

THE EFFECTIVENESS AND CONTRIBUTION OF LOCAL TAXES TO LOCAL REVENUE

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Abstract

Local Own Revenue (PAD) is regional revenue from various local government efforts to collect funds for the needs of the region concerned in financing routine and development activities, which consist of regional taxes, regional levies, portions of regionally owned business profits, and other original revenues legal area. Here the spearhead is in the local tax sector, in this case the regional taxation of the income of the region is very effective with the changes in regional regulations number 2 in 2017 and in the collection of local taxes in the period 2015-2019 have different effectiveness in terms of the percentage on average, however, the majority of the tables above have in common, many of which are very effective in their attainment of Local Revenue. Only one type of tax with a percentage and effectiveness is less namely Non-Metallic Mineral and Rock Tax of 73%. Whereas in Lumajang Regency, starting from the period of 2015-2019, in terms of tax contribution, the contribution was not contributing, the proof is that all types of tax have a less percentage. Here the type of tax that has the lowest percentage value 3 is entertainment tax with a percentage of 0.03%, parking tax with a percentage of 0.07%, and the next is the ground water tax of 0.15%. Whereas on the contrary if there is the lowest there must also be the the highest, for the highest percentage in local taxes that contribute to local revenue, namely street lighting tax with a percentage of 8.88%, the PBB-P2 tax or the Urban and Rural Land and Building Tax, which reaches the percentage 4.49%, and the following is the Building Land Acquisition Fee tax of 3.85%.

Keywords: Local Original Revenue, Local tax

INTRODUCTION

Law No. 34 of 2000 on local taxes and levies, regulates the greater role of government in budget management development, it can be said to be a fiscal transfer from the central government to regional government. One of the things done by the central government in implementing it equitable development is to carry out the development of regions in all of Indonesia submitted to local governments through regional autonomy. Development at the national and regional levels is currently being carried out for improve the welfare and prosperity of the community. In accordance with the ideals of the nation Indonesia as stated in the 1945 Constitution which reads "for promote public welfare ", so that the existing development in the area is part of national development. Meanwhile, efforts are made for regional development so that the region can manage the potential of the area with the community as well increase development in the economic field and create jobs new to the community.

According to Halim in Sugiarto (2016: 67) Regional Original Income (PAD) constituting all regional revenues originating from the original regional economic sources. Regional Original Income (PAD), has several elements, namely local taxes and levies regions that have a major influence on the regions. So local taxes and local levies it must be developed in a very serious manner and must be both honest and fair Thus, the local government must be thorough and observant to read all aspects of that subject to local taxes and levies and optimize the potential that exists in the region. In this way, the original income of this region gets the appropriate income what's in the field.

Local government must be able to make efforts to increase the revenue that comes from the region itself so that it will increase the availability of regional finance that can be used for various development activities and others. To realize optimal implementation of Regional Autonomy will depend on local government funding to the role of Regional Original Revenue and because of the progressive nature of taxes.

In conducting this research which includes local revenue which includes regional taxes and levies, namely the Regional Tax and Retribution Office. At the Agency Office Regional Taxes and Levies handle and receive deposits of various types of local taxes and also receive income from local retribution. With this the real retribution is not Regional Tax and Retribution Office that run, but the agencies producers in Lumajang, only this Office and Bank Jatim are made as a container for receiving income from producing agencies. Therefore in Regional Tax and Retribution Office, there is a bank jatim that is stand by at the office so that don't experience queues that are too long to make this payment. So from that's called just receiving the income.

Regional Original Revenue (PAD) is regional revenue from various government businesses regions to collect funds for the needs of the region concerned in finance routine activities and development, which consists of local taxes, user fees regions, a share of regional-owned business profits, and other legitimate original regional revenues

Original regional income is defined as regional income depending on the circumstances the economy in general and the potential of the region's own sources of income himself Hertanto & Sriyana (2011). Regional Original Income (PAD) is income sourced from the results of local taxes, the results of regional levies, the results of management segregated wealth, and other legitimate regional original income aims to provide flexibility to local governments in exploring funding in implementing regional autonomy as a manifestation of the principle of decentralization. " Yani Putra et al., (2008: 51). So the conclusion is this Regional Original Income is an income generated by the region in the form of taxes, levies, and other legal taxes.

Local Tax is a mandatory contribution from the community to the Regional government which is used to finance government interests or even activities Regions and are levied based on the law and behave coercively, and not there are direct achievements given (Law No.28 of 2009).

Effectiveness is how well the job is done, to what extent people produce the expected output. This means that if a job can completed in accordance with the plan, whether in time, cost, or quality can be said to be effective. Contribution comes from the English word, namely contribute, contribution meansis participation, involvement, self or donation. According to Dany H, Yandianto in the General Indonesian Dictionary defines contribution as a form of money contribution or funds in a forum, association and so on. Based on understanding is associated with the tax contribution to PAD, it can be said that tax contribution to PAD shows how much tax revenue can be make donations or contribute to the total revenue of PAD

METHOD

This type of research uses descriptive qualitative research. Descriptive method namely the method used to describe or analyze a research result but not used to use Sugiyono's broader conclusions in Pratiwi (2011: 21). The problem-solving procedure in this method is to use data past data. Research whose data is expressed by numbers that indicate value over the variable. The results are used to analyze current events or can also be used to predict future events. The object of this research is effectiveness and the contribution of local taxes to local revenue. The subject in focus research, namely the Government Agencies of Regional Tax and Retribution in the period 2015-2019. The method used is a qualitative method. Here can be explained using qualitative methods because this research is centered in analyzing data as a guide for research carried out from government agencies of the Tax Agency and Regional Retribution.

This research approach uses a case study that is in government agencies Regional Tax and Retribution Agency. This study focuses on data from income all types of local taxes starting from

2015-2019. There you can see local tax data which has progressed and decreased against the targets that have been set by the regions. This is what can be learned and can be used as a reference if there is a tax sector not achieving the target can be done to seek potential potential that can be increased the tax percentage has increased and is targeted. Source of data used in this study is secondary data from financial reports that have been submitted carried out for one year of work or it can be called the Annual Realization. Internal data is data originating from within or internally in the company. Internal data used in the form of financial reports, *historical data* and company summaries. While External data according to Paramita and Rizal (2018: 72) is data that comes from outside corporate institution or organization. External data sources come from previous research in the form of journals and theses with variables of effectiveness and contribution of local taxes to locally-generated revenue . This research subject retrieval technique is to use the method This purposive sampling is carried out selectively. So the subject is put forward As a consideration in this research, data on local tax revenue starts from the year 2015-2019. In this data, there are actually various elements of income starting from local taxes, local levies, other legal income, and there are also assets separated areas. However, in this study only includes local taxes.

RESULTS AND DISCUSSION

The data used are qualitative data and secondary data are used. This secondary data is in the form of budget data or Regional Tax targets, Local Tax realization, Collection Costs (Official Travel Costs plus Labor Wages), and total realization Original Regional Income (PAD) for the 2015-2019 fiscal year in the financial statements obtained from the Regional Tax and Retribution Agency of Lumajang district. Component The Regional Original Revenue (PAD) of Lumajang Regency consists of local taxes, levies regions, proceeds from the management of separated regional assets and other legal PAD. Here the local tax sector plays a very important role, because it is through this sector can be seen to what extent a region can finance government activities and regional development and determine regional independence. own regional taxes. There are 11 types of taxes collected in Lumajang Regency, namely hotel tax, restaurant tax, entertainment tax, advertisement tax, street lighting tax, parking tax, non mineral tax metals and rocks, groundwater tax, swallow's nest tax, Rural & Urban PBB, and Fees for Acquisition of Land and Building Rights (BPHTB). Regional levies include population service levies, parking fees, health service levies and others other. Meanwhile, the separated regional wealth management results are part of the profit for equity participation in regional companies. Meanwhile, other legal PAD namely all regional income apart from local taxes, local levies, and yields management of separated regional assets, for example deposit interest, current accounts, income tax penalties, and others.

the type of Regional Original Income from year to year increase or decrease. Here it can be explained that in fact if all realization of the budget in the amount, the Regional Original Revenue in Lumajang Regency in each the year has increased. First, namely from the Realization of Original Regional Revenue in. In 2015 it reached the range of Rp. 212,496,195,134.11, and in 2016 it reached the range Rp. 242,111,541,251.56, for the year 2017 it reaches Rp. 245,420,076,648.72, in years. This 2018 reached the range of Rp. 270,139,870,884.23, and in 2019 it reached range of Rp. 296,784,495,727.42. In measuring the effectiveness of local taxes, it can be done by searching as much potential as there is in the Lumajang Regency area, but in a way make a comparison between the realization of local taxes with a target tax area. That way you can find out which sector should be explored potential both from business owners and from public awareness, because of it is public awareness that can help improve a local tax sector.

Local tax collection in the 2015-2019 period have different effectiveness in terms of average percentage, but the majority from the table above it has in common that many are very effective for its achievements against Regional Original Income. Only one type of tax is a percentage and its effectiveness is less, namely Tax on Non-Metal Minerals and Rocks of 73%. This Non-Metal Mineral and Rock Tax is difficult to achieve because of its effectiveness the target given is very large. great potential but miners envy because it still is some are mining illegally which is very detrimental to miners legal or who have mining permits. as well as possible all this must be acted firmly and included in the district head regulations and regional regulations, so that the owner

Illegal mines are lush and won't dare to open again. It is not only the Minerba sector that must be enforced as strictly as against taxpayers who violate the rules, all tax sectors should have rules that are very firm against taxpayers. if possible make a statement letter if there is one cheating and it could be to take direct action to do business closure, termination of fraud perpetrators. because this tax is the end spear for the existence of an existing development in the area.

Some taxes have reached the level of effectiveness but to achieve the target not yet, here it is necessary to do socialization to the community, because sometimes it still is many ordinary people do not understand this tax. Socialization can be done through videotron installed at certain points, radio, social media and even face to face . If all taxpayers understand and know the importance of paying taxes. Then This local tax will always be on track very effectively and exceed the target already set.

Regional Tax Contribution Analysis shows how much Local Taxes are this contributes to Local Own Revenue. Here can be done with how to compare the total realization of local taxes with the realization of local revenue in a certain period. So it can be seen by the greater the tax revenue regions the greater the contribution made to Regional Original Revenue and so conversely, if the local tax cannot optimize its income, it will contribute the original regional income will also not be optimal.

Lumajang Regency starts from the 2015-2019 period the contribution has an average percentage that varies. But for the aspects provisions, local taxes in Lumajang district are very less contributing to locally-generated revenue . Here the type of tax that has the lowest percentage value is 3, namely entertainment tax with a percentage of 0.03, parking tax with a percentage of 0.07, and that next, namely groundwater tax 0.15. On the other hand, if there is the lowest, it is certain there is also the highest, for the highest percentage of contributed local taxes to local revenue, namely street lighting tax with a percentage of 8.88%, PBB-P2 tax or Urban and Rural Land and Building Tax, namely reaching percentage of 4.49%, and the following is tax on acquisition of land and building rights up to 3.85%. All of this is due to the high realization of PAD experiencing the increase itself in tax revenue which sometimes experiences increase and decrease.

CONCLUSION

Based on the results described, it can be concluded that tax effectiveness area which consists of 11 types of taxes including hotel tax, restaurant tax, entertainment tax, parking tax, groundwater tax, advertisement tax, street lighting tax, bird's nest tax swallow, urban and rural land and building tax, title tax land and buildings, tax on non-metal minerals and rocks that have been obtained and those that have entered the regional treasury experience very effective progress but only exist one of the taxes that is less effective is tax on Non-Metal Mineral and Rock get a percentage of 73%, but there is one type of tax that no longer has an object namely the swallow's nest tax, while the 9 types of taxes experience a percentage or achieve the target of an average of 100% and some are even more. Although from the average percentage gets 100% progress but the potential must be explored again potential tax in Lumajang district so that every year all these types of taxes experienced a target of 100% and the average percentage was also 100%. For the next year the government in Lumajang district should further optimize the potential and withdrawals that are there so that this tax revenue contributes to the original income area. In terms of effectiveness, local taxes are very influential local revenue, but when viewed from the contribution of local taxes is very less effective against local revenue. In terms of regional regulations that are still being implemented very effective to do as a reference for tax collection on mandatory taxpayers tax who owns the business

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