

The Influence of Local Taxes on the Local Own-Source Revenue of Bandung City During the Covid-19 Pandemic

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ABSTRACT

This research aims to determine the influence of local taxes on the Local Own-Source Revenue (Pendapatan Asli Daerah) of Bandung City during the Covid-19 pandemic. The population in this study consists of 216 data observations of the Local Own-Source Revenue of Bandung City for the years 2020 and 2021. The research method used in this study is descriptive and verification methods. The results indicate that the tax conditions of hotels, restaurants, entertainment venues, advertisements, parking, street lighting, groundwater, Land and Building Tax (Pajak Bumi dan Bangunan/PBB), Land and Building Acquisition Duty (Bea Perolehan Hak atas Tanah dan Bangunan/BPTHB), as well as the Local Own-Source Revenue of Bandung City during the Covid-19 pandemic have experienced changes in the increase of revenue and data processing. On average, the Local Own-Source Revenue of Bandung City has shown an increase in revenue compared to the period before the Covid-19 pandemic.

Keywords: Local Own-Source Revenue, Covid-19, Bandung

INTRODUCTION

The Indonesian government supports the activities of this region to mitigate the impacts of decentralization. The region also has its own potential, which enables it to become more independent. However, the central government does not relinquish its authority granted to the regions. Local governments also need to determine local levies based on regional regulations regarding local own-source revenue (PAD), while adhering to rules established by the central government. The regions are given the authority to generate their own income without violating the provided regulations from the central government (1). The economic crisis caused by the Corona virus pandemic has impacted cities and regencies in Indonesia, with some regions being more severely affected than others. The central government is responsible for addressing the crisis at a national level,

while provincial, city, and regency governments are responsible for implementing measures to reduce daily social activities, ensuring the preservation of public health. Restrictions on community activities in affected areas have resulted in a slowdown or even cessation of economic activities among the population, including the local government's finances, leading to significant deficits in both expenditure and revenue. Bandung is one of the nine cities in West Java and serves as the capital city of the province. It has also experienced the impact of activity restrictions (2). Bandung city is a popular tourist destination for domestic tourists. The presence of tourists visiting various attractions in the city requires accommodations and dining places. The increasing number of tourists visiting Bandung has led to a rise in the number of hotels, restaurants, and entertainment venues. Additionally, adequate

parking spaces are needed to accommodate visitors or tourists. The tourism sector plays a crucial role as a potential source of local revenue and provides extensive opportunities for the creation of new employment opportunities (3). To maximize local revenue (PAD), contributions from the community are necessary based on the existing economic potential. Taxes on hotels, restaurants, entertainment venues, parking, and street lighting are imposed on all services provided by these establishments and property owners. There are numerous restaurants and hotels spread across Bandung city. On the other hand, the local government can carry out governance activities with a refocus on Covid-19 to ensure that regional revenues remain in line with the planned APBD (4).

Previous research has shown varied results regarding the impact of taxes on hotels, restaurants, entertainment venues, advertising, parking, street lighting, groundwater, Property Tax (PBB), and Land and Building Acquisition Tax (BPHTB) on local revenue (PAD), both partially and simultaneously (5) Hotel tax has an influence on PAD, followed by (6) restaurant tax, (7) entertainment tax, (8) advertising tax, (9) parking tax, (10) street lighting tax, (11) groundwater tax, (12) Property Tax (13) BPHTB, and (14) the overall findings indicate a simultaneous influence on PAD.

However, previous research on PAD shows that (15) hotel tax has no influence on PAD, followed by (16) restaurant tax, (17) p entertainment tax, (18) advertising tax (19)

parking tax, (20) street lighting tax, (21) groundwater tax, (22) Property Tax, (23) BPHTB, and (24) overall findings indicate no simultaneous influence on PAD.

METHODS

The population in this research consists of 216 data observations on the Local Own-Source Revenue (PAD) of Bandung city for the years 2020 and 2021. The methods used in this study are descriptive and verification methods. Descriptive research is used to answer problem statements related to questions about the existence of independent variables, whether in one variable or more (25). Through descriptive research, descriptions of the problem statements can be obtained, namely Hotel Tax, Restaurant Tax, Entertainment Tax, Advertising Tax, Parking Tax, Street Lighting Tax, Groundwater Tax, Property Tax (PBB), Land and Building Acquisition Tax (BPHTB), and local own-source revenue. The next method, verification method, demonstrates the influence of variables used to test hypotheses using statistical calculations. Verificative research aims to test theories and attempt to produce a scientific method, namely the status of hypotheses in the form of conclusions, whether a hypothesis is accepted or rejected (25). In this study, verificative research is used to determine the influence of independent variables and dependent variables. In this research, Hotel Tax, Restaurant Tax, Entertainment Tax, Advertising Tax, Parking Tax, Street Lighting Tax, Groundwater Tax, Property Tax (PBB), Land and Building

Acquisition Tax (BPHTB) are examined as independent variables, while local own-source revenue is the dependent variable.

RESULTS AND DISCUSSION

The t-test is used to test the probability and influence between independent variables and the dependent variable, with a significance level of 0.05. Based on Table 4-19 regarding the t-test output, the following can be explained:

1. The variable "hotel tax" has a coefficient value of 0.041902 and a probability value of 0.7146. The probability value for the hotel tax variable is 0.7146, which is greater than 0.05 ($0.7146 > 0.05$). Thus, the null hypothesis (Ho) is accepted, and the alternative hypothesis (H1) is rejected. It can be concluded that, partially, the hotel tax does not have a significant positive effect on the Local Own-Source Revenue.
2. The variable "restaurant tax" has a coefficient value of -1.187599 and a probability value of 0.0400. The probability value for the restaurant tax variable is 0.0400, which is less than 0.05 ($0.0400 < 0.05$). Thus, the null hypothesis (Ho) is rejected, and the alternative hypothesis (H2) is accepted. It can be concluded that, partially, the restaurant tax has a significant negative effect on the Local Own-Source Revenue.
3. The variable "entertainment tax" has a coefficient value of -0.029820 and a probability value of 0.1137. The probability value for the entertainment tax variable is 0.1137, which is greater than 0.05 ($0.1137 > 0.05$). Thus, the null hypothesis (Ho) is accepted, and the alternative hypothesis (H3) is rejected. It can be concluded that, partially, the entertainment tax does not have a significant negative effect on the Local Own-Source Revenue.
4. The variable "advertising tax" has a coefficient value of 0.331891 and a probability value of 0.3519. The probability value for the advertising tax variable is 0.3519, which is greater than 0.05 ($0.3519 > 0.05$). Thus, the null hypothesis (Ho) is accepted, and the alternative hypothesis (H4) is rejected. It can be concluded that, partially, the advertising tax does not have a significant positive effect on the Local Own-Source Revenue.
5. The variable "parking tax" has a coefficient value of 6.298996 and a probability value of 0.0198. The probability value for the parking tax variable is 0.0198, which is less than 0.05 ($0.0198 < 0.05$). Thus, the null hypothesis (Ho) is rejected, and the alternative hypothesis (H5) is accepted. It can be concluded that, partially, the parking tax has a significant positive effect on the Local Own-Source Revenue.

6. The variable "street lighting tax" has a coefficient value of 0.572445 and a probability value of 0.0971. The probability value for the street lighting tax variable is 0.0971, which is greater than 0.05 ($0.0971 > 0.05$). Thus, the null hypothesis (H_0) is accepted, and the alternative hypothesis (H_6) is rejected. It can be concluded that, partially, the street lighting tax does not have a significant positive effect on the Local Own-Source Revenue.
7. The variable "groundwater tax" has a coefficient value of 0.104397 and a probability value of 0.8586. The probability value for the groundwater tax variable is 0.8586, which is greater than 0.05 ($0.8586 > 0.05$). Thus, the null hypothesis (H_0) is accepted, and the alternative hypothesis (H_7) is rejected. It can be concluded that, partially, the groundwater tax does not have a significant positive effect on the Local Own-Source Revenue..
8. The variable "Property Tax (PBB)" has a coefficient value of 0.189104 and a probability value of 0.0720. The probability value for the Property Tax (PBB) variable is 0.0720, which is greater than 0.05 ($0.0720 > 0.05$). Thus, the null hypothesis (H_0) is accepted, and the alternative hypothesis (H_8) is rejected. It can be concluded that, partially, the Property Tax (PBB) does not have a significant positive effect on the Local Own-Source Revenue.
9. The variable "Land and Building Acquisition Tax (BPHTB)" has a coefficient value of 0.291823 and a probability value of 0.3981. The probability value for the Land and Building Acquisition Tax (BPHTB) variable is 0.3981, which is greater than 0.05 ($0.3981 > 0.05$). Thus, the null hypothesis (H_0) is accepted, and the alternative hypothesis (H_9) is rejected. It can be concluded that, partially, the Land and Building Acquisition Tax (BPHTB) does not have a significant positive effect on the Local Own-Source Revenue..

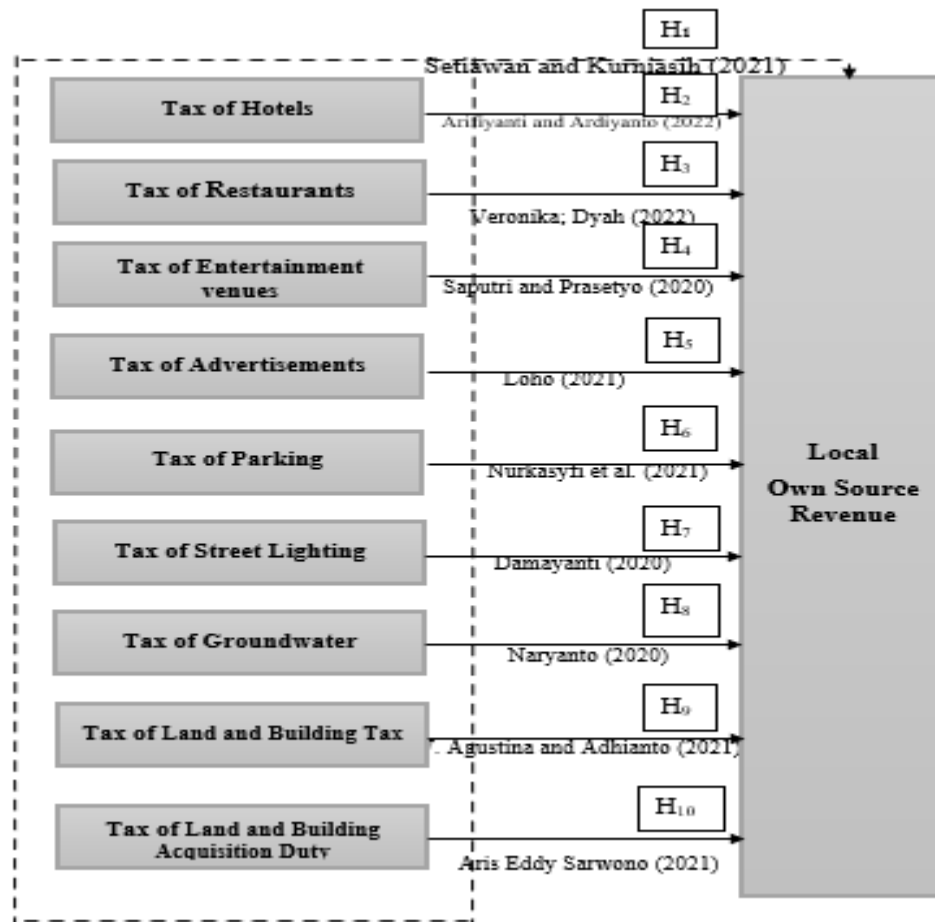


Figure 1: Research Model
Source: : Processed Data

CONCLUSIONS

The condition of hotel tax, restaurant tax, entertainment tax, advertising tax, parking tax, street lighting tax, groundwater tax, Land and Building Tax (PBB), Acquisition Tax on Land and Building Rights (BPTHB), and the Original Local Revenue (PAD) of Bandung City during the Covid-19 pandemic.

The results of data observation processing show that the average hotel tax has experienced an increase, restaurant tax has experienced an increase, entertainment tax has experienced an increase, advertising tax has experienced an increase, the average parking tax has experienced an increase, street lighting

tax has experienced an increase, groundwater tax has experienced an increase, Land and Building Tax (PBB) has experienced an increase, Acquisition Tax on Land and Building Rights (BPTHB) has experienced an increase, and the average Original Local Revenue has experienced an increase in Bandung City compared to before.

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