The Influence of Regional Taxes and Regional Levies Against Local Revenue Surakarta City

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ABSTRACT: The purpose of this study was to determine the effect of regional tax revenue and regional levies on increasing regional original income in the city of Surakarta. The data used in this research is secondary data. The research population is all reports on the realization of Regional Taxes, Regional Levies and Regional Original Revenues of the City of Surakarta. The sample of this research is reports on the realization of Regional Taxes, Regional Levies and Regional Original Revenues of Surakarta City every month for the 2018-2021 period. Sampling used a purposive sampling method and data analysis techniques using the t test, F test, and the Coefficient of Determination Test (R^2). The results of the research for the t test show that the variables of Regional Taxes and Regional Levies have a significant effect on Regional Original Income. From the F test shows that Regional Taxes and Regional Levies have a significant joint effect on Regional Original Income. For the Surakarta City government, it can optimize existing resources to increase Regional Original Income which is useful for regional development and the welfare of the community.

KEYWORDS: Taxes, Regional Levies, and Local Revenue

I. INTRODUCTION

The change in policy from the principle of centralization to decentralization resulted in Regional Autonomy. Regional autonomy is the transfer of authority from the central government to regional governments to regulate and manage their own regional households. As an autonomous region, each regional government is required to optimize all potential areas that can be explored. The regional income potential is Regional Original Income. Local Own Revenue is a source of income that comes from the area itself. Regional Own Revenue consists of Regional Taxes, Regional Levies, Results of Separated Regional Wealth Management, and Other Legitimate Regional Original Revenues.

According to law no. 28 of 2009 Regional Tax which is a mandatory contribution to the region which is coercive by law does not get compensation directly and is used for regional needs for the prosperity of the people. Regional Retribution is a regional levy as a payment for services or the granting of certain permits specifically provided and/or granted by the regional government for personal or corporate purposes.

Regional Taxes and Regional Levies have a large contribution to the Regional Original Income of Surakarta City, this is because the Regional Tax and Regional Levies revenues are used for various development financing up to personnel expenditures. Every community has the right to use the facilities or services provided by the local government. The construction of public facilities such as roads, bridges, schools, hospitals/health centers, police stations is financed by using the proceeds from regional taxes and regional levies. Regional Tax Revenue and Regional Retribution are also used for financing in order to provide a sense of security for all levels of society.

Based on the background above, the researcher formulates the problem, namely Is there any influence between regional tax revenues and regional levies on increasing regional original income in the city of Surakarta, either partially or simultaneously?

LITERATURE REVIEW

1. Local Tax

According to (Sri Amelia Rizki, 2021) Regional taxes are one of the main sources of revenue for a region which are paid by the community in a coercive manner based on laws that are used for regional needs. According to Surakarta City Regional Regulation no. 11 of 2018 concerning Regional Taxes, the types of Regional Taxes are as follows:

The Influence of Regional Taxes and Regional Levies Against Local Revenue Surakarta City

a. Hotel Tax

Hotel Tax is subject to tax on lodging services owned by a business entity on the legal basis of Regional Regulation no. 11 of 2018 concerning Regional Taxes. The hotel tax imposition rate is set at 10% of the total payment or that should be paid to the hotel.

b. Restaurant tax

Restaurant Tax is imposed on restaurant service providers by a certain business entity. The restaurant tax rate is 10% of the service charge provided by a restaurant.

c. Entertainment Tax

Entertainment services that have fees charged to visitors or consumers. The amount of the entertainment tax rate is 0% -35% according to the type of entertainment available.

d. Advertisement tax

Tax fees imposed on objects or media designed for commercial purposes and attracting public attention. The advertising tax rate is based on the area, area, location, viewing angle and height of the advertisement.

e. Street Lighting Tax

Tax imposed on the use of electrical energy, whether generated independently or from other sources.

f. Parking Tax

Every arrangement of off-street parking spaces, whether those provided are related to the main business or those provided as a business, including the provision of places to store motorized vehicles. The parking tax rate is 25% of the amount paid or that should be paid to the parking lot operator.

g. Groundwater Tax

Groundwater Tax is imposed on the use and utilization of groundwater for commercial purposes. The groundwater tax rate is 20% x the groundwater acquisition value.

h. Rural and Urban Land and Building Tax,

Taxes on land and/or buildings owned, controlled and/or utilized by individuals or entities for the rural and urban sectors except for areas used for plantation, forestry and mining business activities.

i. Land and Building Rights Acquisition Fee (BPHTB)

Tax on the acquisition of rights to land and/or buildings. Acquisition of Land and/or Building Rights is a legal act or event resulting in the acquisition of land and/or building rights by an individual or entity. The tax rate is 2.5% to 5% of the value of the building or land concerned.

2. Regional Retribution

According to (Tjip Ismail and Enceng, 2019: 24) explaining regional levies is one of the Regional Original Revenues which is expected to be a source of financing for governance and regional development. According to Surakarta City Regional Regulation No. 5 of 2016 concerning Regional Retribution, the objects of Regional Retribution are as follows:

a. Public Service Retribution

The object of Public Service Retribution is a service provided or provided by the regional government for the purpose of public interest and benefit and can be enjoyed by individuals or entities.

b. Business Service Retribution

The object of business service fees is the service provided by the local government by adhering to commercial principles which include:

1) Services by using/utilizing regional assets that have not been used optimally

2) Local government services as long as they have not been provided adequately by the private sector

c. Certain Permissions

The object of certain licensing fees is certain licensing services by the local government to individuals or entities intended for regulation and supervision of spatial utilization activities, use of natural resources, goods, infrastructure, facilities or certain facilities to protect public interests and preserve the environment.

3. Local Own Revenue

According to (Tjip Ismail and Enceng, 2019:23 Original Regional Income is all regional rights that are recognized as adding value to regional wealth in the relevant fiscal year period. Income obtained from regional potential, whether from taxes, levies or legitimate regional revenues, can be used for regional funding and development to improve the welfare of the community. The statutory regulations governing Regional Original Revenue are UU N0. 23 of 2014, Regional Original Income consists of Regional Taxes, Regional Levies, Separated Regional Wealth Management Results, and Other Legitimate Regional Original Income.

The Influence of Regional Taxes and Regional Levies Against Local Revenue Surakarta City

HYPOTHESIS

Research that has been conducted by (Nisa Vera, 2020) shows the results that Regional Taxes have a positive and significant influence on Regional Original Income in Regencies/Cities in Aceh Province for the 2016-2019 period. The research conducted (Eka Kurniasari, 2020) proves that regional taxes have a positive and significant effect on local revenue. According to (Hernawati Pramesti, 2020) Original Regional Income is all regional revenue originating from original regional economic sources.

Then the hypothesis in this study is:

H1: Regional Taxes influence the Original Regional Income of Surakarta City

Research that has been conducted by (Lawe Anasta and Nengsih, 2019) shows that regional taxes and regional fees have a significant and positive effect on District/City Regional Original Income (PAD) in West Java. Then the hypothesis in this study is:

H2: Regional levies influence Surakarta City's Original Regional Income

The research that has been conducted (Sri Amelia Rizki, 2021) states that the simultaneous effect of regional tax revenue and regional levies on the regional original income of the Fifty Cities District. Then the hypothesis in this study is:

H3: Regional Taxes and Regional Levies influence the Original Regional Income of Surakarta City

III RESEARCH METHODS

1. Population and Sample

The population in this research is all reports on the realization of Regional Taxes, Regional Levies and Original Regional Income of the City of Surakarta. The sampling technique uses the purposive sampling method with the criteria: Report on the realization of Regional Taxes, Regional Levies and Regional Original Income for Surakarta City every month for the 2018-2021 year period.

2. Data Collection Techniques

The data collection technique in this research is documentation. The data was obtained from the Regional Revenue Agency of the Surakarta City Government in the form of reports on the realization of Regional Taxes, Regional Levies and Regional Original Revenues of the City of Surakarta.

3. Research Variables

A research variable is an attribute or trait or value of a person, object, organization or activity that has certain variations determined by the researcher to be studied and then conclusions drawn.

A. Independent Variable

a. Regional Tax (X1)

The measurement of local taxes in this research is as follows:

1) Total realization of restaurant tax

2) Total hotel tax realization

3) Total entertainment tax realization

4) Total advertisement tax realization

5) Total realization of parking tax

6) Total realization of groundwater tax

7) Total realization of street lighting tax

8) Total realization of land and building taxes

9) Total realization of Land and Building Rights Acquisition Tax (BPHTB)

The time period used starts from January 2018 to December 2021 based on data from the Surakarta City Regional Revenue Agency (BAPENDA). All of the indicators above were taken as Surakarta City Regional Tax revenue data for 4 years starting from 2018 to 2021.

b. Regional Levy (X2)

The measurement of regional levies in this research is as follows:

1) Total realization of general service charges

2) Total realization of business service fees

3) Total realization of certain licensing fees

The data period for January 2018 to December 2021 is based on data from the Surakarta City Regional Revenue Agency (BAPENDA). All of the indicators above were taken as data on Surakarta City Regional Retribution revenue for 4 years starting from 2018 to 2021.

B. Dependent Variable

Regional Original Income (Y). Indicators for measuring regional income in this research:

The Influence of Regional Taxes and Regional Levies Against Local Revenue Surakarta City

a. The total realization of Regional Tax for January 2018 to December 2021 is based on data from the Surakarta City Regional Revenue Agency (BAPENDA).

b. The total realization of Regional Retribution from January 2018 to December 2021 is based on data from the Surakarta City Regional Revenue Agency (BAPENDA).

4. Data analysis methods

a. Multiple Linear Regression Analysis

In this study the method for data analysis is multiple regression analysis to determine the effect of local and regional taxes on local revenue in Surakarta City. According to research conducted (Sirajuddin, 2021) the function of multiple linear regression analysis is stated as follows:

$$Y = a + b_1X_1 + b_2X_2 + e$$

b. Partial Significant Test (T Test)

According to (Vika Saputri, 2019) Test the significance of individual parameters (t test) where it will be known that the effect of the independent variables (regional taxes and regional fees) partially affects the dependent variable (PAD). The hypothesis criteria are accepted if the significance value is less than 0.05, then there is an influence of the independent variable on the dependent variable.

c. Simultaneous Significant Test (F Test)

According to (Vika Saputri, 2019) the F test is used to show whether all the dependent variables affect the independent variables. Hypothesis criteria if the results of the f test have a significant value of less than 0.05 then Ho is rejected and Ha is accepted, which means that the independent variables together have a significant effect on the dependent variable.

d. Coefficient of Determination Test (R2)

According to Imam Ghozali (2018: 97) the coefficient of determination (R^2) is a measure of how far the model's ability to explain the variation of the independent variables. The coefficient of determination is between zero and one, a small R^2 value means that the ability of the independent variables to explain the variation in the dependent variable is very limited.

VI. RESULT AND DISCUSSION

1. Partial Significant Test (T Test)

Table 1. T test results

Variable	Signifikansi (Sig.)	Interpretation
Regional Tax	0,000	H1 is accepted
Regional Levy	0,000	H2 is accepted

Source: data processed by researchers (2023)

Based on the results of the t test, the following results can be obtained:

a. The results of the Regional Tax t test have a significance value of 0.000, which means less than 0.05, so it can be concluded that H1 is accepted.

b. The results of the Regional Retribution t test have a significance value of 0.000, which means less than 0.05, so it can be concluded that H1 is accepted.

2. Simultaneous Significance Test (F Test)

Table 2. F Test Results

Signifikansi (Sig.)	Interpretation
0,000	H3 is accepted

Source: data processed by researchers (2023)

Based on the F test, the significance value obtained is 0.000, so it can be concluded that H3 is accepted, which means that the Regional Tax and Regional Retribution variables together have an effect on Regional Original Income.

3. The coefficient of determination

Determination Coefficient Results

Model	R square
1	0,640

Source: data processed by researchers (2023)

The Influence of Regional Taxes and Regional Levies Against Local Revenue Surakarta City

Based on the results of the determination test (R2) a value of 0.640 was obtained. This shows that 64% of local original income (PAD) was obtained from regional taxes and regional levies, while 36% was obtained from other variables not included in this research.

DISCUSSION OF RESULTS

1. The first hypothesis (H1) is accepted. The results of this study are in line with research conducted (Vika Saputri, 2019) and (Puja Rizqy Ramadhan, 2019) that local taxes have a significant effect on local revenue.
2. The second hypothesis (H2) is accepted. The results of this study are in line with what was done (I Putu Agus Sudarmana and Gede Mertha Sudiartha, 2020) and (Puja Rizqy Ramadhan, 2019) that regional levies have a significant effect on Regional Original Income.
3. The third hypothesis (H3) is accepted. The results of this study are in line with research conducted (Puja Rizqy Ramadhan, 2019) and (I Putu Agus Sudarmana and Gede Mertha Sudiartha, 2020) that local taxes and regional levies have a significant effect on Regional Original Income.

VI. CONCLUSION

Based on the results of data analysis, it can be concluded that Regional Taxes and Regional Levies influence Regional Original Income both partially and simultaneously. Meanwhile, the limitation in this research is that the independent variable used in this research is only able to explain 64% of the influence on the dependent variable, while 36% is influenced by other variables not used in this research.

SUGGESTION

The suggestions that the author conveys regarding this research are:

1. For other researchers, hopefully this research can become a new reference for further research on local original income (PAD) and can expand the research object and try to use different analytical methods.
2. The regional government of Surakarta City, through the Regional Revenue Agency (Bapenda), is expected to be able to carry out promotion and outreach in order to maintain and increase the potential for regional tax revenue, especially regional levies as a source of original regional income (PAD). Through promotion and socialization, it is expected to increase public awareness to pay local taxes and regional levies.

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The Influence of Regional Taxes and Regional Levies Against Local Revenue Surakarta City

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