

FACTORS AFFECTING THE EFFECTIVENESS OF PROVINCE REGIONAL ORIGINAL INCOME IN INDONESIA 2017-2020 PERIOD

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Abstract: The types of tax collection in Indonesia consist of state taxes (central taxes), regional taxes, regional levies, customs and excise, and non-tax state revenues. One of the Regional Original Revenue (PAD) posts in the Regional Revenue and Expenditure Budget (APBD) is local taxes. The purpose of this study is to test, prove, and analyze the effect of Regional Taxes, Regional Levies, Other Regional Income on the Effectiveness of East Java Province Original Income for the 2017-2020 period. This study uses primary data in the form of tax report data. The sample used is 40 tax reports in the provinces of Indonesia during the period 4 2017-2020, using the purposive sampling method. The analysis used in this research is multiple linear regression analysis. Based on the results of the study, it can be ignored that the variables of Regional Taxes, Regional Levies, and Other Regional Revenues affect the Effectiveness of Regional Original Income for the 2017-2020 period. The implications and suggestions can be found after analyzing the results of research that has been carried out by the government to maintain Regional Taxes, Regional Levies and Other Regional Revenues because they affect the effectiveness of Regional Original Income. so that regional autonomy can run well. Local taxes have an effect and contribute to the effectiveness of local revenue in Indonesia for the 2017-2020 period. Work area levies have an effect and contribute to the effectiveness of local revenue in Indonesia for the 2017-2020 period. Other regional incomes influence and contribute to the effectiveness of regional original income in Indonesia for the 2017-2020 period.

Keywords: Advertising Tax and Effectiveness of Regional Original Income. Land and Building Tax, Land and Building Rights Acquisition Tax.

INTRODUCTION

Tax collection is a potential alternative to increase state revenue. This is because taxes have a relatively stable amount. In addition, taxes are a reflection of the active participation of the community in financing the administration of government. The types of tax collection in Indonesia consist of state taxes (central taxes), regional taxes, regional levies, customs and excise, and non-tax state revenues. One of the Regional Original Revenue (PAD) posts in the Regional Revenue and Expenditure Budget (APBD) is local taxes. According to Law Number 34 of 2000, local taxes are mandatory contributions made by individuals or entities to the region without balanced direct compensation, which can be charged based on applicable laws and regulations (Mardiasmo, 2018).

Local taxes are contributions that are collected by local governments to taxpayers based on law, where the local tax service office is the executor of tax collection. Paying taxes can be said to play a role in helping the state's obligations through the government.

Collecting local taxes is one of the efforts in an effort to obtain regional financing which will later be used for the welfare of the community. One of the government activities carried out for the welfare of the people is development, and for that the government certainly really needs funds (Imron, 2018).

According to Law Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments, it is stated that the sources of Regional Original Revenue (PAD) consist of regional tax results, regional levies, results of regional wealth management, and other sources of regional original income. legitimate income (Indriani, 2020).

Based on Law Number 28 of 2009 concerning Regional Taxes and Regional Levies article 1 number 10, Regional Taxes are mandatory contributions to regions owed by individuals or entities that are coercive according to law without receiving direct compensation and are used for regional purposes. for the greatest prosperity of the people. from people. Local taxes are collected directly by local governments and used to finance local households (Imron, 2018).

The local government here has the authority/right to the local community to provide retribution, of course this has been regulated in accordance with the law on regional taxes and levies No. 28 of 2009. Likewise with the regions, To be able to serve the community needs of the local community, the regions need to given authority both in terms of government politics and in terms of finance to finance its activities. The implementation of the government's policy on Regional Autonomy which is effective as of January 1, 2001 is a commitment based on 2 (two) laws on regional autonomy, namely Law no. 22/1999, Law No. 32/2004. Law Number 12 of 2008 concerning Regional Government and Law Number 25 of 1999. Law Number 33 of 2004 concerning Central and Regional Financial Balance. The purpose of this study is to examine and analyze the effect of local taxes, regional levies, other local revenues and the effectiveness of local revenues. This study uses the population of provinces in Indonesia. Researchers chose this population because based on the financial statements of the East Java Province government, they received Unqualified Opinions (WTP) for 4 consecutive years, after the previous year they received Unqualified Opinions (WDP) (Mardiasmo, 2018).

METHODS

Research Approach

This research approach is a quantitative approach (Efferin, 2018). Quantitative approach is research that emphasizes testing theories and hypotheses through measuring research variables in numbers and analyzing data using statistical procedures or mathematical models.

Population and Sample

The population in this study is all annual reports of Regional Taxes, Regional Levies, Other Regional Revenues and Effectiveness of Regional Original Revenues in the regions of each province in Indonesia during the 2017-2020 period, which consists of 34 provinces in Indonesia.

The sample is part of the number and characteristics possessed by the population (Sugiyono, 2017:118), This study took samples with purposive sampling technique. Purposive sampling is a sampling technique with certain considerations(Sugiyono, 2019:124). Purposive sampling in determining the sample in this study was selected selectively and has criteria. The criteria used for this research are: Provinces in Indonesia whose data are available at BPS 2017-2020. Local tax revenue reports are available in each city/district in East Java that are easy and accessible to researchers. The largest province in Indonesia, with the lowest unit 61,841.29 Km². The samples used in this study were as many as 40 research samples.

Data Collection Technique

The data used in this study is secondary data that uses time series or four-year time series data, namely 2017-2020. Sources of data taken by researchers from the object under study are in the form of information data on Regional Taxes, Regional Levies, Other Regional Income, and Effectiveness of Regional Original Income (PAD) obtained from BPS in each province in Indonesia.

Data collection is an important activity for research activities, because data collection will determine the success or failure of a research. So in the selection of data collection techniques must be careful. The data collection technique used in this research is documentation. The technique of collecting data with documentation is done by downloading the necessary data according to the research to be carried out. In this study, the data analyzed is data related to the effectiveness of Regional Original Income, Regional Taxes, Regional Levies, and Other Regional Revenues in the provinces in Indonesia for the 2017-2020 period.

Data Analysis Technique

Normality test, Classic assumption test, Multicollinearity Test, Heteroscedasticity Test, Autocorrelation Test.

Hypothesis testing

According to Sugiyono (2019:159), the hypothesis is a temporary answer to the formulation of the research problem. The truth of the hypothesis must be proven through the collected data. The steps in testing this hypothesis begin by establishing the null hypothesis (H₀) and the alternative hypothesis (H_a).

F Statistic Test

The F test in this study was used to test the suitability or accuracy of the regression model used. The significance level is 5% based on the probability value, then the decision-making(Priyastama,2017:113), that is:

1. If the probability > 0.05, then H₀ is accepted and H_a is rejected.
2. If the probability 0.05, then H₀ is rejected and H_a is accepted.

The simultaneous effect of all independent variables on the dependent variable uses the following hypothesis:

1. H₀ = Regional Taxes, Regional Levies, and Other Regional Revenues, simultaneously have no effect on the Effectiveness of Regional Original Income.

2. H_a = Regional Taxes, Regional Levies, and Other Regional Revenues, simultaneously affect the Effectiveness of Regional Original Income.

Coefficient of Determination

According to Sugiyono (2019:163) the coefficient of determination test is a quantity that shows the proportion of independent variables that are able to explain the variation of the dependent variable. The value of the coefficient of determination is between 0 and 1. A small R^2 value (close to 0) means that the ability of the independent variables to explain the variation of the dependent variable is very limited. If the adjusted R^2 value is closer to 1, the better the model's ability to explain the independent variables.

Partial Test (t-test)

The t-test aims to determine whether the independent variable partially affects the dependent variable. Testing the effect of the independent variable partially with degrees of freedom and the t distribution table is sought at 5%, of 0.05. According to Priyastama (2019:91), decision making based on probability values, namely:

1. If the probability > 0.05 , then H_0 is accepted and H_a is rejected.
2. If the probability 0.05 , then H_0 is rejected and H_a is accepted.

If probability (sig) significance level (5%) or t arithmetic t table then H_0 is rejected and H_a is accepted, which means that the independent variable has a significant influence on the Effectiveness of Regional Original Revenue. The t-test in this study are:

1. Measuring the effect of the level of Regional Tax on the Effectiveness of Regional Original Revenue, the following hypothesis is formulated:
 $H_{0.1}$ = Local Taxes have no effect on the Effectiveness of Regional Original Income.
 $H_{a.1}$ = Regional Taxes affect the Effectiveness of Regional Original Income.
2. Measuring the effect of the level of Regional Retribution on the Effectiveness of Regional Original Revenue, the following hypothesis is formulated:
 $H_{0.2}$ = Regional Retribution does not affect the Effectiveness of Regional Original Revenue.
 $H_{a.2}$ = Regional Levies affect the Effectiveness of Regional Original Income.
3. Measuring the effect of the level of Other Regional Income on the Effectiveness of Regional Original Revenue, the following hypothesis is formulated:
 $H_{0.3}$ = Other Regional Income does not affect the Effectiveness of Regional Original Income.
 $H_{a.3}$ = Other Regional Income has an effect on the Effectiveness of Regional Original Income.

RESULTS AND DISCUSSION

Normality test

Based on the results of the normality test that has been carried out, the following results are obtained:

Table 1. Normality Test Results

N	40
Value Significance	0.185

Source: Researcher 2021

Based on table 1, it can be seen that the significance value obtained is 0.185. This indicates that the data used is normally distributed, because the value is above the significance value of 0.05.

Classic assumption test

Multicollinearity Test

Based on the results of the multicollinearity test that has been carried out, the following results are obtained:

Table 2. Multicollinearity Test Results

Variable	Tolerance	VIF
Local tax	0.337	2,971
Regional Retribution	0.164	6,098
Miscellaneous Local Tax	0.103	9,741

Source: Researcher 2021

Based on table 2, it can be seen that the value of VIF obtained by variable X1 is 2,971, variable X2 is 6.098, variable X3 is 9.741. This indicates that the data used does not have multicollinearity, because the VIF value of each variable above the VIF value is less than 10.

Heteroscedasticity Test

Based on the results of the heteroscedasticity test that has been carried out, the following results are obtained:

Table 3. Heteroscedasticity Test Results

Variable	Value Significance
Local tax	0.465
Regional Retribution	0.824
Miscellaneous Local Tax	0.378

Source: Researcher 2021

Based on table 3 shows that all independent variables (X) used in this study have a sig value > 0.05, then this means that in the regression equation it is not concluded that it is free from heteroscedasticity, so that all independent variables (X) can be used in research., it can be concluded that there is no heteroscedasticity.

Autocorrelation Test

Based on the results of the autocorrelation test that has been carried out, the following results are obtained:

Table 4. Autocorrelation Test Results

N	40
DW-Test	1,920

Source: Researcher 2021

Based on table 4, it can be seen that the data tested for autocorrelation obtained a Durbin-Watson value of 1.920. This indicates that the data used does not have autocorrelation, because the Durbin-Watson value is at a value of -2 to +2.

Multiple Linear Regression Analysis

Based on the results of the multiple linear regression analysis that has been done, the following results are obtained:

Table 5. Multiple Linear Regression Test

Variable	B	Std. Error
(Constant)	2275	2581
Local tax	0.399	0.064
Regional Retribution	246,562	13,718
Miscellaneous Local Tax	-1,998	0.670

Source: Researcher 2021

Based on table 5 it can be seen that the results of multiple linear regression analysis can be seen that the regression equation model is as follows:

$$Y = 2.275 + 0.399X_1 + 246.562X_2 - 1.998X_3.$$

The linear regression equation model aside, can be explained as follows:

1. The constant coefficient value is 2.275. This means that if the Regional Tax, Regional Retribution and Other Regional Revenues are constant, it will increase the Effectiveness of Regional Original Income by 2,275.
2. X1 coefficient value is 0.399. This means that every increase in Regional Tax by 1, it will increase the Effectiveness of Regional Original Income by 0.399.

3. The value of the X2 coefficient is 246.562. This means that for every increase in Regional Levies by 1, the Effectiveness of Regional Original Revenue increases by 246,562.

4. The X3 coefficient value is -1.998. This means that for every increase in Other Regional Income by 1, the Effectiveness ratio of Regional Original Income will decrease by 1,998.

Hypothesis test

F Statistic Test (Simultaneous)

Based on the results of the F test that has been carried out, the following results are obtained:

Table 6. F Test Results

N	40
Value	
Significance	0.000

Source: Researcher 2021

Based on table 6 it can be seen that the significance value obtained is 0.000. This indicates that H0 is rejected and Ha is accepted, which means that the resulting regression model is suitable and accurate to see the effect of Regional Taxes, Regional Levies, and Other Regional Taxes on the Effectiveness of Regional Original Income.

Coefficient of Determination Test (R²)

Based on the results of the coefficient of determination test that has been carried out, the following results are obtained:

Table 7. Coefficient of Determination Test Results

N	40
R	0.991
R Square	0.981

Source: Researcher 2021

Based on table 7, it can be seen that the coefficient of multiple determination (R²) is 0.981 or 98.1%. This shows that the effectiveness of local revenue is influenced by local taxes, regional levies, and other local revenues by 98.1% while the remaining 1.9% is influenced by other variables outside the variables used in this study.

Test Statistics t (Partial)

Based on the results of the t-test that has been carried out, the following results are obtained:

Table 8. t test results

Variable	Value Significance
Local tax	0.000
Regional	
Retribution	0.000
Miscellaneous	
Local Tax	0.005

Source: Researcher 2021

Based on table 8 it can be seen as follows:

1. Regional Tax Variable Regression Coefficient (X1)

H0 = Regional Taxes have no effect on the Effectiveness of Regional Original Income.

Ha = Local Taxes have an effect on the Effectiveness of Regional Original Income.

Value of Sig. on the Regional Tax variable is $0.000 < 0.05$, then Ha is accepted and H0 is rejected, so that partially there is an effect of Regional Tax on the Effectiveness of Regional Original Income.

2. Regression coefficient of regional levy variable (X2)

H0 = Regional Retribution does not affect the Effectiveness of Regional Original Revenue.

Ha = Regional Levies affect the Effectiveness of Regional Original Income.

Value of Sig. on the regional levy variable is $0.000 < 0.05$, then Ha is accepted and H0 is rejected, so that partially there is no effect of regional levies on the effectiveness of regional original income.

3. Regression coefficient of Other Regional Income (X3) variable

H0 = Other Regional Income does not affect the Effectiveness of Regional Original Income.

Ha = Other Regional Income has an effect on the Effectiveness of Regional Original Income.

Value of Sig. on the Other Regional Income variable is $0.005 < 0.05$, then H0 is rejected and Ha is accepted, so that partially there is an effect of Other Regional Income on the Effectiveness of Regional Original Income.

Discussion

This study examines the effect of local taxes, regional levies, and other regional income on the effectiveness of local revenue.

The Effect of Regional Taxes on the Effectiveness of Regional Original Income.

Based on the results of the tests that have been carried out, the results show that the significance value of the t-test is $0.000 < 0.05$, which means that the significance is less than 0.05. This test shows that H0 is rejected and Ha is accepted so it can be concluded that Local Taxes have a significant effect on the Effectiveness of Regional Original Income. The greater the Regional Taxes obtained, the more effective the Regional Original Income will be, so that the construction of facilities and infrastructure as well as infrastructure in the region can run well. If the development goes well, it is hoped that the

welfare of the people in the region can be realized. The results of this study support the results of research that has been done Siregar, (2017) who found that there was a relationship between Regional Taxes that had a significant effect on the Effectiveness of Regional Original Income. Local tax.

The Effect of Regional Retribution on the Effectiveness of Regional Original Revenue

Based on the results of the tests that have been carried out, the results show that the significance value of the t-test is $0.000 < 0.05$, which means that the significance is less than 0.05. This test shows that H_a is accepted and H_o is rejected so it can be concluded that the Regional Retribution has an influence on the Effectiveness of Regional Original Revenue, so it cannot be used as one of the variables considered by the government for further decision making. The results of this study are different from the results of research that has been done Ainulyaqin, (2020) who found that there was a relationship between regional levies and the effectiveness of local revenue. Regional levies are taxes imposed on certain acquisitions because of the authority given to individuals or entities. The greater the Regional Retribution obtained, the more effective the Regional Original Income will be, so that the development of facilities and infrastructure as well as infrastructure in the region can run well.

The Effect of Other Regional Revenues on the Effectiveness of Regional Original Revenue

Based on the results of the tests that have been carried out, the results show that the significance value of the t-test is $0.005 < 0.05$, which means that the significance is less than 0.05. This test shows that H_o is rejected and H_a is accepted so it can be concluded that Other Regional Income has an influence on the Effectiveness of Regional Original Revenue. Other Regional Income is a tax on the implementation of advertisements, as well as others. The greater the Other Regional Income obtained, the more effective the Regional Original Income will be, so that the construction of facilities and infrastructure as well as infrastructure in the region can run well. The results of this study support the results of research that has been done Agha, (2018) who found that there was a relationship between Other Regional Revenues that had a significant effect on the Effectiveness of Regional Original Income.

CONCLUSION

Based on research on the effect of Regional Taxes, Regional Levies, and Other Regional Revenues on the Effectiveness of Regional Original Income. The following are the conclusions of this study: Local taxes have an effect and contribute to the effectiveness of local revenue in Indonesia for the 2017-2020 period. Work area levies have an effect and contribute to the effectiveness of local revenue in Indonesia for the 2017-2020 period. Other regional incomes influence and contribute to the effectiveness of regional original income in Indonesia for the 2017-2020 period.

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