

**COMPARATIVE ANALYSIS OF THE EFFECTIVENESS AND  
CONTRIBUTION OF LOCAL TAXES IN THE TOURISM SECTOR  
BEFORE AND DURING COVID-19**

(Study on Regency and City of Central Java Province)

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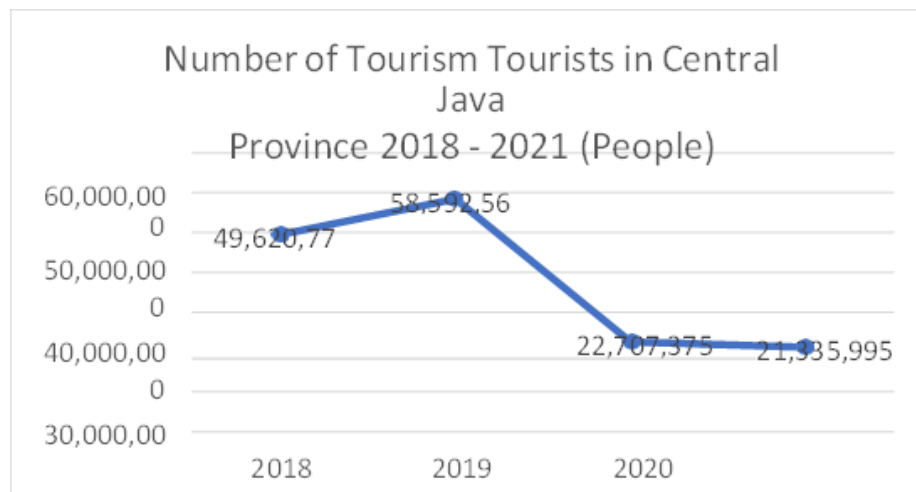
**Abstract**

*The objective of this study is to investigate and analyze the variations in the effectiveness and impact of local tax revenues from districts and cities in Central Java, both before and during the COVID-19 pandemic. The study focuses on six specific variables, namely the effectiveness and contribution of Hotel Tax, Restaurant Tax, and Entertainment Tax. The study population consists of all the regencies and cities in Central Java from the years 2018 to 2021, and a saturated sample is used, meaning that all available data is included in the analysis. A total of 35 samples, comprising of 29 regencies and six towns, are included in the analysis. To conduct this research, a quantitative approach is employed, specifically using a paired t-test analysis of panel data. The analysis is carried out using SPSS analysis tools, which allow for the examination of the differences and similarities in the effectiveness and impact of the different tax revenues before and during the COVID-19 period. The findings of this study reveal significant disparities in the effectiveness of Entertainment Tax, as well as the contributions of Hotel Tax, Restaurant Tax, and Entertainment Tax, before and during the COVID-19 period. This suggests that the pandemic has had a significant impact on the efficacy and impact of these tax revenues in Central Java. However, no significant differences were observed in the effectiveness of Hotel Tax and Restaurant Tax, indicating that these taxes have remained relatively stable and unaffected by the pandemic.*

**Keywords:** Contribution, Effectiveness, Entertainment Tax, Hotel Tax, Restaurant Tax

## 1. INTRODUCTION

Indonesia has been one of the countries affected by the COVID-19 pandemic since early March 2020, particularly in the tourism sector (Octavi et al., 2022). The impact of the COVID-19 pandemic on the tourism sector is a decrease in the number of foreign tourists coming to Indonesia. International and national travel restrictions and health and safety concerns have led many people to cancel or postpone their trips. It has impacted tourism sector revenues, especially in areas that rely heavily on tourism as a significant source of income, including in Central Java Province. The emergence of COVID-19 can impact the tourism sector so that it can affect tax performance (hotel tax, restaurant tax, and entertainment tax). Local tax performance can be assessed from its effectiveness and contribution.



**Figure 1. Number of Tourism Tourists  
in Central Java Province 2018 - 2021 (People)**

Source : [disporapar.jatengprov.go.id](http://disporapar.jatengprov.go.id)

Based on Figure 1, it can be seen that the number of tourists in 2019 has increased from the previous year, but in 2020, the number of tourists in Central Java Province decreased very drastically by 61.2%. Travel restrictions imposed by many countries, including border closures, mandatory quarantine, and air travel restrictions, have led to a drastic decrease in the number of tourists traveling. It has a direct impact on tourism revenues, including local taxes in the tourism sector, which include hotel taxes, restaurant taxes, and entertainment taxes.

Research by Arifiyanti & Ardiyanto (2022), Dewi et al. (2022), and Nabila & Jannah (2022) state that there are differences in hotel, restaurant, and entertainment tax revenues before and during COVID-19. Samosir (2020) show that the effectiveness of the restaurant, hotel, and entertainment tax in 2020 has decreased from 2019. Hadi et al. (2021) indicates a decrease in the effectiveness and contribution of hotel and restaurant tax during the Covid-19 pandemic.

## 2. LITERATURE REVIEW

The literature review encompasses various aspects of taxation, starting with the definition of taxes according to the Big Indonesian Dictionary (KBBI) as mandatory contributions in the form of money paid by residents to the state or government. This financial obligation spans income, ownership, and purchase prices of goods. Specific types of taxes are then detailed, such as hotel tax, governed by Law Number 28 of 2009, targeting services provided by hotels and paid by visitors. Similarly, restaurant tax, outlined in the same law, pertains to services offered by restaurants, including the sale of food and beverages, with consumers bearing the tax burden (Siregar & Azzahra, 2022). Entertainment tax, as per the same legal framework, focuses on organized entertainment activities, covering spectacles, performances, games, and crowds attended for a fee. The discussion extends to the effectiveness of taxes, defined in the KBBI as the measure of task results or goal achievement. Tax contribution, also defined by the KBBI, elucidates the role of taxes in local revenue, emphasizing how tax revenue participates in supporting regional finances and economic sustainability, as highlighted by Halim & Kusufi (2013).

This comprehensive exploration of local taxation underscores its multifaceted nature and its significant role in both individual and organizational financial landscapes.

### **3. RESEARCH METHODS**

#### **3.1. Population and Sample**

The population of this study is local taxes (hotel tax, restaurant tax, and entertainment tax) for the period 2018-2021 obtained from the Central Java Provincial Representative of the Supreme Audit Agency. The sample in this study used a non-probability sampling technique, which does not provide equal opportunities for each element to be selected as a sample. The method used is saturated sampling, a sampling technique in which all population members are sampled. The sample in this study was the LHP LKPD of 29 regencies and six cities in Central Java Province in 2018-2021 obtained from the Supreme Audit Agency of Central Java Province Representative.

#### **3.2. Data Collection Techniques**

The data collection technique in this research is to use literature and documentation studies. This technique is carried out by conducting studies on literature, books, articles, journals, websites, or theses relevant to the research variables. Literature studies are carried out to find theoretical foundations that will facilitate the processing of data that has been collected. The documentation technique was to search for secondary data, namely the LHP LKPD of 29 regencies and six cities in Central Java Province in 2018-2021 obtained from the Central Java Provincial Representative of the Supreme Audit Agency.

#### **3.3. Data Processing Technique**

The comparative test was conducted to test the difference in effectiveness and contribution of local taxes before and during the Covid-19 pandemic, and this test was carried out using statistical techniques, namely the Paired sample t-test if the data was normally distributed and Wilcoxon if the data was not normally distributed (Sugiyono, 2017). However, the number of samples this time is 35, which, with a sample size (>30 or 40), violating the normality assumption does not cause major problems; this implies that we can use parametric procedures even when the data is not normally distributed (Ghasemi & Zahediasl, 2012).

### **4. RESULTS AND DISCUSSION**

#### **4.1. Result**

According to Sugiyono (2017), descriptive analysis method is a statistic used to analyze data by describing or describing the data that has been collected as it is without intending to make general conclusions or generalizations.

**Table 1. Descriptive Data Analysis**

	N	Minimum	Maximum	Mean	Std. Deviation
T.HTL_Pre	35	101000000.00	88625000000.00	5782441732.8571	15540742836.06630
T.HTL_Post	35	137500000.00	132791521041.00	5968406752.1143	22342622265.12121
C.HTL_Pre	35	.00	.07	.0111	.01577
C.HTL_Post	35	.00	.04	.0068	.00940
T.RST_Pre	35	272500000.00	158662500000.00	10851301638.5714	26858099311.59748
T.RST_Post	35	420000000.00	182816487000.00	11224004047.7714	30515786077.71161
C.RST_Pre	35	.00	.10	.0240	.02123
C.RST_Post	35	.00	.07	.0193	.01589
T.ENT_Pre	35	57500000.00	28300000000.00	2405836235.7143	5291601432.09624
T.ENT_Post	35	23000000.00	42708114500.00	2159672115.3143	7224848995.12285
C.ENT_Pre	35	.00	.03	.0054	.00721
C.ENT_Post	35	.00	.01	.0018	.00250
Valid N (listwise)	35				

Source : Data processed using SPSS 25

A normality test is carried out to distribute the data, usually or not. In this study, to determine whether the data is standard it can be done using the Kolmogorov-Smirnov method.

**Table 2. Normality Test**

	N	Asymp. Sig. (2-tailed)
E.HTL	70	.079 <sup>c</sup>
C.HTL	70	.000 <sup>c</sup>
E.RST	70	.054 <sup>c</sup>
C.RST	70	.000 <sup>c</sup>
E.ENT	70	.002 <sup>c</sup>
C.ENT	70	.000 <sup>c</sup>

Source : Data processed using SPSS 25

Based on table 2 Hotel Tax Effectiveness (E.HTL), Restaurant Tax Effectiveness (E.RST) has a value > 0.05 which means that the data is normally distributed, while Hotel Tax Contribution (C.HTL), Restaurant Tax Contribution (C.RST), Entertainment Tax Effectiveness (E.ENT), Entertainment Tax Contribution (C.ENT) has a value < 0.05 which means that the data is not normally distributed.

**Table 3. Comparison Test**

Paired Samples Test								
Paired Differences								
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
				Lower	Upper			
E_HTL_Pre - E_HTL_Post	.01537	.28462	.04811	-.08240	.11314	.319	34	.751
C_HTL_Pre - C_HTL_Post	.00428	.00663	.00112	.00201	.00656	3.824	34	.001
E_RST_Pre - E_RST_Post	.05327	.27473	.04644	-.04110	.14764	1.147	34	.259
C_RST_Pre -								

C_RST_Post	.00471	.00663	.00112	.00244	.00699	4.204	34	.000
E_ENT_Pre - E_ENT_Post	.28772	.29126	.04923	.18767	.38777	5.844	34	.000
C_ENT_Pre - C_ENT_Post	.00353	.00506	.00086	.00180	.00527	4.131	34	.000

Source : Data processed using SPSS 25

Based on table 3 Hotel Tax Effectiveness (E\_HTL), Restaurant Tax Effectiveness (E\_RST) has a value  $<0.05$  which means  $H_a$  is rejected, while Hotel Tax Contribution (C\_HTL), Restaurant Tax Contribution (C\_RST), Entertainment Tax Effectiveness (E\_ENT), Entertainment Tax Contribution (C\_ENT) has a value  $> 0.05$  which means  $H_a$  is accepted.

## 4.2. Discussion

### 4.2.1. Hotel Tax Effectiveness

The results of this study indicate that there is no significant difference in hotel tax effectiveness before and during COVID-19. It can be interpreted that COVID-19 does not affect the effectiveness of hotel taxes in regencies and cities in Central Java Province. It can happen because many regencies and cities in Central Java Province have lowered their targets during COVID-19 (2020-2021), so the effectiveness of hotel taxes has stayed the same from before COVID-19. The results of this study are different from the researcher's H1, which states that there are differences in hotel tax effectiveness before and during COVID-19. This result is also different from Samosir (2020) which states that the effectiveness of hotel tax in 2020 has decreased from 2019. Erdiani et al. (2023) and Hadi et al. (2021) stated that there was a decrease in hotel tax effectiveness during the Covid-19 pandemic.

### 4.2.2. Hotel Tax Contribution

The results of this study indicate that there is a significant difference in hotel tax contributions before and during Covid-19. It can be interpreted that COVID-19 affects hotel tax contributions in regencies and cities in Central Java Province. It happened because of the decrease in hotel visitors during COVID-19, so the revenue and taxes provided also decreased. Besides that, many regencies and cities experienced an increase in local revenue during COVID-19, which resulted in a minor hotel tax contribution. The results of this study are in line with the researcher's H2, which states that there are differences in hotel tax contributions before and during COVID-19. These results are also in line with Erdiani et al. (2023) and Hadi et al. (2021), which state that there is a decrease in hotel tax contributions during the Covid-19 pandemic.

### 4.2.3. Restaurant Tax Effectiveness

The results of this study indicate that there is a significant difference in restaurant tax contributions before and during COVID-19. It can be interpreted that COVID-19 affects restaurant tax contributions in regencies and cities in Central Java Province. Because of the decrease in customers during COVID-19, many people eat at home to reduce the risk of transmission. It causes the revenue and tax provided also to decrease. In addition, many regencies and cities experienced an increase in local revenue during COVID-19, which resulted in a more minor contribution of restaurant tax. The results of

this study are in line with the researcher's H4, which states that there are differences in restaurant tax contributions before and during COVID-19. These results are also in line with Hadi et al. (2021) state that there is a decrease in restaurant tax contributions during the Covid-19 pandemic.

#### **4.2.4. Restaurant Tax Contribution**

The results of this study indicate that there is a significant difference in restaurant tax contributions before and during COVID-19. It can be interpreted that COVID-19 affects restaurant tax contributions in regencies and cities in Central Java Province. Because of the decrease in customers during COVID-19, many people eat at home to reduce the risk of transmission. It causes the revenue and tax provided also to decrease. In addition, many regencies and cities experienced an increase in local revenue during COVID-19, which resulted in a more minor contribution of restaurant tax. The results of this study are in line with the researcher's H4, which states that there are differences in restaurant tax contributions before and during Covid-19. These results are also in line with Hadi et al. (2021) state that there is a decrease in restaurant tax contributions during the Covid-19 pandemic.

#### **4.2.5. Entertainment Tax Effectiveness**

The results of this study indicate that there is a significant difference in the effectiveness of entertainment tax before and during Covid-19. It can be interpreted that COVID-19 affects the effectiveness of entertainment tax in regencies and cities in Central Java Province. Many district and city governments have implemented the same thing as restaurant and hotel taxes, namely lowering the entertainment tax target during COVID-19. However, the effectiveness of the entertainment tax still experienced a significant decline. It is due to the almost total shutdown of the entertainment industry during Covid-19. The temporary closure of entertainment venues such as cinemas, theaters, and other entertainment centers caused a decrease in entertainment tax revenue. In addition, events such as concerts, festivals, theater performances, and other entertainment events are often canceled or moved to a later date, which results in decreased revenue for entertainment venues and reduces the amount of tax paid. Another factor is the shift in consumption patterns to online streaming platforms or other digital entertainment content, reducing the number of viewers or visitors to offline entertainment events. The results of this study are in line with H5 researchers who state that there are differences in the effectiveness of entertainment taxes before and during COVID-19. These results are also in line with the research of Samosir (2020), which states that the effectiveness of the entertainment tax in 2020 has decreased from 2019.

#### **4.2.6. Entertainment Tax Contribution**

The results of this study indicate that there is a significant difference in entertainment tax contributions before and during COVID-19. It can be interpreted that COVID-19 affects the contribution of entertainment tax in regencies and cities in Central Java Province. The temporary closure of entertainment venues such as cinemas, theaters, and other entertainment centers caused a decrease in entertainment tax revenue. In addition, events such as concerts, festivals, theater performances, and other entertainment events are often canceled or moved to a later date, which results in a decrease in entertainment venue revenue and reduces the amount of tax paid. Another factor is the



shift in consumption patterns to online streaming platforms or other digital entertainment content, reducing the number of viewers or visitors to offline entertainment events. The results of this study are in line with the researcher's H6, which states that there are differences in entertainment tax contributions before and during COVID-19. These results also support the research of Rejeki (2022), Dewi et al. (2022), and Nabila & Jannah (2022), which state that there are differences in Entertainment Tax revenue before and during Covid-19. The decrease in tax revenue also decreases the contribution.

## 5. CONCLUSION

The results of this study indicate a difference in Entertainment Tax Effectiveness, Hotel Tax Contribution, Restaurant Tax Contribution, and Entertainment Tax Contribution before and during COVID-19. Based on the study's results, this research implies that local governments should optimize their respective tourism potential and increase direct supervision of taxpayers so that tax revenue can be optimized and increase Regional Original Revenue.

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