distributions is flatter — a property determinable before the rule is adopted.

Two extensions would strengthen the account. Fleet composition by jurisdiction would test the interpretation offered for the annual tax gradient. And a second year would establish whether the transfer duty's narrow dispersion is a stable feature or a property of a single year's transaction volume.

Both extensions rest on records the province and the traffic police already maintain, and neither requires new collection at the point of service.

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