ANALYSIS OF THE EFFECTIVENESS OF TAX COLLECTION AND ENTERTAINMENT TAX RETRIBUTION ON LOCALLY-GENERATED REVENUE IN BATAM CITY

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ABSTRACT

The purpose of this study is to find answers about the level of Entertainment Tax Retribution collection in Batam City and its contribution to local tax revenue. This research uses a descriptive analysis method, focusing on Batam City. The sampling technique used is non-probability sampling, that is, the technique of determining the sample using certain considerations or using financial statements for the years 2017-2021. The results of hypothesis testing using multiple regression analysis methods show that the Entertainment Tax Retribution collection and payment performance of Batam City Dispena has a significant impact on Locally-generated revenue. Although partial Effectiveness of Tax Collection in Batam City Dispena has a significant relationship with the initial income of the region, however.

Keywords: Effectiveness of Tax Collection, Entertainment Tax Retribution, Locally-generated revenue

INTRODUCTION

Taxes are a major source of income for the country, and are paid by the public. Taxation is also a type of tax that the government can levy according to the provisions of taxation laws and regulations. National development.. The goal of national development is to create a just and prosperous society by improving the standard of living, intelligence and well-being of all people. National development is inseparable from regional development, and both are essential to improving the well-being of the people. A state budget is needed in order to help foster national development. This is done through the collection of local taxes. So, the government is always looking for ways to increase and optimize regional revenues.

Regional autonomy is a result of the reforms all regions of Indonesia must go through. Therefore, while each region needs training to turn issues into opportunities for regional development, the government as a regulator in the development of the concept of regional autonomy acts as responsible and expects the concept of regional autonomy. It is carried out on the street. In 2009, regional financial management principles were important in order to improve the economy. By managing finances in a regionally specific way, businesses and governments could better coordinate their resources and improve economic growth. There is no law that prohibits you from engaging in a certain activity. The new principle of regional financial management introduced in Batam City Regional Regulation No.12 gives regions more power to manage their own affairs, including their finances. Regional finance planning,
implementation, administration, reporting, accountability and control are essential components of effective regional governance.

The government needs to be able to identify areas where regional development is likely to be most successful, through initiatives aimed at increasing regional primary income potential. Where the regional primary income can be achieved to maximize the capacity of the region through community participation in the payment of taxes and levies, and the various changes in national policies, as mentioned, have given great hope to the marshals to develop their regions by exploring the potential of each as a source of local revenue, especially regional primary income. This expectation of the territory is natural, since the provision of various state affairs as an internal affair is accompanied by the right to manage the financial affairs of the individual during the financing of the exercise of self-government, as well as to investigate financial resources for their use and accountability.

Regional primary revenues are regional revenues derived from regional taxes, regional levies, regional wealth management, etc. Financing from locally generated income is carried out by improving the effectiveness of tax collection and improving and increasing the types of tolls, local taxes and other sources of income. Therefore, the primary income of the region is very important as it serves as a source of funding. And as a benchmark in exercising local autonomy. The key to regional independence is earning a primary income locally. Regional taxes could be a major source of revenue for regional governments, helping them to fund their own administration and regional development.

Batam is an autonomous region with a lot of development projects to implement. Short-term and long-term projects are both necessary in order to improve the region's economy and quality of life. To implement the development plan, the city of Batam is trying to optimize local revenues through entertainment tax incentives. Looking at the input of local taxes, entertainment tax retaliation can be a source of income for the region and can be collected effectively, efficiently and economically, so it plays a major role in improving the primary income of the region, especially in the city of Batam. Can be fulfilled. The city government is also afraid of forcibly dismantling the pillars and attractions that have not paid taxes, as this could lead to a chaotic and lawless city. The reason is that later legal problems may occur.

There are a lot of advertisements that don't pay taxes - they're found on roads and in parks. Where entertainment rentals are hard to come by and many of these licenses have died but still remain without any action from city officials. An estimate of tax revenue from entertainment in Batam City until the end of 2015 shows that acquisition rates are still low and is considered to fall short of the city government's planning goal. Although the revenue target is listed at the start of the FY15 budget, there is no comparison between performance and achievement. Batam City's regional main income from the entertainment tax refund sector has great potential as there are quite a few individuals or businesses using entertainment as a promotional tool. Their business. It shouldn't be difficult to collect Entertainment Tax Retribution, as the object and number of units are clear. The sect is generating income from its regional operations.

The enforcement of entertainment tax collection in Indonesia is currently based on a clear and strong legal basis that must be obeyed by the public and related parties. According to (Siahaan, 2015), the legal bases for collecting entertainment taxes in a district/city are

1. Law No. 34 of 2000 amending Law No. 18 of 1997 relating to Regional Taxes and Regional Duties.
2. 2001 of the government on regional taxes
3. Regional regulations governing Entertainment Tax Retribution.
4. The decision of the regent/mayor regulating the Entertainment Tax Retribution as a rule to carry out the territorial regulation of the Entertainment Tax Retribution in the mentioned administrative region/city.

In order for tax Effectiveness of Tax Collection not to cause obstacles or resistance, tax collection must meet the following requirements (Mardiasmo, 2013).
1. Tax collection should be fair (Conditions of Fairness)
   In accordance with the purpose of the law, which is to obtain justice, the law and enforcement of the collection must be fair. In just legislation, including the collection of taxes generally and justly, and according to the means of every man. In the meantime, its implementation is fair, that is, giving taxpayers the right to object, defer payments and file complaints with the tax advisory body.
2. Tax collection must be based on law (Legal Terms)
   Taxes in Indonesia are governed by Article 23, Clause 2 of the 1945 Constitution. This provides legal guarantees to declare justice for both the state and its citizens.
3. Does not interfere with the economy (Economic conditions)
   The collection should not interfere with the smooth flow of production and commercial activities, so as not to cause a slowdown in the community's economy.
4. Tax collection must be efficient (Financial Terms)
   In accordance with the budget function, the cost of tax collection should be reduced so that it is lower than the collection result.

Entertainment Allowance is one of the Batam City Regional Initial Income administered by Batam City Regional Tax Office. The responsibility for the current development of the city of Batam lies with all parts of government, business and society, which support the harmonious development of development. Entertainment fees are billed annually (1 year), except for cash billed weekly (1 week), Batam City Government Pervako No. 24 2011 Regional Advertising Permit Execution Fee. Responsible for allowing entertainment to be placed outside the city infrastructure. During the performance of the Batam City Primary Revenue Department pursuant to the City of Batam Regional Ordinance No. 5 of 2009 regarding compensation for the use of land and/or buildings controlled by local governments in installation purposes. Advertising in Chapter IV, in terms of names, objects, subjects and mandatory remuneration Article 6, which stipulates that any natural and/or legal person using land and/or buildings belonging or controlled by a community local, to install shows, must be compensated for the use of land and (or) buildings belonging to the Gouvand.

Regional taxes, according to (Mardiasmo, 2013), are payments made by individuals or organizations to regions without balanced direct compensation, which can be established based on existing laws and regulations, used to finance the administration of regional governments. The regional tax is the tax set by the territorial administration through the territorial regulation, the collection authority of which is carried out by the regional government for the implementation of state administration and territorial development.

Amusement Allowance is one of the Batam City Regional Initial Revenues administered by Batam City Regional Tax Office. The responsibility for the current development of the city of Batam lies with all parts of government, business and society
that support the harmonious development of the city. Entertainment fees are billed annually (1 year), except for cash payments, which are billed weekly (1 week), Pervako No. 24 Government of Batam city. Responsible for allowing entertainment to be placed outside of city infrastructure. During the activity of the Main Tax Authority of the city of Batam in accordance with the regional decree No. 5 of 2009 of the city of Batam on compensation for the use of land and/or buildings controlled by the administrations local for installation purposes. Publicity in Chapter IV, in terms of names, objects, subjects and compulsory remuneration Article 6, which stipulates that any natural and/or legal person using land and/or buildings belonging or controlled by a municipality local, to organize shows, must be compensated for the use of land and (or) buildings belonging to the Gouvard.

According to (Adisasmita, 2011), the centralized local government system during the old and new order had many negative consequences, including inhibiting the region's creativity to develop its regional potential according to the wishes of the local community and the cause; local self-government bodies. heavily dependent on central government. It is for these two reasons alone that local self-governing bodies and communities are unable to develop their marches. Based on the above theoretical study, the conceptual framework of this study is called The Impact of Entertainment Tax Retribution Collection and Compensation on Regional Primary Income of Batam City. To facilitate the study, the researchers created a flowchart of the framework as follows.

**Figure 1** Research thinking framework

From the frame of mind explained in the previous sub-chapter leading to the hypothesis, it can be concluded that the resulting hypotheses are:

H1 Effectiveness of Tax Collection Influence On Locally-generated revenue In Batam City.

H2 Entertainment Tax Retribution Influence On Locally-generated revenue In Batam City.

H3 Entertainment Tax Collection And Retribution Performance Influence On Locally-generated revenue In Batam City

**METHODS**

Research is a long-term process of systematically finding something using the scientific method and applicable rules. In order to do good research, a researcher not
only knows the rules of the game, but also has the skills to do research. In order to apply the scientific method in research practice, it is necessary to develop research that is appropriate to the conditions and consistent with the research conducted (Nazir, 2014).

The research design is a structured work plan to comprehensively describe the relationships between variables so that the research results can provide answers to the research questions. The plan includes what researchers will do, from assumptions and their operational implications to final analysis (Umar, 2010).

Research Sample Financial Statements in terms of Revenue Targets, Entertainment Tax Retribution Revenue Realization and Batam City Regional Initial Revenue 2017-2021 The analytical method used is the multiple linear regression equation \( Y = a + b_1X_1 + b_2X_2 + \epsilon \).

Information

\( Y \) = Locally-generated revenue

a = constant in the regression equation

\( b_1, b_2, b_3 \) = Regression coefficient

\( X_1 \) = Effectiveness of Tax Collection

\( X_2 \) = Entertainment Tax Retribution

\( \epsilon \) = epsilon

RESULTS AND DISCUSSION

A. Multiple linear regression analysis

Regression analysis not only measures the strength of the relationship between three or more variables, but also indicates the direction of the relationship between the dependent variable and the independent variable. The independent variable of this study is the effectiveness of tax collection \( (X_1) \) and the dependent variable of the tax on entertainment \( (X_2) \), that is, locally generated revenue \( (Y) \). Table 1 below contains the results of a multiple linear regression analysis test.

Table 1. Results of multiple linear regression analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>47655.879</td>
<td>7676.430</td>
</tr>
<tr>
<td>1X1</td>
<td>.675</td>
<td>.631</td>
</tr>
<tr>
<td>X2</td>
<td>.731</td>
<td>.713</td>
</tr>
</tbody>
</table>

a. Dependent variable \( Y \)

The multiple linear regression test results presented in Table 1 yield the following multiple linear regression equation

\[ Y = 47655.879 + (0.675) \times X_1 + (0.731) \times X_2 \]

The regression equation can be described as

\[ Y = 47655.879 \text{ This means that if the tax collection efficiency (X1) and entertainment tax refund (X2) are equal to zero, then the breakeven value is equal to 47655.879.} \]

\[ b_1 = \text{The regression coefficient for the Efficiency of tax collection (X1) variable is 0.675, which means that for a one-fold increase in efficiency of tax collection (X1), locally generated revenue (Y) would increase of 0.675 if the other variables were permanent.} \]

A positive coefficient value means that there is a
positive and one-way relationship between tax collection efficiency (X1) and locally generated revenue (Y).

\[ b_2 = \text{The regression coefficient of the amusement tax reward (X2) is 0.731, which means that for a factor increase in the amusement tax reward (X2), profitability decreases by 0.731, the other variables being kept constant. A positive coefficient value means that there is a positive and opposite relationship between entertainment tax reimbursement (X2) and locally generated revenue (Y).} \]

### B. Hypothesis testing results

Hypotheses testing in this study was done using coefficient of determination test model, t statistic test, F statistic test and multiple regression analysis.

#### 1. The coefficient of determination

The coefficient of determination test was conducted to determine the ability of the independent variable to explain the dependent variable. The results of the coefficient of determination test can be seen in Table 2.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.945 a</td>
<td>.786</td>
<td>.795</td>
<td>324574398.820</td>
</tr>
</tbody>
</table>

- a. Predictors (Constant), X2, X1
- b. Dependent variable Y

The coefficient of determination results in Table 2 show an adjusted R-squared (adjusted R2) value of 0.795 or 68.4%. This value indicates that only 79.5% of the Locally Generated Revenue (Y) variable can be explained or influenced by the efficiency of tax collection (X1) and remittance of the tax on shows (X2), while the remaining 20.5% (100% - 79.5%) is explained or influenced by other factors not included in this research model.

#### 2. T. Test Results

The statistical t test is used to determine whether or not there is a partial effect of each independent variable on the dependent variable tested at a significance level of 0.05. The t-test results of this study are shown in Table 3 below.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>47655,879</td>
<td>7676.430</td>
<td></td>
<td>6.676</td>
</tr>
<tr>
<td>1 X1</td>
<td>.675</td>
<td>.631</td>
<td>.589</td>
<td>5.638</td>
</tr>
<tr>
<td></td>
<td>.731</td>
<td>.713</td>
<td>.577</td>
<td>5.854</td>
</tr>
</tbody>
</table>

- a. Dependent variable Y

The results in Table 3 show that the \( T_{\text{count}} \) obtained for the Effectiveness of Tax Collection (X1) variable is 5.638 and significant at 0.000. It shows that \( T_{\text{count}} = 4527 > T_{\text{table}} = 1.65521 \) or significantly less than 0.05, then the first hypothesis of this research is accepted, that is Effectiveness of Tax Collection (X1) significant impact on regional primary income (Y) in Batam.
And the t count obtained for the Entertainment Tax Retribution (X2) variable is 5.854 and significant at 0.000. It shows the \( T_{\text{count}} = 5.854 > T_{\text{table}} = 1.655 \) or significantly less than 0.05, then the second hypothesis of this research accepted Entertainment Tax Retribution (X2) significant impact on regional primary income (Y) in the city of Batam.

3). F. Test Results

The F statistic test is used to determine whether all independent variables included in the model simultaneously have an effect on the dependent variable. The following results of the F statistic test are shown in Table 4.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retrograde</td>
<td>6020561472985.000</td>
<td>2</td>
<td>3060836291848.000</td>
<td>75.065</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>3608305897736.000</td>
<td>57</td>
<td>5667768630.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>that's it</td>
<td>9627856259600.000</td>
<td>59</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

According to the above table 4, it shows that \( F_{\text{count}} = 75.065 > T_{\text{table}} = 3.06 \) (see distribution table F) and significant = 0.000 < 0.05. Then, the third hypothesis of this research is accepted, that is, Effectiveness of Tax Collection (X1) and Entertainment Tax Retribution (X2) have a significant effect on the Locally-generated revenue (Y) of Batam City.

CONCLUSION

This study wants to test the effectiveness of the collection and levy of entertainment taxes which have a significant effect on Batam City's Original Regional Revenue. The conclusions of this study are as follows:

1. Performance Collection Positive And Significant Influence On Locally-generated revenue In Batam City.
2. The Entertainment Tax Retribution compensation levy has a positive and significant effect on the regional primary income of Batam City.
3. Performance Collection Of Taxes And Entertainment Tax Retributions Positive And Significant Influence On Locally-generated revenue In Batam City

REFERENCE

