

# Analysis of the Influence of Local Tax Revenue and Retributions to Regional Income in Bandung City

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**ABSTRACT:** This research was conducted to analyze the effect of realization regional tax revenues and realization of regional retribution towards local original income in the Bandung City Government. This research is quantitative research using data on regional tax revenues and levies in 2016 - 2022 obtained from the Directorate General of Fiscal Balance Ministry of Finance and Bandung City Regional Revenue Agency. Technique analysis used is multiple linear regression analysis with SPSS 25 application. The results of this research show that local taxes have an influence significantly to local revenue in the city of Bandung. Apart from that, regional levies show a direct influence significant for Bandung City's original regional income.

**KEYWORDS** -Regional Taxes, Regional Levies, Regional Original Income, Bandung City

## I. INTRODUCTION

In the era of regional autonomy, regional governments are given deep authority regulate its own government activities with the aim of bringing them closer together service for public And makes it easier public For control use of funds originating from the APBD[1]. The objectives of implementing regional autonomy include: others to bring government services closer to the community, making things easier community to monitor and control the use of sourced funds from Budget Income And Shopping Area (APBD . Regional original income which includes, among other things, regional taxes and regional levies, expected become Wrong One source reception government area in increasing regional financial independence [2]. Original income regional income must be the largest source of regional income in the region autonomous [3]. Autonomy area own role important For development at each area Where the source originate from APBD .

Law No.32 of 2004 concerning Regional Government has put autonomy area in a way intact on area regency And city [4]. City of Bandung is city metropolitan biggest in Java West as well as being the provincial capital. The city of Bandung is still today objective tour for Lots tourists. According to Mr Deden as Analyst Finance Center Area Subcore Development Regional Tax Potential which conveys that the city of Bandung is a city tour Which Lots get income from sector tour, culinary, lodging, entertainment, match sport And matter Which related with traveler become one source of input for Income Original Area City Bandung[5].

Tabel 1. Realization Income Original Area Bandung

Year	IncomeOriginalArea	RealizationIncomeOriginalArea	Percentage
2016	IDR 2,751,420,000,000	IDR 2,152,760,000,000	78.24%
2017	IDR 3,065,140,000,000	IDR 2,578,460,000,000	84.12%
2018	IDR 3,397,310,000,000	IDR 2,571,590,000,000	75.69%

2019	IDR 3,055,001,000,000	IDR 2,548,260,000,000	83.41%
2020	Rp3,339,360,000,000	IDR 2,063,780,000,000	61.80%
2021	IDR 3,300,083,000,000	IDR 2,196,420,000,000	66.54%
2022	IDR 3,165,810,000,000	IDR 2,759,320,000,000	87.16%

Source: djpk.kemenkeu.go.id

“Regional Original Income (PAD) is the backbone of financing area . Therefore, the ability of a region to extract PAD will influence development and development of the area. Besides that, it's getting bigger contribution PAD to APBD, so will the more small dependency to central government assistance. Realization of Original Regional Income, especially in 2020 experience decline because exists pandemic, Where component Which has quite a large contribution, namely regional taxes and regional levies[5]. One component of Income Original Regional, namely regional taxes experience decline budget realization on 2020[6].

Table 2 Realization Tax Area City Bandung

Year	BudgetLocal tax	RealizationTaxArea	Percentage
2016	IDR 2,186,420,000,000	IDR 1,709,810,000,000	78.20%
2017	IDR 2,400,100,000,000	IDR 2,175,080,000,000	90.62%
2018	IDR 2,644,000,000,000	IDR 2,160,150,000,000	81.70%
2019	IDR 2.436.310.000.000	IDR 2.154.640.000.000	88.44%
2020	IDR 2.709.550.000.000	IDR 1.629.190.000.000	60.13%
2021	IDR 2.700.000.000.000	IDR 1.694.120.000.000	62.78%

Source: djpk.kemenkeu.go.id

Secretary BPPD City Bandung, Guns Guns Sumaryana confess, BPPD City Bandung year 2020 beginning targeting tax revenue of IDR 2.7 trillion. However, due to the COVID-19 pandemic 19, target the rationalized become Rp. 2.2 trillion, until Finally set amounting to IDR 1.7 trillion in the Revised APBD. During the COVID-19 pandemic, which nine types of taxes are most significantly affected, namely taxes on hotels, restaurants, and parking tax.[7]. During the pandemic, tax revenues most affected significantly ie tax hotel, restaurants and tax parking.

Based on study previously Which done by Komala *et al.* that retribution area And tax area in a way Partial influential to PAD regency Purwakarta on year 2009 – 2018[8]. According to Dila research that regional tax revenues, retribution regional, wealth management separated And etc PAD Which legitimate influential to enhancement Income Original Area (PAD) in Regency And City in Region Indonesia[9]. Based on background behind Which has outlined on so formulation problem on This research is how influence Tax, Retribution and both of them to Income Original area in City Bandung.

## II. REVIEW REFERENCES

### 4.1. Reception Area

Regulation Government In Country Number 13 Year 2006 about Guidelines Management Finance Area, Reception Area is money that goes into the regional treasury[10]. In article (17) that Acceptance area consists from income area And reception financing area. Regional income as intended in paragraph (1) is an estimate rationally measurable that can be achieved for each source of income. Reception financing as intended on paragraph (1) is all reception Which need paid return Good on year budget Which concerned as well as in subsequent fiscal years. In article (23) that Income area as intended in Chapter 22 paragraph (1) letter a covers

all reception Money through account cash general area, Which increase fund equity, which is a regional right in one fiscal year and No needs to be paid back by the region.

#### **4.2. Income Original Area**

According to Dila in implementation something autonomy area, every Autonomous regions are given power and authority by the internal government operate House the stairs each[9]. With method dig source Power owned by the region in order to generate regional income. Income Original The area is income Wrong One opinion area after fund balance, And income etc Which legitimate according to Minister of Home Affairs Regulation Number 13 of 2006 article 25[10]. Definition of Original Regional Income according to Indonesian Law Number 28 of 2009, namely regional financial sources that are extracted from region area concerned Which consists from results Tax area, results retribution regional, results management riches area Which separated and others regional original income legitimate[11].According to Suharyadi, Increase in Original Regional Income (PAD) absolutely must be carried out by the Regional Government in order to be able to finance it his needs Alone, so that dependency Government Area to The central government is decreasing and in the end the regions can be independent[12]. In an effort to increase Regional Original Income (PAD), each region does not permitted For:

- a. Set Regulation Area about income area Which cause cost economy tall.
- b. Establish Regional Regulations regarding obstructive income population mobility, traffic of goods and services between regions, and import activities or export.

On area autonomous which has given authority by the government center to manage its resources myself in expect government area each arrange strategy deep increase PAD area they[9]. PAD That Alone For finance cost routine nor development area. In optimizing reception PAD must exists support from government that area Alone in improvement service public.Regional Original Income (PAD) is income obtained by the region levied based on regional regulations in accordance with statutory regulations invitation, includes:

- a. Tax area
- b. Retribution area
- c. Results management riches area Which separated
- d. Others income original area Which legitimate

#### **4.3. Tax Area**

According to Kadir by general tax is levies from the public by the state based on laws in nature can forced And owed by which must pay it with no get reply service in a way direct, which the result used for financestate expenditure in government administration and development. Matter This show that tax is payment must Which worn based on constitution which no can avoided for which obliged and for those who do not want to pay taxes, coercion can be applied[13]. With In this way, it will be guaranteed that the state treasury will always contain tax money. Besides that, imposition of taxes based on law will guarantee justice and certainty law for payer tax so that government No can arbitrary right determine the size tax. Taxes function in their basic use, benefits The principal of taxes as well as a tool for determining economic politics, taxes have the main uses and benefits in improving general welfare, a country no will possible want decline life economy its people. Generally there are two types of tax functions, namely function budgetair and function regularend[13].

The function of this budgetair is the main function of tax, or fiscal function, namely a function in where's the tax? used as tool for enter fund in a way optimal to cash country based on Constitution Taxation Which applies[13]. Called as function main, Because function here it is which in a way historical first time appear. Taxes are used as a tool to collect funds from the community without there is counterperformance in a way direct from era before AD Already done. Based on this function, the government is the party in need funds to finance various interests by collecting taxes from its inhabitants.

Tax own a number of element, from various definition Which given to Tax Good understanding in a way economical (Tax as diversion source from the private sector to the government sector) or juridical understanding (Tax is a contribution that can be imposed) conclusions can be drawn about the elements Which found in meaning of Tax between others as follows:

- a. Taxes are collected based on law. This principle is in accordance with third amendment to the 1945 Law article 23A which states "Taxes and other levies that are coercive for necessities country regulated in law."
- b. No get services lead come back (conrapreach individual) which can be demonstrated directly. For example, obedient people pay Tax vehicle office will through road Which The same the quality with person Which No pay Tax vehicle motorized.
- c. Tax collection is intended for general financing purposes government in frame operate function government, Good routine nor development.
- d. Tax collection can be forced. Taxes can be imposed if must Tax No fulfill obligation taxation And can worn sanctions according to regulations legislation.
- e. Besides function budgetary (budget) that is function fill in Cash State/State Budget required to cover financing maintenance government, Tax Also works as tool to regulate or implement state policy in the field economy and social (regulating/regulative function) .

Type Tax According to Law Number 18 years 1997 Section 2 ;

- a. Type Regional Tax Level I consist of:
  - b. Tax Vehicle Motorized;
  - c. Bea Come back Name Vehicle Motorized;
  - d. Tax Material Burn Vehicle Motorized;
- e. Type Tax Regional Level II consists from:
  - f. Tax Hotel And Restaurant;
  - g. Tax Entertainment;
  - h. Tax Advertising
  - i. Tax Lighting Road;
  - j. Tax Taking And Processing Group Minerals C;
  - k. Tax Utilization Water Lower Land And Water Surface

#### 4.4. Retribution Area

Retribution is payment must from resident to country Because exists service certain Which given by country for individual residents[13]. These services can be said to be direct, that is only Which pay retribution Which enjoy reply service from country.Law Number 34 of 2000 Article 18 paragraph (1) determine that object retribution is various types of services certain Which provided by Government Area[13].

Retribution Service General, that is service Which provided or given by Regional Government for the purposes of public interest and benefit and may enjoyed by person personal or body. Service general between other covers service health And service waste. Service Which No including service general is general government affairs services. Object of public service levies according to Bapenda West Java that is;

- a. Retribution Service Health
- b. Retribution Service Waste/Cleanliness;
- c. Retribution Replacement Cost Print Card Sign Resident And Deed Notes Civil;
- d. Retribution Service Burial And Cremation of Corpses;
- e. Retribution Service Parking in Edge Road General;
- f. Retribution Service Market;
- g. Retribution Testing Vehicle Motorized;
- h. Retribution Inspection Tool Extinguisher Fire;
- i. Retribution Replacement Cost Print Map;
- j. Retribution Provision and/or Suction Latrines;
- k. Retribution Processing Waste Liquid;

- l. Retribution Service Tera/Tera Repeat;
- m. Retribution Service Education;
- n. Retribution Control Tower Telecommunication

Business Services Retribution, namely services provided by the Regional Government with adhere to principles commercial Because on basically can also provided by sector private. Service business between other covers rental asset Which owned/controlled by the Regional Government, providing accommodation, business vehicle repair shops, car washes, and seed sales. Object of retribution service business according to Bapenda West Java consists of;

- a. Retribution Usage Riches Area;
- b. Retribution Market Wholesaler and/or Shops;
- c. Retribution Place Auction;
- d. Retribution Terminal
- e. Retribution Place Special Parking;
- f. Retribution Place Lodging/ Guest House/Villa;
- g. Retribution House Cut Animal;
- h. Retribution Service Port;
- i. Retribution Place Recreation And Sport;
- j. Retribution Crossing in Water;
- k. Retribution Sale Production Business Area

Certain Licensing Retribution, namely certain activities of the Regional Government in the context of granting permission to the individual or entity in question For coaching, arrangement, control And supervision on activity, utilization room, use source Power natural, goods, infrastructure, means, or certain facilities to protect public interests and maintain sustainability environment. Remembering that the licensing functionintendedForstagecoaching, arrangement, control, Andsupervision, basically the granting of permits by the Regional Government is not necessarycollectedretribution.Retributioncertain permitsaccording to BapendaWest Java namely;

- a. RetributionPermissionFoundingBuilding;
- b. Retribution Permission Place Sale Drink Alcoholic;
- c. Retribution Permission Disturbance;
- d. Retribution Permission Route;
- e. RetributionPermissionBusinessFishery;
- f. Retribution for Extension of Permit to Employ Foreign Workers (IMTA).(Based on PP No. 65 of 2012 concerning Types and Rates ofPNBPWhichapplies toMinistry of EnergyWorkAndTransmigration)

#### 4.5. Hypothesis Study

Based on literature and the problem, Sothis following hypothesis is formulated

- H<sub>a1</sub> : Local Taxes influence the City's Original Regional Income Bandung  
H<sub>a2</sub> : Retribution influential to Income Original Area City Bandung  
H<sub>a3</sub> : Regional Taxes, Retribution simultaneous influence to Original Income City Area Bandung

### III. METHODOLOGY RESEARCH

On Study This writer use method study quantitative with approach descriptive, that is try prove connection correlative between the influence of dependent and independent variables.Order this research more specific in scope, then this research use system range time ( time series ), Where data collected calculated based on data in the period time last 6 years (2016 until 2022).Technique collection data which used in this research is with use method documentation. Simple regression testing can be done after testing classic assumptions to find out whether the data to be used is free from assumption classic or not. The model is used to analyze the

relationship between the two these variables, with the analysis model:  $Y = \alpha + \beta_1 X_1 + \beta_2 X_2$ . Hypothesis testing is carried out using tests partial (t test). Simultaneous test (F test), useful for carry out regression coefficient (slope) hypothesis testing in a way simultaneously And ensure that model Which chosen worthy or No For interpreting the influence of the independent variable on the dependent variable.

#### IV. RESULT AND DISCUSSION

##### 4.1. Local TaxInfluencetoIncomeOriginalArea

Based on calculations on SPSS 25, through test regression linear multiple obtained that tax area influential in a way significant to income native to the region (PAD ). Results This in line with study from, Mukarramah [2], Komala *et al.*[8], and Dila [9]. So that can it is said that the higher the level of realization of regional tax revenues, the the more high realization of income receipts native to the region .

Table 3. Table of realization of Regional Taxes on Original Regional Income

Year	Realization of Regional Original Income	Realization of Regional Taxes	Percentage
2016	IDR 2,152,760,000,000	IDR 1,709,810,000,000	79%
2017	IDR 2,578,460,000,000	IDR 2,175,080,000,000	84%
2018	IDR 2,571,590,000,000	IDR 2,160,150,000,000	84%
2019	IDR 2,548,260,000,000	IDR 2,154,640,000,000	85%
2020	IDR 2,063,780,000,000	IDR 1,629,190,000,000	79%
2021	IDR 2,196,420,000,000	IDR 1,694,120,000,000	77%
2022	IDR 2,759,320,000,000	IDR 2,138,900,000,000	78%

Source : data is processed

Based on table 3, it shows that the percentage of regional taxes on original regional income is the largest component in the formation of regional taxes because this can be seen from the fact that more than 50% of the source of original regional income comes from regional taxes. However, the amount of regional tax realization in Bandung City changes every year. The percentage from 2016 to 2019 experienced the highest increase of 5% in 2016 to 2017[14]. However, it experienced the highest decrease again in 2020. This was due to the Covid-19 pandemic which resulted in a decrease in regional tax collection. During the Covid-19 pandemic, the government provided a motor vehicle tax reduction program to reduce the negative impact of the Covid-19 pandemic. With the existence of the Motor Vehicle Tax Reduction program policy which is regulated in the Decree of the Governor of West Java Number 970/Kep.324-Bapenda/2022 concerning the Motor Vehicle Tax Reduction and Exemption Program and Motor Vehicle Title Transfer Fees in the Post-Covid-19 Pandemic Economic Recovery Period. public awareness in reporting regional tax payments. Several motor vehicle tax reduction programs include providing exemption from fines, exemption from BBNKB II, exemption from 5th year Motor Vehicle Tax arrears, discount on Motor Vehicle Tax and discount on BBNKB I. This policy is able to increase the percentage of regional tax realization in 2022 by 78% [14] .

##### 4.2. Retribution Influence to Income Original Area

Based on calculation SPSS 25, through test regression linear multiple It was found that regional retribution did not have a significant effect on this proven with results calculation test Partial (test t) in table Which shows a figure of 0.194 which is greater than 0.05. So that the second hypothesis is not accepted and it can be said that the retribution variable area no influential in a way significant to income original area. The results in line with study from Suharyadi so that can said that level realization reception retribution area No too significant with realization original income area (PAD)[12] .

Table 4. Realization of regional retribution with Bandung City's original regional income

Year	Realization of Regional Original Income	Realization of retribution	Percentage
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2016	IDR 2,152,760,000,000	IDR 92,010,000,000	4%
2017	IDR 2,578,460,000,000	IDR 50,060,000,000	2%
2018	IDR 2,571,590,000,000	IDR 69,130,000,000	3%
2019	IDR 2,548,260,000,000	IDR 62,470,000,000	2%
2020	IDR 2,063,780,000,000	IDR 52,330,000,000	3%
2021	IDR 2,196,420,000,000	IDR 30,090,000,000	1%
2022	IDR 2,759,320,000,000	IDR 30,930,000,000	1%

Source : data is processed

Based on table 5, it shows that the influence of regional retribution on the original regional income component was only 4% in 2016. This figure continued to decline until 2020 and decreased drastically in 2021[16]. This was marked by the Covid-19 pandemic. There have been various government efforts to increase regional Retribution revenues in the city of Bandung, but this has not had a significant impact on the amount of revenue from regional retribution in the city of Bandung. Even so, regional retribution still have no impact on regional original income.

#### 4.3. The Effect of Regional Taxes and Retributional on Income Original Region

Based on SPSS 25 calculations, through multiple linear regression tests it was found that regional taxes and regional levies simultaneously had a significant and positive effect on incomenative to the area that produces valuesignificance is  $0.003 < 0.05$ . This is in line with the theory that regional taxes and regional levies are componentslocally-generated revenue. Therefore, efforts can be made to ensure optimal management and collection of these two things. The original revenue from other regions is in the form of results from the management of separated regional assetsand other legitimate regional original income. These results are in line with research from Komala *et al.*[8], Dila [9], Miswar *et al.*[17]. So it can be said that the more high level of realization of regional tax revenues and level of realization of revenues retribution area so the more tall realization reception income original area.

## V. CONCLUSION

Tax area influential in a way significant to variable dependent that is income original area. it shows that the percentage of regional taxes on original regional income is the largest component in the formation of regional taxes because this can be seen from the fact that more than 50% of the source of original regional income comes from regional taxes. However, the amount of regional tax realization in Bandung City changes every year. The percentage from 2016 to 2019 experienced the highest increase of 5% in 2016 to 2017. However, it experienced the highest decrease again in 2020. This was due to the Covid-19 pandemic which resulted in a decrease in regional tax collection.

Retribution no influential in a way significant Income original area in City Bandung. It because only 4% income which government can collect in 2016. It's continued to decline until 2020 and decreased drastically in 2021[16]. One of the causal factors by the Covid-19 pandemic. There have been various government efforts to increase regional Retribution revenues in the city of Bandung, but this has not had a significant impact on the amount of revenue from regional retribution in the city of Bandung. Even so, regional retribution still have no impact on regional original income.

The regional tax and retributionarea have a significant effect on income regional area. This is in line with the theory that regional taxes and regional levies are componentslocally-generated revenue. Therefore, efforts can be made to ensure optimal management and collection of these two things. The original revenue from other regions is in the form of results from the management of separated regional assetsand other legitimate regional original income.

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