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Regional Taxes and Levies Contribution to the Increase of Regional Original Income

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Abstract

This study aims to determine how to determine the contribution of regional taxes and levies to the increase in local revenue at the Regional Revenue Agency of Mamuju Regency. The type of research used in this research is descriptive qualitative. The analytical technique used in this research is to conduct field studies and literature studies. Based on the results of data analysis that has been carried out, it can be concluded that the contribution of local tax revenues has increased in 2013-2014 while in 2015-2017 experienced fluctuating symptoms in each type of tax. Then the contribution of regional levies changes which fluctuate every year in the period 2013-2017. As well as local tax revenues and regional levies contribute to increasing the original revenue of the Mamuju Regency.

Introduction

The authority in regional financial affairs that provides the right to empower all existing regional economic potential leads regional governments to attempt to identify regional economic sources that may be used to generate regional income as a result of this authority (Amin, 2017). One of them is income from regional taxes and regional levies, where the amount of each regional tax is set based on each regional law, taking into account and assessing the ability of the region to collect taxes for regional revenues, among other things (Frenken et al., 2007; Webster & Chappelle, 2019; Calero & Turner, 2020).

The Provincial Taxes (which include the Motor Vehicle Tax, the Motor Vehicle Transfer Fee, the Motor Vehicle Fuel Tax, the Surface Water Tax, and the Cigarette Tax) can be used to generate regional tax revenues while provincial taxes are collected. Meanwhile, district/city taxes include the Hotel Tax, the Restaurant Tax, the Entertainment Tax, the Advertising Tax,

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the Street Lighting Tax, the Non-Metal and Rock Mineral Tax, the Parking Tax, the Groundwater Tax, and the Swallow's Nest Tax, among other things.

Regional levies, in addition to local taxes, are a significant component of the PAD budgetary process. Local taxes are divided into types of public service taxes, which include health service taxes, levies for waste/cleaning services, levies for the replacement of printing costs for identification cards and civil registration certificates, levies for funeral and burial services, levies for parking on the edge of public roads, Market Service Charges, Motor Vehicle Testing Fees, Fire Extinguisher Inspection Fees, Map Printing Fees, and fees for the provision and/or delivery of public transportation services. There are several types of business service levies. They include levies for the use of regional assets, levies for wholesale markets and/or shops, levies for auction sites, levies for terminals, levies for special parking spaces, levies for lodging, restaurants and villas, slaughterhouse levies, port service levies, recreational and sports place levies, water crossing fees, and regional business production sales fees (Akbar 2019 et al., 2019).

Building permits, levies for the sale of alcoholic drinks, nuisance permits, restitution for route permissions, and levies for fisheries business licenses are only a few examples of the sorts of licensing levies that exist as many studies has investigated (see for example: Purwadi et al., 2018; Rikayana, 2020; Zakariya et al., 2019).

In Law Number 33 of 2004 on the Financial Balance between the Central Government and Regional Governments, it is stated that the sources of regional income include Regional Original Revenue, tax and non-tax revenue sharing, and that the sources of regional income are other kinds of income.

When it comes to development, regional original income as a source of regional revenue plays a critical role (Suhasto et al., 2020; Bathelt & Buchholz, 2019; Maywindlan, 2020; Dadibhavi, 2019). This may be observed in the implementation of Regional Autonomy, which is now underway. PAD is projected to play a key role in the implementation of the plan, and the organization strives to be the primary buffer in the funding of development activities in the region. Because of this, local governments must be able to discover ways to boost earnings from inside their own borders. Regional money will become more readily available as a result, and it will be easier to employ for a variety of autonomous development initiatives. This is done in order for local administrations to be independent of the national authority. According to the researchers, the goal of this study is to determine how regional taxes and levies contribute to the rise in regional original income at the Regional Revenue Agency of Mamuju Regency.

Research Methods

Specifically, the objective of this qualitative research is to provide explanations for data figures or descriptions related to the subject of the research, which includes target and realization data, as well as budget costs and realization of costs on local tax revenues and regional levies at the Regional Revenue Agency of Mamuju Regency. This study was carried out in the Regional Revenue Agency of Mamuju Regency, according to the findings. The duration of this research will be 2 (two) months, from September to October 2019, and will involve activities such as data and literature gathering, data processing, data analysis, and the preparation of reports in the form of a dissertation.

The authors used a quantitative descriptive research approach to compile their findings for this study. It is an effort to define and analyze data pertaining to the pattern of local tax income and regional levies, which have consequences for the contribution of Regional Original Revenue (PAD) to the regional government's Regional Revenue and Expenditure Budget

(RRECB/APBD). As a case study alternative, the local tax income and regional levies collected by the Mamuju City/Regency Regional Government should be taken into consideration.

Results and Discussion

Local Taxes

Table 1. Realization of Regional Tax Revenue in 2013 - 2017

Types of Local Taxes	Realization of Revenue (IDR)				
	2013	2014	2015	2016	2017
Hotel tax	760.087.000	879.206.296	610.041.419	1.211.826.194	1.465.654.870
Restaurant tax	397.385.950	352.981.151	263.706.557	720.756.606	823.432.760
Entertainment tax	131.375.000	216.720.188	145.665.129	114.703.116	256.670.456
Billboard tax	452.623.500	565.865.000	447.940.000	617.725.000	643.546.780
Street lighting tax	5.053.867.373	6.886.502.434	8.713.348.808	9.456.045.681	10.230.342.043
Underground water	19.472.500	22.928.000	24.408.000	27.008.000	28.543.000
Swallow's Nest Tax	4.543.700	4.876.500	5.230.560	5.789.000	7.670.540
Nonmetals and rocks	2.044.295.068	2.160.221.707	2.277.703.064	1.258.928.324	2.543.043.678
Land, Rural and Urban Buildings Tax	-	2.123.225.514	2.232.152.873	2.231.574.373	2.564.765.897
BPHTB	1.630.927.235	2.270.111.578	4.052.282.704	3.260.017.150	4.132.768.890
Total	10,490,033,627	15,482,638,368	18,369,333,114	18,904,373,495	22,696,438,914

Source: Mamuju Regency Regional Revenue Agency

It is well-known that the hotel tax's contribution to PAD fell between 2013 and 2015. When the contribution rate covers a percentage range of 2.38 percent to 1.07 percent and is 1.83 percent in 2016–2017. According to the table above, the Mamuju Regency Hotel Tax income tends to fall from 2013 to 2015, despite the fact that it climbed in 2013.

PAD collections from restaurant taxes decreased from 2013 to 2015, but rebounded by 1.09 percent and 1.03 percent, respectively, in 2016 and 2017. By examining the statistics above, it is clear that restaurant tax revenues vary or change.

According to the figures above, PAD income from entertainment taxes may suggest a variable contribution. The entertainment tax contribution to PAD was 0.17 percent in 2016, the lowest amount in five years, whereas it was 0.50 percent in 2014. The following types of amusement and entertainment venues are taxed in Mamuju Regency: karaoke, billiard games, massage/reflection parlors, sports contests, and tourist parks.

According to the data above, advertising tax income fluctuates or fluctuates. Between 2013 and 2017, there was a decline in the percentage of advertisement tax income contributed to PAD. Although tax income as a proportion of GDP grew by 1.42 percent in 2013.

For the first two years, PAD income from street lighting tax climbed by 15.87 percent in 2013 and 16.16 percent in 2014. Between 2015 and 2017, the contribution of street lighting tax to PAD decreased, resulting in a fall in street lighting tax revenue for PAD. In comparison to other forms of taxes, street lighting tax is the largest contributor to PAD in Mamuju Regency. This outstanding contribution continues to this day. The quantity of income generated by the

street lighting tax sector is attributable to the fact that the foundation for collecting the tax is extremely clear and certain.

It has grown every year in terms of realized value of groundwater tax income, but has tended to drop in terms of percentage contribution each year. The tax on non-metallic minerals and rocks has one of the highest contribution percentages of any other tax, and while the percentage of contribution received declined from 2013 to 2016, the percentage of contribution received increased by 4.01 percent in 2017 compared to 2015 and 2016. From the actualization of mining tax payments In Mamuju Regency, non-metallic rock continues to contribute considerably to PAD.

PAD income from land, rural, and urban building taxes has declined significantly from 2013, when the tax was not realized until 2014, when it continued to decline. The realization of tax revenue from the acquisition of building land rights has been steadily increasing since 2013, when it contributed 5.12 percent. In 2014, it increased by 5.32 percent, and in 2015, it contributed a fairly large 7.12 percent. Although it decreased by 4.93 percent in 2016, it increased by 5.19 percent in 2017. This implies that land rights, including management rights, and the structures on them continue to expand in the Mamuju Regency area, having an effect on BPHTB tax collection for the Mamuju Regency PAD and contributing a sizable portion of the total revenue among other taxes.

Table 2. Contribution of Local Tax to PAD in 2013 – 2017

Year	Acceptance Realization (IDR)	PAD (IDR)	Contribution
2013	10,490,033,627	31,826,291,857	32,96
2014	15,482,638,368	42,602,160,831	36,34
2015	18,369,333,114	56,909,971,654	32,27
2016	18,904,373,495	66,056,632,165	28,61
2017	22,696,438,914	79,617,265,842	28,50

Source: Mamuju Regency Regional Revenue Agency

Table 2 shows that the contribution of local taxes to PAD sources in Mamuju Regency has risen over time. The lowest contribution of local taxes to PAD was 28.50 percent in 2017, and the highest contribution of local taxes to PAD was 36.34 percent in 2014. There was a big rise in the amount of local taxes collected in 2014, from Rp. 15,482,638,368.00 to Rp. 15,482,638,368.00. However, the amount of money the local taxes contributed to the PAD dropped by 32.27 percent in 2015, and by 28.61 percent and 28.50 percent in 2016 and 2017.

It was because the increase in the nominal local tax did not match the nominal increase in PAD in 2017. A look at the explanation above shows that the highest percentage of local taxes in Mamuju Regency went to PAD in 2014. This is because 36.34 percent of local taxes went to PAD in 2014. People in Mamuju Regency, Indonesia, made a big contribution to the PAD in 2014 thanks to how much money the local tax sector brought in. This was due to how much money they brought in, which was far more than the money they brought in. Reached 155.63 percent. Tax on restaurants, cafeterias and cafes, entertainment, and non-mineral metal tax all reached 147.41 percent. Tax on billboards/billboards and neon boxes, cloth, and stickers all hit 152.50%, and the BPHTB tax hit 141.12 percent.

Regional Levy

Table 3. Contribution of Regional Levy to PAD in 2013 – 2017

Year	Acceptance Realization (IDR)	PAD (IDR)	Contribution
2013	10,557,924,360	31,826,291,857	33,17

2014	13,729,278,454	42,602,160,831	32,22
2015	16,625,322,860	56,909,971,654	29,21
2016	19,370,811,480	66,056,632,165	29,32
2017	21,832,582,368	79,617,265,842	27,42

Source: Mamuju Regency Regional Revenue Agency

The findings of regional retribution revenues from 2013 to 2017 indicate that their contribution to PAD sources in Mamuju Regency varies by year, with the maximum regional levy contribution of 33.17 percent in 2013 and the lowest at 27.42 percent in 2017. When yearly contributions to PAD are included, regional levies contributed 32.22 percent in 20014, a decline of only 1.33 percent from 2013's 33.17 percent. However, from 2015 to 2017, regional levies contributed 29.21 percent, 29.32 percent, and 27.42 percent to PAD, respectively. According to the description above, the largest regional retribution contribution to PAD in Mamuju Regency happened in 2013 with a figure of 33.17 percent. While the value of regional retribution to Mamuju Regency's PAD was substantial in 2013, the proportion of revenue from the regional levy sector was small in 2013, as none of the revenue posts (sources) from the regional levy sector exceeded the revenue target or had an acceptance percentage value greater than 100.00 percent.

Comparison of Regional Taxes and Levies

The writers can examine the ratio of regional levies and local taxes on local revenue in Mamuju Regency for the fiscal years 20013 to 2007. In this situation, the author must produce a table comparing the revenues, levies, and local taxes as a proportion of regional original income in the city of Mamuju from 2013 to 2017.

Table 4. Percentage of Local Taxes and Regional Levies against PAD in 2013-2017

Year	Percentage of Local Tax to PAD (%)	Percentage of Regional Levy to PAD (%)
2013	32,96	33,17
2014	36,34	32,22
2015	32,27	29,21
2016	28,61	29,32
2017	28,50	27,42

Source: Mamuju District Revenue Agency

According to Table 5, the proportion of local taxes on PAD was 32.96 percent in 2013 and the percentage of regional levies on PAD was 33.17 percent. In 2014, 36.34 percent of local taxes went to PAD, while 32.22 percent of local levies went to PAD. In 2015, 32.27 percent of local taxes went to PAD, while 29.21 percent of local levies went to PAD. In 2016, 28.61 percent of municipal taxes went to PAD, while 29.32 percent of regional levies went to PAD. In 2017, 28.50 percent of municipal taxes went to PAD, while 27.42 percent of regional levies went to PAD.

From the explanation above, it can be concluded that when the percentage of regional taxes is compared to the percentage of regional levies on the original revenue of Mamuju Regency for the 2013 fiscal year, the percentage of regional levies is greater than the percentage of regional taxes in 2013, but the percentage of regional taxes is greater than the percentage of regional levies in 2014 and 2015 fiscal years, while the percentage of regional taxes is greater than the percentage of regional levies in 2016. This might be due to an annual rise in revenue from municipal taxes (Saez & Zucman, 2020; Parchet, 2019). When local tax revenues are compared to regional levies on local revenue in Mamuju Regency for the 2014–2015 fiscal years, regional

taxes outperform regional levies.

When examining the potential (achievement) of Mamuju Regency's Original Regional Revenue (PAD) for the 2013–2017 period, the PAD components (regional taxes, regional levies, segregated regional wealth management results, and other legitimate PAD) represent a portion of the regional revenue that must be extracted from the Mamuju Regency area. The quantity of PAD is determined by the region's potential and the capacity of the Mamuju Regency local government to maximize the management of PAD sources (local taxes, regional levies, segregated regional wealth management outcomes, and other lawful PAD).

The magnitude of the Regional Original Income demonstrates the capability of Mamuju Regency's local government in this scenario. As a result, maximum efforts are required to increase PAD in Mamuju Regency. The Mamuju Regency's prospective sources of PAD from the regional tax sector, the outcomes of segregated regional wealth management, and so on. The legal PAD is pretty substantial, and its revenue realization is already fairly high, as it exceeds the revenue objective or the revenue percentage value of 100.00 percent. Except for the potential PAD from the regional retribution sector, the realization of its revenue is still relatively low because it has not exceeded the revenue target or the percentage value of its revenue is still less than 100.00 percent, so the Regional Government of Mamuju Regency must increase the Extensification and Intensification of revenue management by developing regional levies and enforcing regional regulations as efforts made and po Additionally, extensification efforts should be conducted to identify new income streams (sources) from the regional tax sector, the outcomes of segregated regional wealth management, and other valid PAD, in order to preserve and continually increase the potential of the current PAD.

Efforts to intensify or optimize regional revenue are directed at increasing revenues from existing sources or types of regional revenue that have not been managed optimally or have the potential to be increased or maximized (Schar et al., 2028), such that revenue realization increases and efforts to expand or add types of revenue receipts are directed at increasing revenue realization. Regions are meant to search for and explore new sources of Regional Income, which will be included into Regional Regulations in the form of regional taxes, regional levies, segregated regional wealth management results, and other lawful PAD and other sorts of regional revenue. Meanwhile, what has been realized so far as a source of tax income in Mamuju Regency is six types, although according to Law No. 28 of 2009 on Regional Taxes and Levies for district/city taxes, there are eleven (eleven) forms of regional taxes that must be adjusted by the local government. Regional Government of Mamuju Regency in order to maximize tax collection in the APBD.

Contribution of Local Taxes to Local Original Income

While regional tax revenues have increased in Mamuju Regency since 2014, their contribution to PAD sources has decreased over time, with the lowest contribution of local taxes to PAD occurring in 2017 at only 28.50 percent and the highest contribution of local taxes to PAD occurring in 2014 at 36.34 percent. While the realization of local taxes increased by Rp. 15,482,638,368.00 in 2014 compared to Rp. 10,490,033,627.00 in 2013, the contribution rate to PAD declined to 32.27 percent in 2013 compared to 32.96 percent in 2015, while also declining by 28.61 percent and 28.50 percent in 2016–2017. The magnitude of the realization of local tax revenue on local revenue in Mamuju Regency is due to the fact that tax revenue has climbed year after year from 10% to the percentage of criterion above, despite the fact that local tax revenue contribution has reduced greatly.

Regional Levies' Contribution to Regional Original Revenue

Regional retribution revenue has consistently fallen throughout a five-year period from 2013 to 2017, except in 2013, when it climbed by 33.17 percent. However, income began to see a

severe fall in PAD the following year, with a decline in regional retribution revenues of 32.22 percent, 29.21 percent, 29.32 percent, and 27.42 percent from 2014 to 2017. This demonstrates that regional levies' contribution to the original regional income of Mamuju Regency has declined each year as regional levies' realization has reduced.

Conclusion

Local tax collections grew between 2013 and 2014, but showed variable symptoms for each form of tax between 2015 and 2017. This is because local governments' practices on the collection of local taxes have changed significantly. Between 2013 and 2017, the contribution of regional taxes varied significantly. Regional tax revenues and regional levies contribute to Mamuju Regency's rise in regional original revenue. Mamuju Regency's local government needs to boost the contribution of the dominating sectors to GRDP, notably agriculture, trade, hotel and restaurant, and industry. The quality of human resources/local government apparatus must always be increased in order to become more competent and dependable in managing and exploring the potential of PAD, particularly sources of regional taxes and levies. For the Mamuju City Government, it is hoped that it can be used as input in implementing regional financial management in order to further increase the collection and receipt of each component of regional original income, particularly regional taxes and regional levies, through increased supervision, guidance, and evaluation of regional tax and levies collection.

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