

**ANALYSIS OF LOCAL TAXES AND REGIONAL LEVIES  
CONTRIBUTIONS TO REGIONAL ORIGINAL REVENUE IN  
KEBUMEN REGENCY**

**Alya Firdawati<sup>1\*</sup>, Erni Puji Astutik<sup>2</sup>**

<sup>1,2</sup>Faculty of Economics, Universitas Tidar

E-mail: <sup>1)</sup> [alyafirdawati08@gmail.com](mailto:alyafirdawati08@gmail.com), <sup>2)</sup> [ernipujiaastutik@untidar.ac.id](mailto:ernipujiaastutik@untidar.ac.id)

***Abstract***

*Local taxes and regional levies are a source of income for regional revenue (PAD). This study describes the contribution of local taxes and blood levies to regional revenue. This study aims to determine the growth of Local taxes and Regional Levies, determine the contribution of Local tax revenues and the contribution of Regional Levy revenues in Kebumen Regency in 2018-2020. The method used in this research is descriptive research with secondary data types obtained from published data, library materials, literature and previous research. This study uses growth and contribution analysis. The findings reveal that Regional Original Revenue is very dependent on Tax and Levies revenues. In 2018-2020, local tax growth averaged 4,64%. For the average tax contribution of 26,30%, while the average contribution of regional levies is 8,67%.*

***Keywords:*** Local Taxes, Regional Original Revenue, Regional Levies

## **1. INTRODUCTION**

The capacity of a territory financially to function independently is the most important indicator of whether or not a region can function autonomously. This indicates that autonomous regions must have the authority and capability to explore their own financial resources, while remaining as dependent on assistance from the central government as is humanly possible. As a result, Regional Original Revenue (hereinafter referred to as PAD) must become the largest part of financial resources supported by both the central government and regional financial distribution policies as prerequisites. foundation of the state government system according to Ishak (2014). Regional Original Revenue (PAD) is income earned by the region and collected based on established local regulations (Octovido & Irsyandi 2014). The role of PAD as a source of income requires local governments to maximize it. Article 5 paragraph (1) of Law 33/2004 provides for a wide range of PAD sources from local taxes and fees, separated regional wealth management, and other legitimate PAD. Local taxes can contribute to big revenue receipts as one of the Regional Original Revenue (PAD) postings. Local taxes and levies, which are components of Regional Original Revenue (PAD), have favorable growth prospects. In order to maximize and expand their contribution to local revenue, local taxes and levies must be competently and openly administered.

In accordance with Law No. 34 of 2000 amending Law No. 18 of 1997 regarding local taxes and regional levies. Local taxes are mandatory contributions given by persons or companies to the regions without equal direct remuneration, which may be imposed depending on applicable laws and regulations, and are used to fund regional government administration and regional development. According to Law No. 34 of 2000 on

amendments to Law No. 18 of 1997 addressing local taxes and levies, local taxes are classified into two categories: provincial taxes and regency or city taxes. Provincial taxes consist of: (1) motor vehicle and water vehicle taxes; (2) transfer fees for motorized and water vehicles; (3) motor vehicle fuel tax; and (4) taxes on the extraction and use of groundwater and surface water.

According to Regional Fees Law No. 28 of 2009. In accordance with the regulation, the following categories of income can be categorized as Regional Levies revenues: (1) Public Service Charges, which refer to services that are provided or provided by the Regional Government for the purpose of public interest and benefit and that can be enjoyed by either individuals or entities; (2) Business Service Charges, also known as service fees for services that are offered or provided by the regional government in accordance with the principle of commercialization, as these services are, in essence, able to be delivered by the private sector, (3) Certain Licensing Fees, specifically fees for certain activities of the local government in the framework of granting permits to individuals or entities intended for guidance, regulation, control and supervision or activities of space utilization, use of natural resources natural resources, certain facilities or facilities to protect the public interest and preserve the environment.

This study aims to explain the contribution of local taxes and blood levies to local revenue, determine the growth rate of local taxes and regional levies, and determine the magnitude of the contribution of local tax and regional levies in Kebumen Regency for the 2018-2020 period.

## **2. LITERATURE REVIEW**

### **2.1. Local Tax**

According to Sriwahyuni (2020) The Unitary State of the Republic of Indonesia's system allows for the creation of Local taxes, which are essentially legal community units with regional boundaries that are empowered to control and administer local government activities and the interests of the local community on their own initiative. According to Mardiasmo (2011: 12) in Rompis et al. (2015) Local tax is an obligatory contribution to the region that is payable by individuals or entities that are coercive under the law by not receiving direct compensation and is used to finance regional needs for the maximum prosperity of the populace.

### **2.2. Regional Levies**

According to Putra (2018:185) regional fees are contributions paid by the people to regions that can be enforced which get the achievement of returning directly. According to Yoyo (2017) in Sinaga (2021) regional fees are regional levies imposed as payment for certain services or permissions offered and/or issued by the local government for the benefit of individuals and/or organizations. According to Marihot (2016) in (Marbun, 2022) regional levies are regional levies as payment for certain services or permits supplied or granted by the local government to persons or organizations.

### **2.3. Contribution**

According to the Popular Scientific Dictionary, Dany H. (2006) in Raco et al. (2021) Contributions are defined as money donations or support. Meanwhile, according to the Indonesian Dictionary, Yandianto (2000) in Fadhlia (2017) means: As a fee for

associations, donations. Based on the two dictionaries above, it can be concluded that; contribution is a donation, support or support for an activity. Contributions according to the Indonesian Dictionary explain that contributions are 1) Fees (to associations and so on); 2) donations.

#### **2.4. Regional Original Revenue**

Regional Original Revenue (PAD) are all regional revenues originating from the region's original economy (Halim, 2014). According to Hafandi & Romandhon (2020) are revenues emanating from the local tax sector, regional levies, the results of regionally owned firms, the results of segregated regional wealth management, and other lawful regional original sources of income. PAD stands for "Regional Original Revenue," which refers to cash generated from regional potential in the form of taxes, user fees, or lawful regional returns that is then used toward funding and development of the region. The local tax revenues, the Regional Levies revenues, the money from segregated regional wealth management, and any other valid PAD are the sources of local revenue (PAD), according to Law Number 23 of 2014 concerning Regional Government.

### **3. RESEARCH METHODS**

This type of research is descriptive, which means research in the form of giving a clear picture of the condition of the area or object being studied. The type of data used is quantitative data in the form of detailed data on local tax revenues and regional levies for Kebumen Regency in 2018-2020. The source of data in this study is secondary data, which is obtained from published data, library materials, literature and previous research.

#### **3.1. Data Analysis Method**

The data analysis method used is the calculation of the growth rate analysis of the Local tax Sector. This growth analysis is used to determine the development of local taxes. Formula:

$$Growth = \frac{X(t - 1)}{Xt - X(t - 1)} \times 100\%$$

Source: (Halim, 2014)

Information:

- Growth : The growth rate of the tax
- xt : The amount of tax in year t
- Xt-1 : The amount of tax in year t -1 (the previous year)

### 3.2. Analysis of the Growth Rate of the Regional Levy Sector

This growth analysis is used to determine the development of regional fees. Formula:

$$Growth = \frac{X(t - 1)}{Xt - X(t - 1)} \times 100\%$$

Source: (Halim, 2014)

Information :

Growth : Levy growth rate

xt : The amount of Levies in the year t

Xt-1 : The amount of Levies in the year t -1 (the previous year)

### 3.3. Local tax Contribution Analysis

This analysis is used to measure the contribution of each local tax to local original tax. Formula:

$$Local Tax Contribution = \frac{Local tax}{PAD acceptance} \times 100\%$$

Source: Octovido et al. (2014)

### 3.4. Regional Levy Contribution Analysis

This analysis is to find out how much the contribution of Regional Original Revenue is. Formula:

$$Local Tax Contribution = \frac{Regional Retribution}{PAD acceptance} \times 100\%$$

Source: Martini et al. (2019)

## 4. RESULTS AND DISCUSSION

### 4.1. Local Tax Growth Analysis

The growth rate quantifies the local government's capacity to sustain and expand its success from period to period (Susanto, 2019).

**Table 1. Local Tax Growth in Kebumen Regency**

Year	Realization of Local Tax Revenue (Rp)	Growth (%)
2018	96.775.593	0
2019	100.086.758	3,42
2020	110.640.014	10,54
<b>Average</b>		<b>4,64</b>

Source: Central Bureau of Statistics for Central Java Province

From table 1 it can be seen that the growth of local taxes in Kebumen Regency from 2018 to 2020 has experienced a good growth rate. This is evidenced by the existence of

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local tax revenues in 2018 of Rp96.775.593 and data in 2019 increased to 100.086.758 with a tax growth of 3,42%. And in 2020 the Local tax Growth for Kebumen Regency will increase to reach 10,54%. With an average of 4,64%

**4.2. Regional Levies Growth Analysis**

From the analysis that has been carried out on the Kebumen Regency Regional Levies revenue data from 2018 to 2020, it can be seen that the growth in the amount of Regional Levies revenue is as follows:

**Table 2. Growth of Regional Levies for Kebumen Regency**

Year	Realization of Regional Levies revenue (Rp)	Growth (%)
2018	37. 339.859	0
2019	29.568.538	-20,81
2020	33. 639,811	13,76
<b>Average</b>		<b>-2,35</b>

Source: Central Bureau of Statistics for Central Java Province

From the data in table 2 it is explained that from year to year the growth of regional fees in Kebumen Regency has experienced ups and downs. This is because the realization of regional levy receipts for the Kebumen district in 2018 amounted to Rp37.339.859 which experienced a decrease of Rp29.568.538 and the growth in regional levy for Kebumen Regency in 2019 amounted to -20,81%. And in 2020 the growth of regional levies for Kebumen Regency has increased to 13,76%.

**4.3. Local Tax Contribution Analysis**

The receipts of regional original revenue (PAD) come from local taxes, regional levies, and any other lawful PAD. Analysis and calculations are required in order to determine how much of a contribution local taxes, regional fees, and other legal PAD are making to regional original income in the district /city in Central Java Province. This is necessary so that regional original income can be received as efficiently as possible from the results of local taxes, regional fees, and other legal PAD.

**Table 3. Local Tax Contribution to Kebumen Regency's PAD**

Year	Realization of Local Tax Revenue (Rp)	PAD	Local tax Contribution (%)
2018	96.775.593	351.965.057	27,49
2019	100.086.758	401.172.210	24,94
2020	110.640.014	417.693.691	26,48
<b>Average</b>			<b>26,30</b>

Source: Central Bureau of Statistics for Central Java Province

Table 3 data shows that the contribution of local taxes to the Regional Original Revenue of Kebumen Regency for the 2019–2020 period tends to be unstable. For 2019 it has decreased compared to 2018, which originally contributed 27,49% to local taxes in 2018 and increased in 2019 to 24,94%. And experienced an increase in 2020 reaching 26,48%.

#### 4.4. Regional Levy Contribution Analysis

This analysis is used to determine the level of local tax contribution to Kebumen Regency Regional Original Revenue from 2018 to 2020. The results of data analysis on the analysis of local tax contributions for Kebumen Regency can be seen in the following table:

**Table 4. Regional Levy Contribution to Kebumen Regency's PAD**

Year	Realization of Regional Levies revenue (Rp)	PAD	Regional Levies Contribution (%)
2018	37.339.859	351.965.057	10,60
2019	29.568.538	401.172.210	7,37
2020	33.639.811	417.693.691	8,05
<b>Average</b>			<b>8,67</b>

Source: Central Bureau of Statistics for Central Java Province

Table 4 data shows that the contribution of regional levies to the local revenue of Kebumen Regency for the 2019–2020 period tends to be unstable. For 2019 it has decreased compared to 2018, which originally contributed 10,60% to local taxes in 2018 and increased in 2019 to 7,37%. And experienced an increase in 2020 reaching 8,05%

## 5. CONCLUSION

Based on the calculation results of Local Tax and Levies Growth as well as the contribution of local taxes and levies to Regional Original Revenue (PAD) in Kebumen Regency in the 2018-2020 period, we can concluded that:

- 1) The growth of local tax revenues and levies in Kebumen Regency in the 2018-2020 period experienced fluctuating growth. This can be due to the influence of contributions from local taxes and local levies every year. The average local tax growth in Kebumen district is an average of 4,64%.
- 2) The contribution of local tax revenues and levies in Kebumen Regency in the 2018-2020 period experienced quite different increases and decreases. The average contribution of taxes is 26,30%, while the contribution of regional levies is 8,67%

Based on the above findings, we suggest that the regional government must be more active in exploring and increasing sources that can increase regional original income such as taxes and levies area; Regional original revenue receipts in the tax and Levies sector must be further utilized by increasing the level of public awareness in paying taxes. As such, receiving local government fees must be able to explore more sectors that increase local revenue by utilizing areas that can be used as tourism spots that should be subject to regional fees.

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