The Effect of Local Taxes and Levies on Local Own-Source Revenue (PAD) Gowa Regency

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ARTICLE INFO	ABSTRACT
	The research was conducted with the aim of: (1) To determine the effect of local taxes on local revenue in Gowa Regency; (2) To determine the effect of local retribution on local revenue in Gowa Regency; (3) To determine the effect of local taxes and retribution on local revenue in Gowa Regency. The data used is secondary data. The research population is the realization of Regional Original Revenue of Gowa Regency. The sample taken is 16 budget years (2005-2020). Data collection is done through observation and documentation. The data analysis method uses the classical assumption test and multiple linear regression using the SPSS version 26.0 program. The results of this study prove that partially the variables of Regional Taxes and Levies have a positive and significant effect on Regional Original Income of Gowa Regency, while simultaneously the variables of Work Motivation, Payroll Management Information Systems, and Interpersonal Communication Skills have a positive and significant effect. Of the three independent variables, the Regional Tax variable has a dominant effect on Local Revenue of Gowa Regency.

I. Introduction

Development is one of the common things that can be seen at this time in almost all regions and cities in Indonesia. The existence of development in each location, the community can also enjoy equality in social aspects and in economic aspects, both directly and indirectly. The ideal development concept of each location in Indonesia certainly requires local governments, both level I (one) and level II (two) local governments to budget a number of funds to support or even improve the quality standards of public facilities that can be enjoyed by the community both directly and indirectly. Local government management, both at the provincial and district and city levels, entered a new era in line with the issuance of Law No. 22 of 1999, which was replaced by Law No. 32 of 2004 on Local Government and Law No. 25 of 1999, which was replaced by Law No. 33 of 2004 on Financial Balance between the Central and Local Governments. This policy is a challenge and opportunity for local governments (PEMDA) because they have greater authority to manage their resources effectively and efficiently. (Firly, 2013). The objectives of implementing regional autonomy include bringing government services closer to the community, making it easier for the public to monitor and control the use of funds sourced from the Regional Budget (APBD), in addition to creating healthy competition between regions and encouraging innovation. In line with this authority, Local Governments are expected to be better able to explore financial sources, especially to meet the financing needs of government and development in the regions. This financial source comes from Regional Original Revenue (PAD). If PAD increases, the funds owned by the local government will be higher and the level of regional independence will also increase, so as to encourage the economy and development of the region. which in turn can increase the income of the community in general.

Regional Original Revenue is local revenue sourced from the results of local taxes, the distribution of the results of the management of separated regional assets and other legitimate local revenues in funding the implementation of regional autonomy as a manifestation of the principle of decentralization. Regional financial policy is directed at increasing own-source revenues as the main source of regional income that can be used by the regions in carrying out regional governance and

development according to their needs in order to minimize dependence on obtaining funds and top-level government (subsidies). Thus, efforts to increase local revenue should be seen from a broader perspective, not only in terms of each region but also in relation to the unity of the Indonesian economy. Local revenue itself is considered as an alternative to obtaining additional funds that can be used for various expenditures determined by the region itself, especially routine needs. Therefore, the increase in revenue is something that every region wants. One of the sources of Regional Original Revenue (PAD) is local taxes which have a very important contribution in financing regional government and development because local taxes are useful in increasing the ability to receive Regional Original Revenue and also encourage the pace of regional economic growth. The use of tax money includes ranging from personnel expenditures to financing various development projects. The construction of public facilities such as roads, bridges, schools, hospitals/community health centers, police stations are financed using money derived from taxes. Tax money is also used for financing in order to provide a sense of security for all levels of society. Every citizen, from the moment they are born until they die, enjoys facilities or services from the government, all of which are financed with money derived from taxes. Local levies, which are payments for services or special permits provided and/or granted by the local government to individuals/bodies, are expected to support local financing sources in organizing local development, so as to improve and equalize the economy and community welfare in the region. Local retribution is levied on services so that the payment can be made repeatedly. Anyone who enjoys the services provided by the local government may be subject to retribution.

The different factor between retribution and other sources of revenue is whether or not the service is provided by the local government. The implementation of retribution collection can be done outside the time specified by the legislation as long as the local government can provide the service with the approval of the central government. The retribution sector is closely related to the level of socioeconomic activity of the people in a region. This means that the more advanced and developed the socio-economic level of the community, the greater the potential for retribution that can be collected. Population is an important indicator in a country. The population is a potential input that can be used as a factor of production to increase the production of a household company. The more population, the more labor that can be used. Because the population continues to grow, there are many things that must be planned to overcome the situation of the increasing population.

Gowa Regency is one of the regions/districts located in South Sulawesi Province with a population in 2018 of 751,981 people. The economic growth of Gowa Regency was recorded to grow positively amid the slowdown in the world economy. The realization of economic growth in Gowa Regency in 2019 was 1.10% higher than the realization of economic growth in 2018. The three main sectors, namely the agricultural sector, the mining sector, and the manufacturing sector, were the main sources of growth while household consumption and investment experienced significant improvements. Local tax is a mandatory contribution to the region owed by individuals or entities that are compelling based on the law by not getting a direct reward and used for regional purposes for the greatest prosperity of the people. The application of each of these variables refers to the theory used. The theory used about local taxes is the theory of Mardiasmo (2011) which states that local taxes are mandatory contributions to the regions owed by individuals or bodies that are compelling based on the Law by not getting direct rewards and are used for regional purposes for the greatest prosperity of the people. Also local taxes are a legal community unit that has territorial boundaries that are authorized to regulate and manage government affairs and the interests of local communities according to their own initiatives based on community aspirations within the system of the Unitary State of the Republic of Indonesia. Regional retribution according to Yoyo (2017), namely regional contributions are regional levies as payment for services or granting certain permits specifically provided and / or granted by the local government for the benefit of individuals or entities. So it can be concluded that regional contributions are provincial, district / city regions given the opportunity to explore the potential of their financial resources by determining types of contributions other than those that have been determined, as long as they meet predetermined criteria and are in accordance with the aspirations of the community. Local taxes and levies affect regional independence and can also affect regional economic growth. High local taxes and levies mean that the amount of money coming into the local treasury is increasing, so the local government is trying to advance the local economy. Taxes or mandatory contributions made by residents of a region to the local government will be used for the benefit of government and the public interest of a region. Examples include the construction of roads, bridges, opening new jobs, and other development and government interests which will certainly increase economic growth in

the area. Regions with a high level of independence mean that the district / city is able to meet its needs without involving outside parties, in this case the central government. Central government interference is smaller if the independence of the region is high. But on the contrary, if the independence is small, the interference of the central government is getting bigger. An independent region means that the pace of the economy increases, this causes regional economic growth to also increase.

Table 1. Realization Report of Tax Revenue, Retribution and Regional Original Income of Gowa Regency (Rupiah) 2005-2020

NO	Year	PAD	PD	RD
1	2005	21.156.144	5.444.298	12.380.879
2	2006	35.703.518	11.470.021	16.437.036
3	2007	33.371.642	11.808.577	15.080.961
4	2008	45.827.484	8.516.681	26.258.847
5	2009	46.999.684	11.305.905	29.964.878
6	2010	54.812.691	9.702.395	36.660.593
7	2011	82.221.491	25.728.020	32.506.992
8	2012	78.700.220	35.655.815	31.223.980
9	2013	109.776.256	57.085.946	37.494.501
10	2014	149.352.694	63.143.326	53.159.807
11	2015	154.772.383	72.080.464	45.700.441
12	2016	187.681.040	78.471.938	68.328.084
13	2017	143.168.683	89.747.690	55.937.919
14	2018	222.414.128	100.361.985	72.166.746
15	2019	238.239.570	112.451.239	79.360.833
16	2020	228.174.016	115.543.741	66.507.429
		1.832.371.644	808.518.041	679.169.926

Source: BPS Gowa Regency

The decline in local levy revenue in Gowa Regency in 2017 is seen to have decreased compared to 2016. The realization of tax revenue and local retribution in Gowa Regency in 2015 obtained local tax revenue of Rp72,080,464, local retribution of Rp45,700,441. In 2016, local tax revenue was obtained at Rp78,471,938, local retribution amounted to Rp68,328,084. While in 2017 obtained local tax revenue of Rp89,747,690, local retribution of Rp55,937,919. (decreased by Rp12,390,165). Seeing the phenomena that occur, local taxes and levies of Gowa Regency experience a sufficient increase every year which is very potential in increasing the local revenue (PAD) of Gowa Regency, although there is a decrease in local retribution revenue in 2017. Based on the explanation of the research background that has been described, the title can be drawn regarding: "The Effect of Regional Taxes and Levies on Regional Original Income (PAD) of Gowa Regency".

II.   Methods

This research approach is a quantitative approach. This type of research is a survey, namely analyzing facts and data that support the information needed to support the discussion of the research, in solving and answering the main problems raised, namely the effect of local taxes and user fees on local revenue in Gowa Regency, South Sulawesi Province. According to Edy (2016: 66) population is a group of people or things that have certain characteristics that researchers want to study. So the population in this study is the PAD and GRDP Realization Report in Gowa Regency. The sample is part of a number of agencies that are expected to represent the characteristics of the population (Adi Nugroho, 2014). The sample in this study is the Realization Report of Regional Taxes, Regional Levies and Regional Original Income (PAD) in Gowa Regency 2005 - 2020. The data used in this study are secondary data, namely data collected from a number of information or facts directly obtained from research through the Central Statistics Office (BPS) and the Regional Development

Planning Agency (Bappeda) of Gowa Regency. Data collection techniques and methods used in this study include: Interview

Interview is a research conducted by conducting questions and answers directly to parties who can provide information related to the problem to be discussed. In this study, the authors conducted direct interviews at the Gowa Regency Central Statistics Agency Office.

III.   Result and Discussion

Results of Data Analysis

This analysis is used to measure the strength of two or more variables and also shows the direction of the relationship between the dependent variable PAD and the independent variables of Local Taxes and Local Levies. The impact of using multiple regression analysis can be used to decide the increase or decrease in the value of the dependent variable, which can be done through increasing or decreasing the state of the independent variable. The results of the calculation of multiple regression analysis using SPSS obtained the following equation:

Table 2. Multiple Regression Test Results

Coefficients[a]			
Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
1 (Constant)	-5737345.704	8090319.981	
Local Tax Variable X1	1.048	.199	.560
Local Retribution Variable X2	1.585	.376	.448

A. Dependent Variable: Local Own-Source Revenue Variable

Source: SPSS 26.0 for windows

$$Y = -5737345{,}704 + 1{,}048 \, X1 + 1{,}585 \, X2 + e$$

Based on the results in the table above, the constant value for the multiple regression equation in this study is -5737345.704 and the value for the regression coefficient is 1.048 for the Local Tax variable (X1), while for the Local Retribution variable (X2) has a regression coefficient of 1.585.

The results of the multiple regression equation above can be interpreted that:

1) Constant

The constant value (a) of -5737345.704 means that if X1 and X2 are 0 (zero), then the value of PAD is -5737345.704.

2) Local Tax

The regression coefficient for the Regional Tax variable (X1) of 1.048 states that each addition of one unit (1%) will cause an increase in the value of PAD by 1.048.

3) Local Retribution

The regression coefficient for the variable Local Retribution (X2) of 1.585 states that each addition of one unit (1%) will cause an increase in the value of PAD by 1.585.

Determination Coefficient Test (R2)

The coefficient of determination (R2) test is used to determine the percentage of influence of the independent variable of local taxes and user fees on the dependent variable of PAD. The results of the coefficient of determination (R2) test can be seen in the following table:

Table 3. Test Results of the Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.990[a]	.980	.977	11417717.52486

A. Predictors: (Constant), Variable Local Retribution X2, Variable Local Tax X1
B. Dependent Variable: Local Revenue Variable Y
    Source: SPSS 26.0 for windows

1) The correlation coefficient (R) = 0.977, indicating that the correlation between PAD is closely related to the 2 independent variables.

2) The coefficient of determination (R2) = 0.980, which shows that the variation of PAD in Gowa Regency can be explained by the independent variables by 98%, while the remaining 2% (100%-98%) is influenced by other variables not examined in this study, such as the results of regionally-owned companies and the management of separated regional assets as well as the results of regionally-owned companies. Such as the results of regional-owned companies and management of separated regional assets and other legitimate revenues (proceeds from the sale of non-separated regional assets, receipt of current account services, interest receipts, receipt of compensation for regional assets, commissions, deductions and gains on rupiah exchange rates, fines for delay in carrying out work, tax fines, retribution fines, proceeds from the execution of guarantees, and others).

Based on the results of research conducted for the period 2005 to 2020 in the Gowa Regency area, it is known that there is a fluctuating trend of increase in terms of revenue from local revenue, local taxes and local levies. Based on the results of descriptive statistics, it is known that the realization of the largest Regional Original Revenue, Regional Taxes and Regional Levies over the past 16 years, namely Rp. 238,239 billion, 115,543 billion and Rp. 79,360 billion generated in 2019, 2020 and 2019. While the smallest amount of Original Local Revenue, namely Rp 21,156 billion was generated in 2005. the smallest amount of Local Taxes, namely Rp 5,444 billion was generated in 2005. The smallest amount of Regional Retribution, Rp 12,380 billion, was generated in 2005.

It is known that fluctuations still occur from one year to the next in the period under study. However, from the results of the above research it turns out that it shows that local tax revenues and local retributions affect the receipt of Local Original Revenue, both simultaneously and partially. The results of the F test amounted to 321,723 with a significance level of 0.000 because the probability value (0.000) is smaller than 0.05, it can be said that local taxes and local retributions jointly affect the variable Local Own Revenue of Gowa Regency. The local tax variable has a t count of 23.034 with a significant level of 0.000 below the significance of 0.05 (5%). The t value of 5.270 is positive, indicating a unidirectional relationship between the Local Tax variable (X1) and the PAD variable (Y). The higher the local tax revenue, the more PAD revenue increases. This proves that the hypothesis is accepted, namely that there is an effect of Regional Tax Revenue on Regional Original Income (PAD) of Gowa Regency. The Regional Retribution variable has a t count of 4.216 with a significant level of 0.001 below the significance of 0.05 (5%). This means that H2 is accepted so that it can be said that Regional Retribution has a significant effect on PAD. The t value of 4.216 with a positive sign indicates a unidirectional relationship between the variable of Local Retribution (X2) and the variable of PAD (Y). The higher the Regional Retribution revenue, the more PAD revenue will increase. This proves that the hypothesis is accepted, namely that there is an effect of Regional Retribution Revenue on Regional Original Revenue (PAD) of Gowa Regency.

Discussion

The following is an analysis of the effect of each independent variable on the dependent variable:

The Effect of Local Taxes on PAD

Based on the results of the partial test (t-count) the effect of local taxes on PAD obtained a regression coefficient of 1.048 and a t-count of 5.270 with a significance of 0.000. So it can be concluded that local taxes proxied by PAD have a positive and simultaneous effect on PAD in Gowa Regency for the 2005-2020 period, so the first hypothesis is accepted. Local taxes are the result of local levies on taxes in Gowa Regency and are collected together with other local revenues and boost

the value of PAD which is an indicator of the assessment of economic growth in Gowa Regency. This is in line with research conducted by Adi Nugroho (2013), entitled "Analysis of the Influence of Local Taxes and Levies on Regional Original Income (PAD) of Regency / City in Central Java Province for the Period 2010-2012". With the results of the study, the effect of local taxes on local revenue has a positive influence with a coefficient value of 1.482, which means that the addition of I unit of local revenue will increase by Rp. 1.482.

Effect of Local Retribution on Local Revenue

Based on the results of the partial test (t-count), the effect of local retribution on PAD obtained a regression coefficient of 1.585 and a t-count of 4.216 with a significance of 0.001. So it can be concluded that local retribution proxied by PAD has a positive and significant effect on PAD in Gowa Regency for the 2005-2020 period, so the second hypothesis is that local retribution has a positive and significant effect on PAD in Gowa Regency for the period 2005-2020, so the second hypothesis is accepted. Regional retribution has a relatively stable contribution value with other sources of income in Gowa Regency, due to the effective and efficient retribution object from the local government to maximize the collection in Gowa Regency.

This is in line with previous research conducted by Meilda Ellysa Putri (2015), entitled "The Influence of Regional Taxes and Regional Levies on Regional Original Revenue (case study on Cirebon Regency local government in the 2010-2014 fiscal year". With the results of the study that partially local retribution has a significant positive effect on local revenue. If the Regional Retribution increases by one unit, it is thought that the Regional Original Income will also increase by 2.403.

The Effect of Local Taxes and Levies on Local Revenue

Based on the results of simultaneous testing of Regional Original Income, the number F count> F table is 321.723> 3.805. With a significant level of 0.000 <0.05. It can be interpreted that local taxes and local retribution simultaneously affect local revenue. An increase or decrease in local taxes and user fees will result in an increase or decrease in local revenue. The results of this test support the third hypothesis, namely that local taxes and user fees affect local revenue simultaneously. These results are consistent with the research of Mardani Nursali (2017), entitled "The effect of local tax revenue and local levies on regional own-source revenue (PAD) of the Regency / City of South Sumatra Province" shows that the results of the f test amounted to 1400.036 with a significance level of 0.000 because the probability value (0.000) is smaller than 0.05, it can be said that local taxes and local levies jointly affect the variable Regional Own-Source Revenue of the Regency / City of South Sumatra Province.

IV. Conclusion

This study aims to determine the effect of local taxes and local levies on local revenue (PAD). The data concerning this study were obtained from the Central Statistics Agency (BPS) of Gowa Regency. The research sample is the data studied for 16 years (2005-2020). Based on testing and data analysis from this study, conclusions can be obtained: (1). Local Taxes have a positive and significant effect on PAD in Gowa Regency in 2005-2020, which means that the higher the value of local taxes collected, the Regional Original Income also increases and affects economic growth in Gowa Regency;(2). There is a positive and significant effect of the local retribution variable on PAD in Gowa Regency in 2005-2020, which means that the higher the value of local retribution collected, the Regional Original Income also increases and affects economic growth in Gowa Regency; (3). There is a simultaneous influence of tax revenue and local retribution on local own-source revenue (PAD) of Gowa Regency in 2005-2020.

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