

Analysis of Tax Potential and Regional Retribution In Banyuwangi Regency, Indonesia

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Abstract

The aim of this study was to analyze the potential of regional taxes and regional retribution in Banyuwangi Regency and their potential. This study implemented qualitative and quantitative approach with triangulation technic. After analyzing the data, several findings are presented. First, of the ten types of taxes managed by the Banyuwangi Regency Revenue Service, the growth is quite high from the ground water tax and the BPHTB tax. Regional taxes in Banyuwangi Regency are potential tax types. The prime types of regional tax are ground water and BPHTB taxes, while the underdeveloped regional tax that still needs to be renewed is the tax expenditure tax. Secondly, in 2016 and 2017 the target of retribution for Banyuwangi Regency was not fulfilled effectively enough for the total revenue of regional retribution. The results of quantitative analysis and the results of interviews and focus group discussions, indicate the potential of regional taxes and retribution in Banyuwangi Regency is quite large. Hotel taxes, hotel taxes, restaurant taxes and street lighting taxes have a small amount to contribute regional taxes but the amount of regional taxes increases from year to year.

Keywords: taxes, retribution, regional, potential

1. INTRODUCTION

Development aims to creating the welfare of the people who the results can be utilized by the people as a form of improvement equitable prosperity in every aspect of life. Development the economy is carried out in an integrated manner, sustainable and directed order ongoing development is a unity of development national (Herawaty & Bangun, 2018). Exploration of regional potential sources of revenue is intended so that the region can finance all regional development activities. The higher PAD contribution shows that the Regional Government is more successful in exploring the potential of the region (Susilo, 2018).

Regional autonomy is an effort to empower regions in making regional decisions more freely to manage their resources in accordance with the potentials and interests of the region itself (Suwarno & Suhartiningsih, 2008). The purpose of regional autonomy is to bring government services closer to the community, making it easier for the public to monitor and control the use of funds sourced from the The structural conditions of Budget (APBD), in addition to creating healthy competition between regions and encouraging innovation (Setiaji & Adi, 2007).

In Indonesia, development is carried out evenly in all regions. One of the steps taken by the Government of Indonesia to accelerate development and regional equality is regional autonomy. Autonomy is the right, authorization and obligation of autonomous regions to regulate and manage the affairs of the interests of the government and its people based on determined laws (Christanti, 2016).

Taxes are state revenues used for routine state expenditures or infrastructure. This shows that tax is your main priority in financing development in Indonesia (Lubis, 2017). Optimization is a way to maximize development funding generated in the country. However, efforts to increase tax revenue always meet with many obstacles and challenges. The amount of tax revenue is also determined by the tax rate (Simanjuntak & Mukhlis, 2012).

The implementation of regional autonomy has enormous consequences in Indonesia's regional management paradigm. One component is fiscal decentralization by which states that the region has high financial management authority. In the era of autonomy, regions are demanded to further increase their independence (finance) to finance various regional expenditures (Simangunsong, 2015). Local governments must concentrate on increasing / increasing retribution revenue and other regional revenue contributions. One way is to organize the socialization of the local potential of each region so that people and investors are more interested in investing, because the revenue from retribution and other regional revenue is still far behind compared to the more dominant regional tax in increasing revenue (PAD) (Jumingan, 2017).

Regional tax is the contribution of a regional taxpayer that is owed by an individual or entity by not getting a direct reward and is used for regional needs and the prosperity of the people (Triastuti & Ningsih, 2017). For regional taxes in accordance with Law No. 28 of 2009 concerning Regional Taxes and Regional Retribution, it is stated that taxes are divided into provincial and district / city taxes. This provincial tax includes Motor Vehicle Tax; Transfer of Motor Vehicle Title Fees; Motor Vehicle Fuel Tax; Surface Water Tax; and cigarette tax. While the regency / city tax covers Hotel Taxes; Restaurant tax; Entertainment Tax; Advertisement tax; Street Lighting Tax; Non-Metallic Mineral and Rock Taxes; Parking Tax; Groundwater Tax; Swallow Bird Nest Tax; Rural and Urban Land and Building Tax; and Fees for Acquisition of Land and Building Rights.

Banyuwangi Regency as one of the regencies in East Java that implements regional autonomy has begun to explore the potential of revenue from the tax sector. With the support of existing regional regulations, Banyuwangi Regency is trying to offset the substantial tax sector revenue and development expenditure. For this reason, we need a formula that is able to see a potential of regional tax revenue and regional retribution so that it can see trends in tax revenue in the future. In this research, it will be directed at identifying the inventory of potential regional taxes and regional retribution in accordance with the Regional Regulations of Banyuwangi Regency, identifying the potential of regional taxes and regional retribution on regional revenue and the ratio of original revenue of the Banyuwangi Regency, identifying the problem of obstacles in mapping the potential of regional taxes and retribution (Bapenda, 2016).

According to Law No. 33 regarding Fiscal Balance between the Central Government and the Regional Government states that what is included in the PAD is regional taxes, regional retribution, regional company profits and other legal revenues (Indonesia, 2004). Whereas regional tax according to Law 28 of 2009 is mandatory contribution to regions owed by individuals or entities that are coercive based on the law by not getting direct compensation and used for the interests of the region for the greatest prosperity of the people (Indonesia, 2009).

Characteristics of regional taxes are regional taxes derived from state taxes that are submitted to the region as regional taxes, based on the law, regional taxes are levied by the region based on the strength of laws and or other legal regulations, the results of regional tax retribution are used to finance the implementation regional household affairs or to finance regional expenditure as a political legal entity (Mukhlis, 2010).

Some benchmarks or benchmarks in the implementation of regional tax collection, as follows Sari (2011) are Yield, which includes aspects of the stability of tax returns, predictability, aspects of tax elasticity to inflation, as well as a comparison between tax results and tax collection costs. According to Bagijo (2011) Regional Regulations on Regional Taxes have different functions, namely: Budget function that is closely related to the planning function. Settings function. In this case the local government must establish clear arrangements regarding the type and amount of the tax rates and fees charged to the people. Distribution function. The local government plays the role of a good facilitator in the distribution of comfort to the people with the principle of "mutual support" (cross subsidies). This role cannot be separated from the rationality of the "principle of justice" in the distribution process.

2. RESEARCH METHOD

The location of this activity covers all areas in Banyuwangi Regency for data collection on regional tax potential and regional retribution of Banyuwangi Regency in 2016-2018. Documents used as data sources in this study are information documents about the potential of regional taxes and retribution, documents about formulas that are able to measure the potential of regional taxes and retribution, a reference document to further facilitate monitoring and evaluation of regional tax revenue and retribution.

Study approach in compiling documents on the potential of regional tax and retribution by holding discussions with various parties, related SKPD, the community through discussion forms, in-depth interviews, Focus Group Discussions (FGD), and literature studies to obtain data, information, references. This scientific study is carried out by conducting a study or reviewing all data relating to the potential and regional tax revenue of the previous year. This review is important to know the initial conditions of regional taxes in Banyuwangi Regency.

Data processing is the main work in the processing or compilation of data. Various information that comes in through the activities that have been carried out, such as carrying out tabulations and systemating facts and information according to needs, so that it is easy to read and understand and is ready to be analyzed. The analysis is carried out by examining various incoming information, compiling data and information in accordance with the subject matter as a basis for drafting potential regional tax mapping and retribution documents

Methods Survey activities in the field include methods of extracting data on potential tax and regional income, methods of preparing potential planning documents and regional taxes and local user fees. As for compiling the documented data on regional tax potentials and regional user fees, there are several stages, namely an institutional data survey in the form of data collection and / or recording from relevant agencies through a literature search or literature study. Discuss with actors: the community, revenue agencies, field verifiers and related parties related to regional taxes and user charges. Discuss with regional tax experts to find out the level of effectiveness of regional taxes. Reviewing the related policies that have been issued and implemented relating to telecommunications towers starting from the Law, Government Regulations, relevant Ministerial Regulations, to the existing Regional Regulations. Focus Group Discussion (FGD) is conducted to obtain data and information from primary sources. FGD participants come from the relevant agencies / SKPD. Based on these activities, it can be analyzed to compile a draft document on the potential of regional taxes and user charges. The analysis was carried out through a desk review to analyze and compile Regional Tax Potential and Regional Retribution Documentation in Banyuwangi Regency.

The analysis used in the calculation of regional tax growth. Regional tax growth is used to see the development of each regional tax. According to Susanawati, Suparta, & Husaini (2014) to find out the growth rate of each regional tax, the following method can be used :

$$gXi = \frac{X_{it} - X_{i(t-1)}}{X_{i(t-1)}}$$

where,

gXi = regional tax growth type i

X_{it} = regional tax amount year t

$X_{i(t-1)}$ = regional tax amount year t-1

It also uses the calculation of regional tax contributions. Regional tax contribution is used to see the contribution of each regional tax to the total regional tax. To calculate regional tax contributions the following methods are used:

$$wX_i = \frac{X_i}{X} \times 100\%$$

where,

wX_i = regional tax contributions type i

X_i = regional tax amount type i

X = regional tax total

After calculating the growth in taxes and contributions. Then an overlay analysis is performed. This analysis is done by creating a matrix between the composition of growth and the contribution of each regional tax (Susanawati, Suparta, & Husaini, 2014)

Table 1.1 Overlay Analysis

	Contribution \geq 1 (high)	Contribution $<$ 1 (low)
Growth \geq 1 (high)	Prime	Good
Growth $<$ 1 (low)	Potential	Poor

Then calculate the potential and effectiveness of regional taxes. The potential and effectiveness of regional taxes are used to see the potential of each regional tax on the realization of regional own-source revenue (PAD) and the effectiveness of regional tax on the tax revenue target (Wurangian, 2013). Then after the above analysis. Then a trend analysis is conducted. Trend analysis is one of the analyzes used to see estimates or forecasting in the future. This analysis is able to predict (forecasting) in determining the target that will be set in determining regional tax revenue.

3. RESULTS AND DISCUSSION

Regional Tax Growth

Based on the results of the analysis that has been calculated using the calculation of local tax growth shows that the ten types of taxes managed by the Banyuwangi Regency Revenue Service, a fairly high growth comes from the ground water tax and the BPHTB tax. The difference between regional tax growth in 2017 and 2018. High growth in 2018 on groundwater tax and BPHTB tax shows that there is an increase in the number of taxpayers or the level of public awareness in paying taxes.

The ground water tax has increased from the previous year due to the installation of meters in each company or type of business that uses drilled wells with groundwater extraction. Although the ground water tax growth is quite high at 3.14, the acquisition of ground water tax has decreased after the installation of the meter. This happens because after the installation of the meter, the payment of ground water tax is in accordance with the results measured by the meter and the results are far below the payment of the previous month.

Regional Tax Contribution

Based on the results of the analysis shows that street lighting tax provides the largest contribution to total regional tax revenue. In addition to street lighting taxes, the BPHTB tax and land and building taxes also make a large contribution to the total regional tax revenue. The growth and contribution of each regional tax, a mapping is carried out to see a description of potential types of regional tax activities based on growth and contribution criteria using overlay analysis. The result of the overlay analysis shows that most of the regional taxes in Banyuwangi Regency are potential tax types. The prime types of regional taxes are ground water and BPHTB taxes, while the underdeveloped regional taxes that still need to be improved are entertainment tax on parking taxes. The interview results show that the BPHTB tax and the ground water tax indicate that both taxes have the potential to be further developed.

The overlay and interview results also show that the entertainment and parking tax is a backward tax or lacks potential for development because in addition to the lack of coordination from the organizers at the sub-district level to the Dispenda there is also a lack of field staff and the absence of an integrated system between licensing and the Banyuwangi Regency.

Potential and Effectiveness of Regional Taxes

Based on the results of the analysis shows that the effectiveness of regional tax in Banyuwangi until 2018 is very effective in meeting the target of regional tax revenue. High effectiveness, especially from ground water tax and BPHTB tax.

Trend Analysis for Regional Tax Forecasting

The results of the forecasting of each regional tax in Banyuwangi are as follows.

Table 1.2 Regional Tax Forecasting in Banyuwangi Regency 2019-2022

No	Tax Type	Forecasting			
		2019	2020	2021	2022
1	Hotel	1.068.703.569,67	1.203.779.534,67	1.338.855.499,67	1.473.931.464,67
2	Restaurant	3.422.726.214,67	4.547.788.725,67	5.672.851.236,67	6.797.913.747,67
3	Entertain ment	794.023.177,13	994.795.976,31	1.195.568.775,48	1.396.341.574,66
4	Billboard	2.364.980.703,67	2.504.431.086,17	2.643.881.468,67	2.783.331.851,17
5	Street Lighting	41.483.070.167,33	46.658.917.139,83	51.835.764.112,33	57.012.611.084,33
4	Non metallic minerals	2.983.696.011,67	3.868.741.336,67	4.753.786.661,67	5.638.831.986,67
5	Parking	271.902.913,33	309.307.393,33	346.711.873,33	384.116.353,33
6	Ground water	2.277.006.814,67	2.963.806.731,17	3.650.606.647,67	4.337.406.564,17
7	BPHTB	23.053.896.907,03	28.107.941.787,16	33.161.986.667,30	38.216.031.547,43
8	PBB	41.802.570.632,67	55.074.676.155,67	68.346.781.678,67	81.618.887.201,67

Regional Retribution in Banyuwangi Regency

In addition to regional taxes, the Banyuwangi regency also manages regional user fees. These regional retribution come from public service fees, waste and sanitation service fees, market service fees, business service fees, regional property use retribution and recreational and sports venues. In the table below, it can be seen the potential and effectiveness of regional retribution in Banyuwangi Regency.

In 2016 and 2017 the target of retribution receipts in Banyuwangi Regency was not fulfilled although it was quite effective against the total revenue of regional user fees. In 2018 the target of retribution was only fulfilled so that it was very effective towards the total revenue of retribution in Banyuwangi Regency. During the last three years regional retribution have little potential for total PAD so that they have small growth and even tend to fall.

Banyuwangi Regency Retribution Forecasting

Value a : 3.865.995.841,67;

Value b : 1.053.401.838

$$Y = 3.865.995.841,67 + 1.053.401.838 X$$

Forecasting regional retribution over the next 4 (four) years is:

Year 2019 = Rp. 5.972.799.516,67;

Year 2020 = Rp. 7.026.201.354,17

Year 2021 = Rp. 8.079.603.191,67;

Year 2022 = Rp. 9.133.005.029,17

In accordance with the results of the quantitative analysis and the results of interviews and focus group discussions, the potential of regional taxes and retribution in Banyuwangi is quite large. Although some regional taxes such as parking taxes, hotel taxes, restaurant taxes and street lighting taxes have a small amount to contribute regional taxes, overall the amount of regional taxes has increased from year to year.

The results of quantitative analysis for hotel taxes show that hotel taxes during the three years of research have less potential for regional revenue that only contributes around 1 percent annually. But the hotel tax is a potential tax to be developed. Banyuwangi Regency tourism is increasing rapidly also makes hotel and lodging occupancy rates become higher. This boarding house is very potential taxable because more and more boarding houses starting from the market share of students or employees with rental prices ranging from Rp. 150,000 - Rp. 1,250,000 every month equipped with various facilities.

Restaurant tax, although included in the category of less potential, but can be a potential tax to be developed if maximized in its collection. The large number of private universities and two state universities in addition to workers from outside Banyuwangi makes the need for fast food is quite high. The increasing number of restaurants and cafeterias is one of the potential taxes that must be maximized by the Banyuwangi Dispenda.

Entertainment Tax includes the classification of tax types that are less potential and underdeveloped. But with economic growth and increased tourism by the local government, especially arts performances to increase the number of tourists, it is expected that each year the contribution of entertainment tax can increase. In addition to entertainment tax, advertisement tax is one of the less potential regional taxes but still includes a potential classification to be developed. For advertisement tax Dispenda requires cooperation with the Civil Service Police Unit in controlling billboards.

Street lighting tax is one of the regional taxes that accounted for the largest overall total tax revenue, but over the past two years there has been a decline in revenue. In 2016 the street lighting tax is one potential tax but the next two years only includes potential taxes. The high rate of receipts of regional original income and regional tax receipts from other sectors make street lighting tax revenues quite small. In addition, the lack of verification by field workers in companies that use non-PLN electricity is one of the factors in the lack of street lighting regional tax revenue.

The nonmetallic mineral tax is not one of the biggest revenue taxes in Banyuwangi. The contour of the region which indeed has little natural wealth in the form of a mine, mining permits in Banyuwangi that are too long for each mining business than the realization makes the non-metal mineral and rock tax revenue receipt data less valid. Problems that occur in Banyuwangi Regency for mining business are entrepreneurs who have not completed their licensing period.

One of the regional taxes that has less potential but can be developed is parking tax. In accordance with local regulations, there are still many locations in Banyuwangi Regency that are not subject to a parking tax. During the period of 2016-2017 there was an increase in the number of vehicles by 37,670 thousand, and the largest increase in the type of motorcycle vehicles. This potential needs to be explored by the Revenue Service in addition to increasing revenue in the parking tax sector. The need for field verification in determining the tax value that must be paid is the determinant of this tax extensification.

According to the groundwater tax collection section, groundwater tax revenue has decreased since the installation of the meter installation on groundwater usage. Although the facts on the ground show a decrease in the revenue from the ground water tax, there is a 1 percent increase in potential groundwater taxes. The ground water tax classification is a prime tax category that can still be increased in potential revenue. Data collection and reorganization are needed for the use of ground water in the business and industrial environments.

The acquisition tax on land and building products (BPHTB) is one of the prime tax types and has considerable potential in Banyuwangi Regency. The high realization of the BPHTB tax from the target set shows the tax potential that is large enough to sustain regional revenue (PAD).

In addition to the customs tax, the acquisition of land and building products (BPHTB), the potential for land and building taxes (PBB) in Banyuwangi Regency is also quite large. As one of the potential tax potentials for developing land and building tax, it is not only the responsibility of the Regional Revenue Office but also the village government. With the official assessment tax collection system allows revenue agencies to maximize revenue in the PBB tax sector. Land and building tax in Banyuwangi until 2019 has points and rewards for payments.

Regional retribution owned by Banyuwangi Regency do have very little potential compared to other regional tax potentials. Although it has a very small potential and nominal value, it is hoped that the Dispenda will be able to increase revenue from local user fees by increasing the number of field workers in collecting local user fees.

Based on the results of the analysis of regional tax potential and regional retribution of the Banyuwangi Regency, in broad outline it can be seen that the tax potential owned by the Banyuwangi Regency is very large. With the constraints of the vastness of the district area, it is expected that supporting staff, especially field staff, can be added. Periodic outreach is also needed in giving understanding to the public the importance of regional taxes. The existence of an integrated system between SKPDs that are related to the receipt of highly taxed regions is needed as one of the controls to avoid overlapping in the authority and functions of each SKPD.

4. CONCLUSION

Based on this analysis it can be concluded that the potential of regional taxes and retribution in Banyuwangi Regency is large enough to be developed in accordance with their respective sectors. The greatest potential regional tax is owned by street lighting tax, land and building tax, and land and building tax. The prime tax types to be developed are the ground water tax, the acquisition tax on land and building products, while the hotel tax, restaurant tax, billboard tax, street lighting tax, nonmetallic mineral and rock tax, and land and building tax. Banyuwangi Dispenda Dispensation has been increased with the introduction of socialization, facilitating payments with the help of traveling cars and improving the quality of human resources.

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