EFFECT OF ENTERTAINMENT TAX, ADVERTISEMENT TAX, AND STREET LIGHTING TAX ON REGIONAL ORIGINAL INCOME

(Case Study in Karawang Regency in 2015-2019)

Eko Afrizal [1] , Suhono[2]

Accounting, Economic Faculty, Singaperbangsa Karawang University, Indonesia

Corresponding Author :

Abstract

Regional Original Income (PAD) is ideally a source of regional income. Other sources of income may fluctuate and tend to be outside the control of regional authorities. Local governments are expected to increase PAD while still paying attention to economic and efficiency aspects. In order to support the realization of the expected PAD results, the community is required to play a role in increasing participation, initiative, and creativity in developing and creating productive resources in order to encourage economic progress so that local governments are able to be financially independent.

Based on the results of this study, it is known that the Entertainment Tax has an effect on PAD in Karawang Regency. Advertisement tax has no effect on PAD in Karawang Regency. Street Lighting Tax has an effect on PAD in Karawang Regency. Then simultaneously the Entertainment Tax, Advertising Tax, and Street Lighting Tax together affect the PAD of Karawang Regency.

Keywords: Entertainment Tax, Advertising Tax, Street Lighting Tax, and Local Revenue.

[]correspondence to :

Institutional address:
 E-mail:

1.   BACKGROUND

Taxes are contributions to the State (of a coercive nature) which are owed according to regulations, in the absence of contra-achievements, and which are used to finance general expenditures to support the administration of government. Taxes that are managed by the central government and used for state spending are state taxes, usually in the form of APBN, while taxes that are managed by local governments and used for regional expenditures are local taxes, usually in the form of APBD.

Along with the goal of regional autonomy which brings government services closer to the people, the function of regional taxes is not merely to fill the regional treasury (APBD), because this is not in accordance with the objectives of regional autonomy.

Regional Original Income (PAD) is ideally a source of regional basic income. Other sources of income may fluctuate and tend to be outside the control of regional authorities. Local governments are expected to increase PAD while still paying attention to economic and efficiency aspects. In order to support the realization of the expected PAD results, the community is required to play a role in increasing participation, initiative, and creativity in developing and creating productive resources in order to encourage economic progress so that local governments are able to be financially independent. Realization of Regional Original Revenue in Karawang Regency:

Table 1

Target and Realization of Regional Original Revenue

of Karawang Regency in 2015-2019

Year	Target (Rp)	Realization (Rp)	Percentage (%)
1	2	3	4 = (3:2)
2015	944,819,211,736	1,056,533,975,143	111.82
2016	1,004,163,200,591	1,003,391,893,371	99.92
2017	1,485,641,325,512	1,398,309,023,881	94.12
2018	1,348,776,707,379	1,169,569,261,195	86.71
2019	1.359.134.747.661	1.356.291.214.417	99.79

Source: DPPKAD Karawang, data were processed in 2020

Based on table 1 above that the realization of the revenue receipts in the year 2015 to 2019 has increased to fluctuate each year and exceed the set targets. In 2015 the realization of local revenue of Rp.1,056,533,975,143 and exceeding the target set, which is Rp.944,819,211,736 in 2017 revenue from local revenue experienced a significant increase of Rp.1,398,309,023,881of the targeted Rp.1,485,641,325,512 while for 2018 it decreased by Rp. 1,169,569,261,195 from the total target of Rp. 1,348,776,707,379.

Realization of local revenue has continued to fluctuate in the last four years. The decrease in revenue from local revenue is due to the low level of knowledge about local revenue, as well as the difficulty of local governments to identify taxpayer compliance due to the absence of a system to identify the amount of compliance and the correctness of taxpayers in reporting tax payments.

Table 2

Target and Realization of Entertainment Tax Revenue

Karawang Regency 2015-2019

Year	Entertainment Tax Target (Rp)	Realization of Entertainment Tax (Rp)	Percentage (%)
1	2	3	4 = 3:2
2015	3.706.800.000	3.968.855.612	107,07
2016	7.276.330.000	7.582.147.956	104,20
2017	14.913.000.000	10.056.982.772	67,44
2018	14.880.000.000	13.634.320.101	91,63
2019	13.513.197.000	14.221.753.853	105,24

Source: DPPKAD Karawang, data were processed in 2020

Based on table 2 above that the realization of entertainment tax revenues in 2015-2019 has increased fluctuating every year and exceeds the set target. In 2015 the realization of the entertainment tax was Rp.3,968,855,612 and exceeding the set target of Rp.3,706,800,000 in 2017 entertainment tax revenue decreased from the target of Rp. 14,913,000,000 and only realized Rp. 10,056,982,772 while in 2018 the entertainment tax increased again even though it was not in accordance with the target of Rp. 14,880,000,000 and only realized Rp. .13,634,320,101.

Table 3

Target and Realization of Advertising Tax Revenue

Karawang Regency 2015-2019

Year	Advertising Tax Target (Rp)	Realization of Advertising Tax (Rp)	Percentage (%)
1	2	3	4 = 3:2
2015	6.525.000.000	7.019.176.206	107,57
2016	7.500.000.000	8.707.114.934	116,09
2017	12.335.000.000	8.027.542.398	65,08
2018	12.314.000.000	10.936.234.919	88,81

2019	9.455.291.000	10.578.164.586	111,88

Based on table 3 above that the realization of advertisement tax revenue in 2015-2019 has increased which fluctuates every year and exceeds the set target. The realization of the largest tax revenue occurred in 2016 which was Rp. 8,707,114,934 from the target set at Rp. 7,500,000,000 and in 2017 it experienced a significant decrease of Rp. 8,027,542,398 from the set target of Rp. 12,335,000,000 later in 2018 increased again even though it was still below the set target of Rp. 12,314,000,000 and only realized Rp. 10,936,234,919.

Table 4

Target and Realization of Road Lightning Tax Revenue

Karawang Regency 2015-2019

Tahun	Road Lightning Tax Target (Rp)	Realization of Road Lightning Tax (Rp)	Percentage (%)
1	2	3	4 = 3:2
2015	200.250.000.000	206.822.212.141	103,28
2016	204.250.000.000	210.944.294.130	103,28
2017	220.500.000.000	224.830.618.995	101,96
2018	227.000.000.000	232.464.782.891	102,41
2019	233.987.211.000	239.107.255.203	102,19

Based on table 4 above, the realization of street lighting tax revenue in 2015-2019 has increased fluctuating every year and exceeds the set target. The realization of the street lighting tax every year has increased significantly, the street lighting tax also always exceeds the target that has been set. The realization with the largest revenue presentation occurred in 2016 with a target of Rp.204,250,000,000 and the realization of the receipt is Rp.210,944,294,130 then every year the target of the street lighting tax is always increased and what happens is that all street lighting tax revenues exceed the target or if it is presented an average of 102.63%.

It can be seen from the previous table that the revenue of entertainment tax, advertisement tax, and street lighting tax fluctuates every year and the largest contribution is generated from the street lighting tax, then the advertisement tax, and finally the entertainment tax.

2 LITERATURE REVIEW

2.1 Regional Original Revenue

Based on Law Number 33 of 2004 Regional Original Revenue, hereinafter referred to as PAD, is the income obtained by the regions whose collection is based on regional regulations in accordance with statutory regulations.

According to Law 23 of 2014 concerning Regional Government, Article 285 states the sources of regional original income, namely: 1) Regional Taxes, 2) Regional Retributions, 3) Separated Regional Assets Management Results, and 4) Other Regional Original Revenues legitimate.

2.2 Local Taxes

According to the Regional Regulations of Karawang Regency Regional Taxes. Regional Tax, hereinafter referred to as Tax, is a mandatory contribution to the Region which is owed by an individual or entity which is coercive in nature based on the Law, without receiving direct compensation and is used for the purposes of the Region for the greatest prosperity of the people.

2.3 Entertainment Tax

According to Law Number 28 of 2009, the Entertainment Tax is a tax on the provision of entertainment which can be interpreted as a levy on the provision of entertainment which includes all types of performances, games, agility games, or crowds with any name and in any form, which can be enjoyed or watched by everyone free of charge, excluding the use of sports facilities.
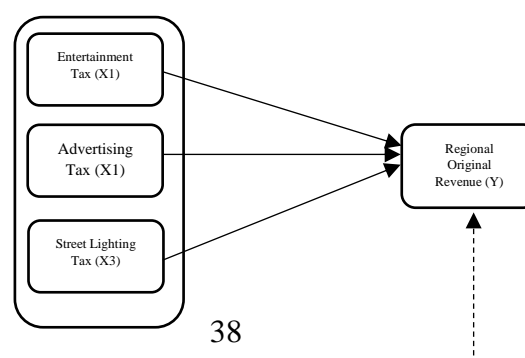
2.4 Advertisement Tax

According to Law Number 28 of 2009, the Advertising Tax is a tax on the administration of advertisements, while advertisements are objects, tools, deeds, media whose various forms and patterns are designed for commercial purposes to introduce, encourage, promote, or attract public attention to goods, services, people, or bodies, which can be seen, read, heard, felt, and/or enjoyed by the public.

2.5 Street Lighting Tax Road

Tax is a tax on the use of electricity, either self-generated or obtained from other sources. Street Lighting is the use of electric power to illuminate public roads whose account is charged to the electricity customer community. Street lighting is used to add to the beauty of the city, comfort and contribute to the creation of security and order that is enjoyed by the general public. This tax is collected by the local government through PLN in the form of a quote in the electricity bill.

2.6 Thinking Framework

Figure 1

Research Hypothesis

H1 : Entertainment Tax (X1) has an effect on Karawang Regency's Original Revenue for the 2015-2019 period.

H2 : Advertising Tax (X2) has an effect on Regional Original Revenue of Karawang Regency for the 2015-2019 period.

H3 : Street Lighting Tax (X3) has an effect on the Regional Original Income of Karawang Regency for the 2015-2019 period.

H4 : Entertainment Tax (X1), Advertising Tax (X2), and Street Lighting Tax (X3) affect the Regional Original Revenue of Karawang Regency for the 2015-2019 period

3.   RESEARCH METHODOLOGY

The method used in this research is a quantitative research method with descriptive and verification approaches. In this study, a descriptive approach is used to answer the effect of entertainment tax, advertisement tax and street lighting tax on local revenue. While the verification approach basically wants to test the truth of the hypothesis that is implemented through data collection. The verification approach aims to answer the effect of the entertainment tax, advertisement tax and street lighting tax together on Regional Original Revenue at the Karawang Regency Regional Revenue Agency for the 2015-2019 period.

3.1   Population, Sample, and Sampling Technique

The population in this study is the entire Regional Original Revenue of Karawang Regency from 2015-2019 which consists of 3 local taxes. In this study, the sample used was Villages in Karawang Regency in West Java Province, as many as 30 sub-districts from 2015–2019. Sampling in this research is using purposive sampling technique, where the criteria that have been set are complete data according to the variables studied during the year of observation.

3.2   Definition of Operational Variables

To find out the data in this study the dependent variable is Local Revenue, and the independent variables are Entertainment Tax, Advertising Tax, and Street Lighting Tax.

4.   RESULT AND DISCUSSION

4.1   Statistical T Test (T Test)

This test aims to test how the partial effect of the independent variable on the dependent variable. The following is a table of t statistical test results:

Table 5

t statistical test results

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

1	(Constant)	-39568337002	20895462648		-1,894	,064
	Entertainment Tax	63,763	10,448	,673	6,103	,000
	Advertising Tax	-1,307	13,879	-,010	-,094	,925
	Street Lighting Tax	2,815	1,011	,260	2,786	,007

a : Dependent Variable: Local Revenue

From the results of the t-test in table 5 above, the following results can be seen:

1. Entertainment Tax

   The significance value of the Entertainment Tax is 0.000 while the error rate is 5% (a=0.05). So, the value of sig. 0.000 < 0.05. So that produce H_1 received. While the $value_t$ for amusement tax amounting to 6.103 with a positive value means having unidirectional relationship, then the value of t_{table} generated at 2.0075. So the value of t_{count} (6.103) > t_{table} (2.0075). So that the Entertainment Tax has a significant effect on Regional Original Income.

2. Advertising Tax

   The significance value of the Advertising Tax is 0.925 while the error rate is 5% (a=0.05). So, the value of sig. 0.0925 > 0 05. This results in H_2 being rejected. While thet $value_{calculated}$ for Advertising Tax is 0.094 with a negative value which means the relationship is in the opposite direction, then thet $value_{table}$ resultingis 2.0075. So the value of t_{count} (0.094) < t_{table} (2.0075). So that the Advertising Tax does not have a significant effect on Regional Original Income.

3. Street Lighting Tax

   The significance value of the Street Lighting Tax is 0.007 while the error rate is 5% (a=0.05). So, the value of sig. 0.007 < 0.05. So that produce H_3 accepted. While the $value_t$ for street lighting tax amounting to 2.786 with a positive value means having unidirectional relationship, then the value of t_{table} generated at 2.0075. So, the value of t_{count} (2.786) > t_{table} (2.0075). So that the Street Lighting Tax has a significant effect on Regional Original Income.

4.2 Simultaneous Test (F Test)

This test aims to state that the F value is a joint test of the independent variables which is carried out to see the independent variables as a whole on the dependent variable. The following is a table of the results of the Simultaneous Test (Test F):

Table 6
Simultaneous Test (Test F)

ANOVAª

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	31911460578329348000000	3	10637153526109784000000	23,561	,000ᵇ

	230248418580714 07000000	51	45146748741316 4830000		
Residual					
Total	549363024364007 55000000	54			

a : Dependent Variable: Local Revenue

b : Predictors : (Constant), Street Lightning Tax, Advertising Tax, Entertainment Tax

Based on the table above, the calculated F value is 23,561 with a significance value of 0.000.F value$_{Calculated}$ (23.561) > F$_{table}$ (2.79). So that produceH$_1$ acceptableand H$_{0\ is}$ rejected. And the significance value is smaller than the error rate value of 0.05 or 0.000 value <0.05. So it can be concluded that together (simultaneously) Entertainment Tax, Advertising Tax, and Street Lighting Tax have a significant effect on Regional Original Income.

4.3   Coefficient of Determination Test

The coefficient of determination (R2) shows how the percentage of variation of the independent variable used in the regression model is able to explain the variation of the dependent variable. The value of R2 is between zero and one. The following is a table of Determination Coefficient Test results:

Table 7

Determination Coefficient Test Results

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,762^a	,581	,556	21247764292

a. Predictors: (Constant), Street Lighting Tax, Advertising Tax, Entertainment Tax

b. Dependent Variable: Local Revenue

Based on the table above shows that the coefficient of determination resulting from *Adjusted R Square is* 0.556 or 55.6%. This shows that the percentage of independent variables (Entertainment Tax, Advertising Tax, and Street Lighting Tax) used in the model is able to explain 55.6% while the remaining 44.4% is influenced by other variables outside this research model.

5.   CONCLUSIONS AND SUGGESTION

This study aims to determine the effect of Entertainment Tax, Advertising Tax, and Street Lighting Tax on Local Revenue in Karawang Regency 2015-2019. Based on research conducted at the Board of Revenue (Bapenda) Karawang lead to the conclusion as follows:

From the results of data analysis and discussion that has been described in previous chapters, it can be concluded as follows:

1. Based on t test results are pasial variable entertainment taxes significantly influence locally-generated revenue.
2. Based on the results of the t test, the advertising tax variable has no significant effect on local revenue.
3. Based on the results of the t test, the variable of street lighting tax has a significant effect on local revenue.
4. Based on the results of the f test simultaneously, the entertainment tax, advertisement tax, and street lighting tax variables have a significant effect on local revenue. Meanwhile, the results of the coefficient of determination test prove that the independent variable affects the dependent variable with a contribution percentage of 55.6% and 44.4% is influenced by other variables that are not explained in the regression model.

The things that can become limitations of this research are as follows:

1. For local governments, especially the Bapenda of Karawang Regency, it is deemed necessary to increase supervision and guidance and be more active in socializing the importance of paying taxes, and can increase the ability of regional revenues, especially in entertainment taxes. , advertisement tax, and street lighting tax, in general, other taxes by exploring the potential of the region by adding and developing types of regional taxes that are in accordance with the interests of the region so that local revenue revenues continue to increase.
2. For the community in general and for business owners in particular to take an active role in carrying out their responsibilities and increase awareness about the importance of paying taxes because this will provide feedback to the community through the results of development carried out by local governments.
3. The sample used in this study is still limited to Karawang Regency, so it cannot be compared with other regencies in West Java Province.
4. This study only examines three independent variables, namely: entertainment tax, advertisement tax, and street lighting tax.
5. The data used in this study is only five years old, namely: 2015-2019, so it cannot be a broader object.
6. The results of this study are expected to be a reference for further research. Of course, this research still has many shortcomings. Further research is expected to add other independent variables in order to provide better research results.

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