

## Effectiveness of PBB-P2 Revenue Contribution, BPHTB and Hotel Tax on Cirebon City PAD: Pre and Post Covid-19

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### ABSTRACT

*One of the cities in Indonesia affected by Covid-19 is Cirebon City. Based on data from the Cirebon City Central Statistics Agency (BPS), Cirebon City's PAD revenue experienced a drastic decline in 2020 and 2021. Regional taxes that contribute to increasing Regional Original Income (PAD) include Rural and Urban Land and Building Taxes (PBB P2), Land and Building Rights Acquisition Fee (BPHTB) and Hotel Tax. All three have great potential for development. The aim of this research is to find out and analyze the effectiveness of the contribution of PBB-P2, BPHTB, Hotel Tax revenues to Cirebon City PAD before and during the Covid-19 pandemic. This research uses a comparative research method with quantitative descriptive analysis techniques based on data from the 2018-2021 Target Report and Realization of Regional Original Revenue. The results of this study show that there are differences in the influence between the 3 variables tested, namely as follows: there is no visible relationship between the Hotel Tax variable and Original Regional Income, while the BPHTB and PBB-P2 variables have quite a large impact on Original Regional Income.*

*Keywords : PBB-P2, BPHTB, Hotel Tax, Original Regional Income, Covid-19 Pandemic*

### INTRODUCTION

In Indonesia, regional governments are given authority by the central government to regulate and manage their governments in accordance with Law Number 32 of 2004 concerning Regional Government. In carrying out its governance, regional governments have the authority to regulate their own economy based on applicable regional legislation which is called regional autonomy (1) . With regional autonomy, regional independence continues to be encouraged so that regions do not depend for their regional survival on the central government. Based on Law Number 32 of 2004, regional financial sources consist of Original Regional Income (PAD), balancing funds, regional loans and other legitimate income. Regional governments can maximize their economic potential so that regional development can be

achieved by exploring sources or potential of regional income, especially Regional Original Income (PAD).

The results of obtaining Original Regional Income (PAD) which is able to support the running of the economy in a region, reflects the level of independence of a region. This indicates that the higher the achievement of Original Regional Income (PAD) in a region, it will prove that the region is capable of implementing fiscal decentralization (2) .

The Covid-19 pandemic, which began in 2019, caused the world economy to decline and even the Indonesian economy is likely to stop in 2020 due to restrictions on community activities. One of the cities in Indonesia affected by Covid-19 is Cirebon City. Based on data from the Cirebon City Central Statistics Agency (BPS), Cirebon City PAD revenues experienced a drastic decline in 2020

and 2021 (3) .

Local Own-Source Revenue (Pendapatan Asli Daerah or PAD) refers to income generated from various local sources, including regional taxes, regional levies, the management of regionally separated assets, and other legally recognized revenues. This category of revenue reflects a region's financial independence and its capacity to fund local governance and development through self-generated income streams, which are distinct from external financial support or intergovernmental transfers (4). Regional governments must explore sources of regional revenue optimally by looking at the regional potential they have. According to Law Number 28 of 2009, regional taxes and regional retributions are identified as essential sources of regional income. These revenues play a critical role in financing the administration and operation of regional governance, ensuring that local governments have the necessary financial resources to carry out their functions effectively (5) .

The regional taxes that contribute to the increase in Regional Own-Source Revenue (PAD) include the Rural and Urban Land and Building Tax (PBB-P2), the Duty on Acquisition of Land and Building Rights (BPHTB), and the Hotel Tax. These three tax types possess significant potential for further development.

The Rural and Urban Land and Building Tax (PBB-P2) represents a vital source of potential revenue for the government and plays a

substantial role in contributing to state income when compared to other tax sectors (6). The Rural and Urban Land and Building Tax Strategy (PBB-P2) is none other than because its object covers all land and buildings located in the territory of the Unitary State of the Republic of Indonesia (NKRI).

Meanwhile, the Bea Perolehan Hak Atas Tanah dan Bangunan (BPHTB), commonly referred to as the Duty on Acquisition of Land and Building Rights, is a tax levied on the acquisition of rights to land and/or buildings (7) . Every citizen who obtains rights to land or buildings is obligated to pay the BPHTB. In everyday language, BPHTB is often referred to as an entry duty when the acquisition is based on a sale and purchase transaction. However, under the law, BPHTB is not limited to acquisitions resulting from such transactions. Instead, it is applied to all forms of acquisition of rights to land and buildings, irrespective of the method or basis of the acquisition.

In maximizing PAD, there is also a need for contributions from the community in accordance with the existing economic potential, one of which is from hotel taxes in the tourism sector (8) . Hotel tax refers to a levy imposed on services provided by hotels (9) . A hotel is a facility that offers lodging or resting services, along with other related services for which a fee is charged. This category also includes guesthouses, motels, tourist lodges, hostels, inns, boarding houses, and similar accommodations. Furthermore, boarding houses with more than ten rooms are

also classified under this definition.

Based on the aforementioned background, this study aims to explore and analyze the effectiveness of contributions from the Rural and Urban Land and Building Tax (PBB-P2), the Land and Building Rights Acquisition Tax (BPHTB), and the Hotel Tax to the Regional Original Revenue (PAD) of Cirebon City both prior to and during the Covid-19 pandemic. The investigation seeks to provide a comprehensive understanding of how these specific taxes have impacted the financial health of the region under varying economic conditions, offering insights into their roles as key revenue streams within the context of the pandemic's challenges.

## METHOD

This study employs a comparative method, which is a research approach aimed at examining and contrasting the presence of one or more variables across two or more distinct samples. By utilizing this method, the research seeks to identify similarities, differences, or patterns that may emerge when the variables are analyzed within the context of each sample (10). The data used is secondary data, namely the 2018-2021 Target and Realization Report on Original Regional Revenue which is accessed via the [data.cirebonkota.go.id](http://data.cirebonkota.go.id) site belonging to the Cirebon city regional government.

The analysis technique used is descriptive quantitative. This technique is used to explain and present data obtained from agencies by providing an overview of the regional tax

revenue mechanism in Cirebon City from quantitative data and to determine the effectiveness and contribution of PBB-P2, BPHTB and Hotel Tax to local original income in the context of moving towards regional independence.

Next, comparative analysis is used to test the truth of the previously formulated hypothesis. The initial stage begins by carrying out a Normality Test using *Kolmogorov-Smirnov* Two Samples. This normality test is used so that confounding or residual variables can be normally distributed in the regression model (11).

The next step involves conducting a Homogeneity of Variance Test using Levene's Test. Levene's Test for Equality of Variance is applied to determine whether the samples exhibit equal variances. This test serves to assess the homogeneity of variances among groups.

In the final stage, a Difference Test is carried out which consists of two methods, namely the Two Independent Sample *T-Test* and the *Mann Whitney Test*. The choice of type between the two test methods is based on the distribution of population data to be tested.

The T-test is a type of parametric test because the requirements for this test are that the data must be normally distributed and have the same variance in order to determine whether or not there is a difference between two parties. The primary objective of the T-Test is to compare the means of two unrelated (independent) groups. It seeks to determine

whether the mean values of these groups are identical or significantly different (10) .

On the other hand, the Mann-Whitney Test serves as a non-parametric alternative when the independent T-Test cannot be performed due to the failure to meet the assumption of data normality. This test is particularly useful

when the data are not normally distributed and lack homogeneity. Similar to the Independent Sample T-Test, the Mann-Whitney Test is designed to compare two unrelated or unpaired samples. However, it is specifically employed when the data do not adhere to parametric assumptions.

RESULTS AND DISCUSSION

Descriptive Analysis

Table 1: Calculation of the Effectiveness of PBB-P2, BPHTB, and Cirebon City Hotel Tax 2018-2021

Variable	Budget	Realization	Effectiveness
PBB-P2	1,616,770,504,000	720,996,643,695	43.97%
BPHTB	1,690,932,120,000	552,659,144,000	32.68%
Hotel Tax	797,640,500,000	366,511,980,000	45.95%

Table 2: Classification of Effectiveness Measurements

Percentage	Criteria
>100%	Very effective
90% - 100%	Effective
80% - 90%	Effective enough
60% - 80%	Less effective
<60%	Ineffective

Source: Minister of Home Affairs Decree number 690,900,329

Table 1 is data from effectiveness calculations for the three variables tested, while Table 2 is a reference used in determining effectiveness

criteria. From Table 1 it can be seen that the three variables fall into the Ineffective category.

**Table 3: Calculation of the Contribution of PBB-P2, BPHTB, and Hotel Tax to Cirebon City Regional Original Income 2018-2021**

Variable	PAD Revenue Target	Realization of Acceptance	Effectiveness
PBB-P2	3,769,284,692,000	720,996,643,695	19.32%
BPHTB		552,659,144,000	16.6%
Hotel Tax		366,511,980,000	9.72%

Based on Table 3, it can be seen that in 2018-2021 the three variables still contributed very little to Cirebon City Regional Original Income.

**Table 4: Cirebon City Regional Tax Comparison Test Results 2018-2021 period**

No	Variable	Sig level.
1	PBB-P2	0.416
2	BPHTB	0.069
3	Hotel Tax	0.033

Based on Table 4, it can be seen that the variable whose tax revenue has a significant difference in the period before and during the

Covid-19 pandemic is Hotel Tax. Meanwhile, the difference between BPHTB and PBB-P2 taxes is not that significant.

### Multiple Linear Regression Analysis

**Table 5: Multiple Linear Regression Analysis Test Results**

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
	B	Std. Error	Beta		
1 (Constant)	6379159800.94	4790136678.47		1,332	,188
PBB-P2 (X1)	5,426	,809	,564	6,706	,000
BPHTB (X2)	24,525	5.110	,365	4,799	,000
Hotel Tax (X3)	43,676	32,596	.74	1,340	,186

a. Dependent Variable: Original Regional Income (Y)

Based on Table 5, the multiple linear regression equation is obtained as follows

$$PAD = 6379159800,942 + 5,426 \text{ PBB-P2} + 24,525 \text{ BPHTB} + 43,676 \text{ Hotel Tax} + e \dots [1]$$

The regression equation has the following meaning:

1. The constant value is 6379159800.942, meaning that if there were no PBB-P2 tax, BPHTB and Hotel Tax then PAD would be 6379159800.942.76
2. The coefficient value of the PBB-P2 variable shows a positive number of 5.426. This shows that if PBB-P2 increases by one unit, PAD also increases by 5,426, and vice versa, assuming that hotel tax and BPHT remain the same.
3. The BPHTB variable coefficient value shows a positive number of 24.525. This shows that if BPHTB increases by one unit then PAD also increases by 24,525, and vice versa, assuming that PBB-P2 and Hotel Tax remain the same.
4. The coefficient value of the Hotel Tax variable shows a positive number of 43.676. This shows that if Hotel Tax increases by one unit then PAD also increases by 43,676, and vice versa, assuming that PBB-P2 and BPHTB remain the same.

## Discussion

### Effectiveness of PBB-P2, BPHTP and Hotel Tax Contributions to Cirebon City Regional Original Income

The research results show that based on 2018-2021, the effectiveness of PBB-P2 is 43.97%, the effectiveness of BPHTB is 32.68%, and

the effectiveness of Hotel Tax is 45.95%. All three fall into the ineffective criteria.

Meanwhile, for contribution to Cirebon City Regional Original Income Period

2018-2021, the calculation results show that the PBB-P2 contribution is 19.32%, the BPHTB contribution is 16.6%, and the Hotel Tax contribution is 9.72%. All three fall into the undercontribution category.

### Differences in PBB-P2, BPHTB and Hotel Tax Revenues Before and During Covid-19

Based on different tests on PBB-P2, BPHTB and Hotel Tax revenues, the variable whose tax revenues have a significant difference between the period before and during the Covid-19 pandemic is Hotel Tax. Meanwhile, the types of taxes that have no difference are PBB-P2 and BPHTB.

### The Influence of Audit Competency on Financial Report Results in the West Bandung Regency Government

Based on partial test analysis, it can be informed that the PBBP2 variable has a positive t-value of 6.706 and a significant degree of influence of 0.000 or less than 0.05 on local original income. This shows that the PBB-P2 variable has quite a large influence on local original income, thus supporting the hypothesis.

The t-calculated value of the BPHTB variable shows a positive value of 4.799 according to the regression analysis, and the significance level of the impact of BPHTB on local revenue is 0.000 which is smaller than 0.05.

This shows that the BPHTB variable has a fairly large impact on

regional original income, thus supporting the hypothesis.

Meanwhile, the hotel tax variable has a positive t-value of 1.340 and a significance level of 0.0186, greater than 0.5 for its influence on local revenue. This shows that there is no visible relationship between the hotel tax variable and local revenue, thus rejecting the hypothesis.

## CONCLUSION

Based on the research results, it was concluded that the effectiveness of the three variables tested all fell into the ineffective criteria and their contribution was still categorized as less than contributing. Apart from that, it can also be seen that there are differences in the influence between the 3 variables tested, namely as follows: there is no visible relationship between the Hotel Tax variable and Original Regional Income, while the variables BPHTB and PBB-P2 have quite a large impact on Original Regional Income . During the Covid-19 pandemic, there were significant differences in hotel tax revenues, while for PBB-P2 and BPHTB revenues there were no differences.

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