

Analysis of the Effect of Local Taxes and Levies on Local Revenue in the Province of Yogyakarta

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ABSTRACT

In order to realize the implementation of regional autonomy, the source of the implementation of regional autonomy is highly dependent on the role of Local Revenue. The purpose of this study was to determine: 1) The significant influence between local taxes (X1) on local revenue (Y), 2) The significant influence between local retribution (X2) on local revenue (Y). With a case study in the Special Region of Yogyakarta Province in 2013-2022. The type of research used in this research is quantitative research method. The sample used is the local revenue report, local taxes, and local levies in the period 2013-2022.

Keywords: *Local Tax, Local Retribution, Local Revenue.*

1. INTRODUCTION

In order to realize the implementation of regional autonomy, the source of regional autonomy implementation is highly dependent on the role of Local Revenue. This is intended to be the main buffer in financing development activities in the region. Local Revenue is regional revenue sourced from the results of local taxes, the results of local retribution, the results of the management of separated regional assets, and other legitimate regional original income, which aims to provide flexibility to the regions in exploring funding in the implementation of regional autonomy as a manifestation of the principle of decentralization. (Explanation of Law No.33 Year 2004).

Regional autonomy is currently associated with Law No. 22/1999 on Regional Government which was revised into Law No. 32/2004 and Law No. 25/1999 on Regional Financial Balance. The enactment of these two laws has consequences for changes in the pattern of regional accountability for allocated funds. The pattern of horizontal accountability to the community through the House of Representatives (DPR).

Local taxes have an important role in local revenue. With the orderly payment of taxes that have been determined by the Yogyakarta Special Region Provincial Revenue Agency, it will increase the Local Revenue for the Yogyakarta Special Region Provincial Government. Sometimes between the target and realization of revenue does not match what is budgeted by the Yogyakarta Special Region Provincial Government. This is due to various obstacles or obstacles in the context of collecting local taxes.

2. LITERATURE REVIEW

2.1 Local Taxes

According to (Mardiasmo, 2001, Perpajakan & Yogyakarta, n.d.), "local taxes are taxes levied by the regions based on regulations stipulated by the regions (through local regulations) for the benefit of financing local government households". Meanwhile, Mohammad Zain and Kustadi Arinata say "local taxes are mandatory contributions made by individuals or entities to the regional head without direct balanced rewards which can be coercive".

2.2 Local Retribution

Local retribution is a local revenue that is regulated in Law No. 34 Year 2000 on Local Taxes and Levies and Government Regulation No. 66 Year 2001 on Local Retribution. Retribution is a local levy as payment for services or the granting of certain permits specifically provided and or granted by the local government for the benefit of individuals or entities.

2.3 Local Revenue

Regional Original Revenue is revenue obtained by the region from sources within its territory sources within its own territory that are levied based on Regional Regulations in accordance with applicable laws and regulations. Furthermore, the sources of PAD consist of several elements, namely; local taxes, local levies, the results of regionally-owned companies and the results of the management of other separated regional assets, and the results of the management of other regional assets and other legal revenues.

2.4 Conceptual Framework

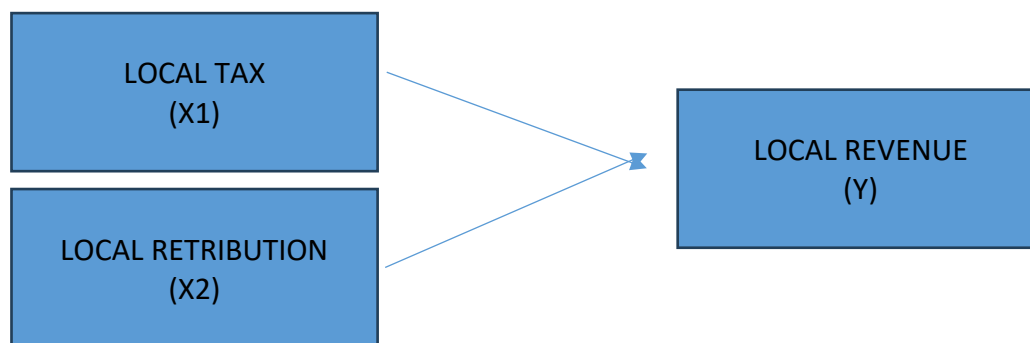


Figure 1. Conceptual Framework

3. METHODS

The type of research used in this study is quantitative research method. The sample used is the regional income report, regional taxes, and regional levies in the Special Region of Yogyakarta Province in the last 10 years, namely 2013 - 2022.

4. RESULTS AND DISCUSSION

4.1 Data Processing Results

4.1.1 Simple Linear Regression of Time Series Data

Y = Local Revenue

X1 = Local Tax

X2 = Local Retribution

4.1.2 Simple Linear Regression Equation

Table 1. Simple Linear Regression Equation

Local Revenue	Coef.	Std.Err.
Local Tax	4.290313	.6335175
Local Retribution	-40.73488	48.15374
_cons	-413711.9	2282944

LOCAL REVENUE = - 413711.9 – 40.73488 LOCAL RETRIBUTION + 4.290313 LOCAL TAX
The explanation is:

1. The beta coefficient value of the LOCAL TAX variable is 4.290313. If the value of other variables is constant and the value of the LOCAL TAX variable increases by 1%, the LOCAL REVENUE variable will increase by 42.903%. Vice versa, if the LOCAL TAX variable value decreases by 1%, the LOCAL REVENUE variable will decrease by 429.0313%.
2. The beta coefficient value of the LOCAL RETRIBUTION variable is -40.73488. If the value of other variables is constant and the LOCAL RETRIBUTION variable value increases by 1%, the LOCAL RETRIBUTION variable will decrease by 0.407%. Vice versa, if the value of other

variables is constant and the LOCAL RETRIBUTION variable value decreases by 1%, the LOCAL RETRIBUTION variable will increase by 0.407%.

4.1.3 R-Squared Coefficient Test

Table 2. R-Squared Coefficient Test

Number of obs	10
F (2, 7)	24.14
Prob > F	0.0007
R-squared	0.8734
Adj R-Squared	0.8372
Root MSE	4.9e+05

The R-Squared value is 0.8734 or 87.34%. The coefficient of determination shows that the LOCAL TAX variable and the LOCAL RETRIBUTION variable are able to explain the LOCAL REVENUE variable by 87.34%, while the remaining 12.66% is explained by other variables.

4.1.4 F Test Results

If the value of F count > F table or sig < α then H0 is rejected and Ha is accepted

If the value of F count < F table or sig > α then Ha is rejected and H0 is accepted

F table (2, 7)

Table 3. F Test Results

Number of obs	10
F (2, 7)	24.14
Prob > F	0.0007
R-squared	0.8734
Adj R-Squared	0.8372
Root MSE	4.9e+05

The calculated F value of 24.14 > the F table value (2, 7) which is 4.74 and the sig value is 0.0007 < 0.05, then H0 is rejected and Ha is accepted, meaning that all independent variables affect the dependent variable.

4.1.5 T Test Results

If the t value > t table or sig < α then H0 is rejected and Ha is accepted

If the t value < t table or sig > α then Ha is rejected and H0 is accepted

(T table for df 1- with sog 0.05)

Table 4. T Test Results

Local Revenue	Coef.	Std. Err.	t	P> t
Local Tax	4.290313	.6335175	6.77	0.000
Local Retribution	-40.73488	48.15374	-0.85	0.426
_cons	-413711.9	2282944	-0.18	0.861

The t value of the LOCAL TAX variable is 6.77 > the t table value of 1.812 and the sig value is 0.000 < 0.05, then H0 is rejected and Ha is accepted, the LOCAL TAX variable has an effect on LOCAL REVENUE.

The t value of the LOCAL RETRIBUTION variable count is -0.85 < the t table value of 1.812 and the sig value is 0.426 > 0.05, then Ha is rejected and H0 is accepted, the LOCAL RETRIBUTION variable has no effect on LOCAL REVENUE.

4.2 Discussion

Based on the results of statistical tests, it can be concluded that local taxes and levies can increase local revenue. The beta coefficient value of the LOCAL TAX variable is 4.290313. If the value of other variables is constant and the value of the LOCAL TAX variable increases by 1%, the LOCAL REVENUE variable will increase by 42.903%. Vice versa, if the LOCAL TAX variable value decreases by 1%, the LOCAL REVENUE variable will decrease by 42.90313%.

The beta coefficient value of the LOCAL RETRIBUTION variable is -40.73488. If the value of other variables is constant and the LOCAL RETRIBUTION variable value increases by 1%, the LOCAL RETRIBUTION variable will decrease by 0.407%. Vice versa, if the value of other variables is constant and the LOCAL RETRIBUTION variable value decreases by 1%, the LOCAL RETRIBUTION variable will increase by 0.407%.

From the object of local revenue, namely taxes and levies, which have been analyzed by statistical methods using multiple regression models, it illustrates the existence of varied revenues. Of the two objects that provide the best contribution is local taxes. This causes the Local Revenue figure to fluctuate in line with the fluctuations that occur in the realization of local revenue. While the size of local retribution revenue does not necessarily affect the receipt of local revenue.

5. CONCLUSION

1. For the community, it is expected to increase awareness in paying tax obligations and local retribution. Because the results of the local revenue component will also be used for the benefit of the community such as regional infrastructure development.
2. For the Regency / City Government in DIY Province, it is hoped that it can be input in the implementation of regional financial management in order to further increase the collection and acceptance of each component of local revenue, especially local taxes and local retributions, by increasing supervision, guidance, and evaluation of local tax and levy collection.

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