

Analysis of the Effectiveness and Contribution of Restaurant Tax Revenue to Local Original Income (PAD) of Lamandau Regency

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Abstract

This research aims find out the effectiveness and contribution of restaurant tax revenue to Local Original income (PAD) in Lamandau Regency in 2018-2022. This research is a type of quantitative descriptive research with data collection techniques used in the form of documentation and interviews which are then analyzed using effectiveness ratio analysis and contribution analysis. The research results show that the level of restaurant tax effectiveness experienced fluctuations in 2018-2022 and was included in the criteria of being very effective with an average of 191,66%. The contribution of restaurant tax revenue to original regional income in 2018-2022 is always increasing but is still within the criteria of being very low. Therefore, the role of the government and related parties is needed in exploring the quite large potential for restaurant taxes in the Lamandau Regency area.



INTRODUCTION

Indonesia is a developing country that needs funds to finance its development, one of the sources of state income is taxes. A developed country can be seen from the way it manages state revenues in financing infrastructure development and also realizing the prosperity of its people equally. In order to improve the function and role of taxation in developing the government's economy and reducing regional economic problems, Law Number 9 of 2015 and Law Number 33 of 2004 were implemented. The authority to regulate and make rules for the benefit of one's own region is known as regional autonomy.

Regional autonomy requires regions to maximize their efforts and breakthroughs in order to increase regional income as much as possible. Sources of regional income include Regional Balancing Funds, Regional Loans and PAD. The source of regional income from PAD is one source that has great potential from these sources, one of which comes from restaurant taxes which are included in the regional tax sector.

Lamandau Regency is one of the regencies located in the Central Kalimantan Province. Lamandau Regency was officially formed as a Regency based on Law number 5 of 2002. In its relatively young age, Lamandau Regency has carried out a lot of development and improvement as well as self-development through various efforts outlined in programs and activities

in all fields so that it is able to obtain many achievements. In the past 22 years, Lamandau Regency has experienced significant changes, including the proliferation of resorts and food stalls selling food/drinks both with distinctive nuances and acculturation with other cultures and several fast food restaurants that have been established in Lamandau Regency. This provides a potential signal regarding the acquisition of Lamandau Regency regional taxes which are part of Original Regional Income, namely Restaurant Tax.

Tabel 1. The realization of restaurant tax revenue in Lamandau District for the years 2018-2022

Year	Target	Realization	Percentage
2018	Rp. 810.413.000	Rp. 1.002.002.674,70	123,64%
2019	Rp.848.858.000	Rp. 896.182.703,00	105,58%
2020	Rp.176.493.935	Rp. 825.177.140,00	473,20%
2021	Rp.688.252.000	Rp. 928.977.507,00	134,98%
2022	Rp.688.252.000	Rp. 832.143.054,96	120,91%

Source: Audited Financial Reports 2018-2022 from the Lamandau District Financial and Revenue Management Agency (BPKPD)

The table above illustrates that the effectiveness level of restaurant taxes experiences fluctuations. These fluctuations in restaurant tax revenue are due to variations in the realization achievements of restaurant taxes each year compared to the government-set targets. This can be attributed to certain factors affecting restaurant tax revenue, and the effectiveness level has not reached its maximum potential, hence needing continuous improvement. One of the reasons is the insufficient supervision and control to minimize taxpayer misconduct in paying and reporting taxes.

Tabel 2. The realization of restaurant tax revenue and Own-Source Revenue (PAD) in Lamandau District for the years 2018-2022

Year	Restaurant Tax	Own-Source Revenue (PAD)
2018	Rp 1.002.002.674,70	Rp 5.385.723.715,69
2019	Rp 896.182.703,00	Rp 5.621.939.610,00
2020	Rp 835.177.140,00	Rp 6.522.033.628,23
2021	Rp 928.977.507,00	Rp 6.619.069.823,27
2022	Rp 832.143.054,96	Rp 6.788.424.248,96

Source: Audited Financial Reports 2018-2022 from the Lamandau District Financial and Revenue Management Agency (BPKPD)

The table 2 above indicates that the increase in restaurant tax realization does not necessarily correspond to the increase in the Own-Source Revenue of Lamandau District. This shows that the level of contribution provided by restaurant taxes is still suboptimal towards the realization of PAD. The insufficient contribution of restaurant taxes is due to the lack of exploration of restaurant tax potential in Lamandau District and taxpayers' lack of awareness in fulfilling their tax obligations to the local government.

Based on the research findings by Huda et al. (2022), the effectiveness level of restaurant taxes in Badung District is categorized as effective, where the revenue sometimes exceeds the target, approaches the target, or falls far from the predetermined target. However, the contribution of restaurant taxes to the PAD of Badung District falls into the less supportive category. The study by Kezia et al. (2022) indicates that restaurant taxes in Tana Toraja District have an effectiveness rate of 68.89% with a less effective criterion. The lack of effectiveness in restaurant taxes is attributed to the decreasing tax targets since 2019 and a decrease in revenue realization due to the COVID-19 pandemic. Research conducted by Hadi (2021) shows that restaurant tax revenue from 2015, 2018, and 2019 exceeded the targets, but revenue realization

from restaurant taxes failed to achieve the targets set in 2016 and 2017. The contribution provided by restaurant taxes from 2015 to 2018 remained stable at 8% and increased to 9% in 2019. Based on the outlined background, this study aims to determine the effectiveness level of restaurant taxes and understand the contribution provided by restaurant taxes to the Own-Source Revenue of Lamandau District for the years 2018-2022.

METHOD

The method used in this research is a quantitative descriptive approach that utilizes numerical data to provide an overview of the effectiveness and contribution of restaurant tax revenue to the Own-Source Revenue (PAD) in Lamandau District. The data collection techniques employed include documentary studies to gather secondary data related to restaurant tax revenue and PAD, as well as interviews to obtain primary data from relevant parties such as tax officials and restaurant owners. Data analysis is conducted through two approaches. First, effectiveness ratio analysis is used to evaluate how effective restaurant tax revenue is in achieving the goal of increasing PAD. Second, contribution analysis is utilized to assess the extent of the contribution of restaurant tax revenue to the total PAD.

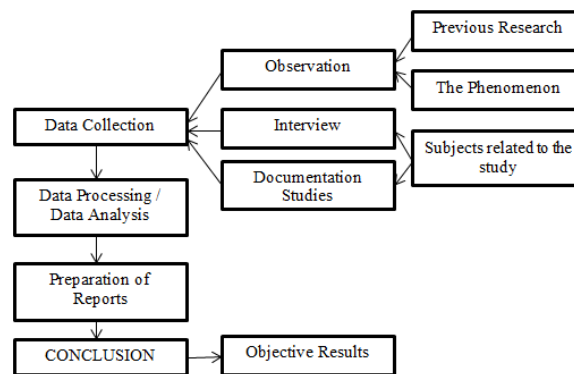


Figure 1. Method of quantitative descriptive approach

RESULT AND DISCUSSION

1. The effectiveness of restaurant tax revenue collection in Lamandau District

The effectiveness of restaurant tax collection can be determined by comparing the actual revenue with the target set for restaurant taxes. Here is the effectiveness of restaurant tax revenue collection in Lamandau District from 2018 to 2022.

Table 3. The Effectiveness of Restaurant Taxes in Lamandau District for the Years 2018-2022

Year	Target	Realization	Effectiveness
2018	Rp. 810.413.000	Rp. 1.002.002.674,70	123,64%
2019	Rp. 848.858.000	Rp. 896.182.703.00	105,58%
2020	Rp. 176.493.935	Rp. 825.177.140,00	473,20%
2021	Rp. 688.252.000	Rp. 928.977.507,00	134,98%
2022	Rp. 688.252.000	Rp. 832.143.054,96	120,91%

Source: Audited Financial Reports 2018-2022 from the Lamandau District Financial and Revenue Management Agency (BPKPD)

The table 3 indicates that the effectiveness level of restaurant taxes in Lamandau District from 2018 to 2022 experienced fluctuations with an average of 191.66%, meaning it consistently exceeded the government-set targets and falls within the highly effective criteria. In 2018, the effectiveness percentage was 123.64%. However, in 2019, there was a decrease of 18.06% to 105.58%. In 2020, there was a significant increase of 367.62% to 473.20%, attributed to the decrease in the government-set restaurant tax targets while the actual collection remained very high, thus influencing the percentage achievement.

Nevertheless, in 2021, there was a decrease again of 338.22% to 134.98%, and in 2022, there was another decrease of 14.08% to 120.91%. The differing percentage differences in effectiveness levels are due to varying achievements in actual collections compared to the set targets each year.

The high level of effectiveness falls within the criteria of being highly effective due to the consistent increase in revenue collection from restaurant taxes each year, often surpassing the targets set by the government. The efforts undertaken by the Lamandau District Government through the BPKPD aim to maintain and optimize sources of local revenue, particularly from the local tax sector, with restaurant tax revenue being one of the significant contributors.

Hence, the government has undertaken intensification and extension efforts in tax collection, reinforced by existing local regulations. Intensification efforts focus on increasing revenue from restaurant taxes by optimizing compliance among existing taxpayers. The BPKPD of Lamandau District endeavors to discipline taxpayers who demonstrate a lack of awareness or delayed payment by issuing warnings. If taxpayers continue to neglect their obligations, enforcement measures may follow, starting with warnings and potentially leading to punitive actions.

Moreover, in the pursuit of enhancing restaurant tax revenues in the Lamandau District, the BPKPD continues to explore potential by conducting surveys and data collection on new establishments to designate them as restaurant tax payers. This proactive approach aims to optimize restaurant tax revenue collection in the coming years. As the number of registered taxpayers increases, both targets and actual revenue realization tend to rise, leading to improved effectiveness levels annually.

Declines in the effectiveness of restaurant taxes may also result from decreased sales turnover, affecting the revenue received by the government. Therefore, taxpayers play a crucial role in attracting consumers by creating innovative ideas and attractive facilities to boost sales turnover. Sales turnover directly impacts government revenue, underscoring the importance of taxpayer engagement in revenue generation.

With the implementation of regional autonomy, the Lamandau District Government manages its finances independently, relying on locally sourced revenues, including local taxes, to fund various developmental projects and infrastructure provision. This autonomous approach has enabled the government to effectively collect revenues from restaurant taxes/eateries, maintaining a highly effective level of effectiveness, contributing to the prosperity and welfare of its citizens. In conclusion, the Lamandau District Government has successfully collected local revenues from restaurant taxes/eateries, achieving a highly effective level of effectiveness.

2. Contribution of Restaurant Tax Revenue to Lamandau District's Own-Source Revenue (PAD)

The magnitude of the contribution provided by restaurant taxes in enhancing the realization of PAD can be determined by comparing the realization of restaurant taxes with the realization of Lamandau District's PAD. Here are the data on the realization of restaurant taxes and PAD in Lamandau District for the fiscal years 2018-2022:

Tabel 4. The Contribution of Restaurant Taxes to the Own-Source Revenue of Lamandau District for the Years 2018-2022

Year	Restaurant Tax Realization	PAD Realization	Contribution	Criteria
2018	Rp. 1.002.002.674,70	Rp. 5.835.723.715,69	18,60%	Less
2019	Rp. 896.182.703,00	Rp. 5.621.939.610,00	15,94%	Less
2020	Rp. 825.177.140,00	Rp. 6.522.033.628,23	12,81%	Less
2021	Rp. 928.977.507,00	Rp. 6.619.069.823,27	14,03%	Less
2022	Rp. 832.143.054,96	Rp. 6.788.424.248,96	12,26%	Less

Source: Audited Financial Reports 2018-2022 from the Lamandau District Financial and Revenue Management Agency (BPKPD)

It can be observed that the contribution provided by restaurant taxes to Lamandau District's Own-Source Revenue (PAD) from 2018 to 2022 has consistently increased. This increase in contribution aligns with the growing number of restaurants in the Lamandau District area. With the rise in the number of new restaurants, there will also be an increase in new taxpayers for restaurant taxes in Lamandau District, consequently impacting the increased contribution that restaurant taxes will provide to PAD realization. To explore the potential of these new taxpayers, the Lamandau District Government, through BPKPD, deploys relevant personnel from the assessment field to conduct direct field surveys to identify new tax objects to be designated as new taxpayers.

Based on Minister of Home Affairs Regulation Number 690.900.327, the contribution of restaurant taxes averages at 14.74% (ranging from 10.10% to 20%), which implies that it still contributes inadequately to the realization of Lamandau District's PAD. Factors contributing to the small contribution of restaurant taxes to PAD include the lack of awareness among restaurant taxpayers to fulfill their tax obligations as stipulated in local regulations. Restaurant taxes adhere to a self-assessment tax collection system, where taxpayers calculate, pay, and report their taxes themselves.

Taxpayer compliance in fulfilling their tax obligations also impacts the realization of revenue from restaurant taxes to PAD. Lack of compliance in reporting tax obligations on time and discrepancies in reporting actual income by taxpayers are linked to restaurant tax revenue. Efforts by the Lamandau District Government through BPKPD involve conducting routine spot checks to obtain tangible results from related taxpayer income.

The insufficient contribution provided by restaurant taxes to PAD realization can also be attributed to PAD revenue sources not solely relying on restaurant taxes, but also on other local taxes, the management of separate local wealth, local levies, and other legitimate local revenue sources. In increasing restaurant tax revenue to make a significant contribution to future PAD realization, the Lamandau District Government endeavors to pay more attention to infrastructure and promote tourist attractions in the Lamandau area through social media and print media. This effort aims to boost restaurant revenue, consequently increasing restaurant tax revenue and its contribution to the realized Own-Source Revenue of Lamandau District.

CONCLUSION

The effectiveness level of restaurant taxes at the Lamandau District Financial and Revenue Management Agency (BPKPD) from 2018 to 2022 experienced fluctuations with an average of 191.66%, which includes the criteria of being highly effective due to its consistent achievement of government-set targets. The fluctuation in effectiveness levels has shown both decreases and increases over the past five years. In 2018, the effectiveness rate was 123.64%, followed by a decrease of 18.06% in 2019, and then a significant increase of 367.62% in 2020. However, in 2021, the effectiveness of restaurant taxes experienced a decrease of 338.22%, and in the fifth year (2022), there was a further decrease of 14.08%. The contribution of restaurant tax revenue to the Lamandau District's Own-Source Revenue (PAD) from 2018 to 2022 has shown a yearly increase but remains in the very insufficient category with an average of 14.73%. This is due to PAD revenue not solely relying on restaurant taxes, but also coming from other local taxes, the management of separate local wealth, local levies, and other legitimate local revenue sources. Therefore, it can be said that the Lamandau District Government has not fully maximized the potential of restaurant taxes in the Lamandau District area.

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