Effectiveness and Contribution of Receiving Hotel Tax, Restaurant Tax, and Entertainment Tax to Regional Original Income on Regency/City in the Sarbagita Region Bali Province During the Covid-19 Pandemic

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Abstract: Sarbagita Bali Province is an area that has the highest Regional Original Income (PAD) revenue among other regencies/cities in Bali Province. The growth of PAD in the Sarbagita area is due to hotel, restaurant and entertainment tax revenues which are considered to have quite a lot of influence on local tax revenues. Since the Covid-19 pandemic, the average PAD has decreased. If we look at the amount of tourism potential it has, PAD revenue should increase every year. The purpose of this research was to determine the effectiveness of hotel tax revenues, restaurant taxes, and entertainment taxes as well as the contribution of each of these taxes to PAD in the Sarbagita area during the Covid-19 pandemic.This research is a descriptive quantitative research with documentation technique using target data and tax realization and PAD realization. The analytical techniques used are effectiveness analysis, contribution analysis, and hypothesis testing using the Wilcoxon Signed Rank Test method. The results showed that the effectiveness of hotel, restaurant, and entertainment tax revenues were ineffective, deficient effective, and ineffective, respectively. The contribution level of hotel tax revenue is considered to be deficient contributing, while the restaurant tax and entertainment tax are each considered to be very deficient contributing to PAD. For the test results of hotel, restaurant, and entertainment tax hypothesis, the results obtained respectively Z value < Z table (1.65) namely -4.356; -2,426; and -4.178 which means that it is not yet effective because the realization of tax revenue is smaller than the target.

Keywords: effectiveness, contribution, hotel tax, restaurant tax, entertainment tax, regional original income

Introduction

One of the largest sources of income and financing for the Indonesian state comes from taxes. Taxes are grouped into two parts, namely central taxes and local taxes. In Law No. 28 of 2009, local taxes are mandatory contribution to the region that are coercive in nature based on the law without receiving direct compensation which will later be used for the needs of the region concerned.

Tourism is one of the sectors that can be developed in increasing local revenue. Bali is one of the tourist destinations that has many places of entertainment and is the choice of tourists to visit or spend their vacation time. The development of tourism in the province of Bali is dominated by the southern region covering Denpasar City, Badung Regency, Gianyar Regency, and Tabanan Regency which is now better known as the SARBAGITA region. Regencies/cities in the Sarbagita area of Bali Province were chosen as research objects because the hotel tax revenues, restaurant taxes, and entertainment taxes were considered to have quite a lot of influence on local tax revenues. The tax revenue will be reported in the Realization Report of Regional Original Income (PAD) in each regency/city. Since the Covid-19 pandemic occurred in March 2020, it has had a negative impact on the health, tourism and economic sectors. As a result of the virus causing the government to implement a Large-Scale Social Restriction (PSBB) policy, this has a negative impact on the tourism sector, namely a decline in the level of hotel room sales, food and beverage sales at restaurants, to visitors at entertainment objects. PAD decreased on average in 2020. If we look at the amount of tourism potential it has, PAD revenue should increase every year. However, in 2020 it has decreased.

Research by Artini and Taras (2017) shows that the results of local tax revenues are very effective and efficient and have a very good contribution in increasing PAD. However, research by Dantes and Lasminiasih (2021) shows that tax revenue is very effective but deficient contribute to PAD. Likewise with research conducted by Huda and Wicaksono (2022). Then research by Syamsuddin (2021) stated that the Covid-19 pandemic had a negative impact on the target and realization of tax revenue. In line with the research of Arifiyanti and Ardiyanto (2022) showed a decrease in tax revenues during the Covid-19 pandemic. Besides that, previous research has been carried out by Syah et al. (2019), Samosir (2020), Yamali and Putri (2020), Maharani and Sari (2021), Fitriyani et al. (2021), Hadi (2021), Umatin et al. (2021). Based on the description of the background that has been presented, the main issues are: 1) How is the level of effectiveness of hotel tax revenues and their contribution to regency/city original income in the Sarbagita area of Bali Province during the Covid-19 pandemic? 2) How is the level of effectiveness of restaurant tax revenues and their contribution to regency/city original income in the Sarbagita area of Bali Province during the Covid-19 pandemic? 3) How is the level of effectiveness of entertainment tax revenues and their contribution to regency/city original income in the Sarbagita area of Bali Province during the Covid-19 pandemic? The purpose of this research is to determine the effectiveness of hotel, restaurant, and entertainment tax revenues and the contribution of each of these taxes to the original regency/city revenue in the Sarbagita area Bali Province during the Covid-19 pandemic.

Method

This research uses descriptive quantitative research conducted in four research locations including the Regional Finance Agency of Tabanan Regency, Regional Revenue Agency of Badung Regency, Regional Financial and Asset Management Agency of Gianyar Regency, and Regional Revenue Agency of Denpasar City. This research was carried out for six months, namely February to July 2022 and used financial data in the form of Realization Reports of Regional Original Income in each regency/city in the Sarbagita area. The population in this research is the Realization Report of Regional Original Income during the Covid-19 pandemic and the sample is the Realization Report of Regional Original Income for 26 months, from March 2020 to April 2022. In this research, it does not measure the relationship between the independent and dependent variables, but measures the target and realization of tax revenue and the realization of regional original income so that the variables are tax targets, tax realizations, and realization of regional original income. The research sample used accidental sampling technique with the aim of getting a representative sample. The data collection used is the documentation technique. The data analysis techniques used are effectiveness analysis, contribution analysis, and hypothesis testing using the SPSS version 26. Below are things to note:

a. Tax Effectiveness

The formula used to calculate tax effectiveness is as follows:

$$\text{Tax Effectiveness} = \frac{\text{Realization of Tax Revenue}}{\text{Target of Tax Revenue}} \text{ x } 100\% \qquad (1)$$

The percentage table of effectiveness level criteria is as follows:

Table 1. Classification of Effectiveness Criteria

Effectiveness Percentage	Criteria
>100%	Very Effective
90%-100%	Effective
80%-90%	Sufficient Effective
60%-80%	Deficient Effective
<60%	Ineffective

Source: Depdagri, Kepmendagri 2006

b. Tax Contribution

The formula used to calculate the tax contribution is as follows:

$$\text{Tax Contribution} = \frac{\text{Realization of Tax Revenue}}{\text{Realization of Regional Original Income}} \text{ x } 100\% \qquad (2)$$

The percentage table of contribution level criteria is as follows:

Table 2. Classification of Contribution Criteria

Contribution Percentage	Criteria
0,00%-10%	Very Deficient
10,10%-20%	Deficient
20,10%-30%	Moderate
30,10%-40%	Well Sufficient
40,10%-50%	Good
>50%	Very Good

Source: Depdagri, Kepmendagri 2006

c. Hypothesis

Hypothesis testing can be done after knowing whether the data researched are normally distributed or not by using the normality test. The purpose of testing the hypothesis is to generalize the results to obtain comprehensive conclusions during the Covid-19 pandemic. The test used is a paired two-sample test using the Wilcoxon Signed Rank Test with the one way right hypothesis. The basis for making decisions with a level of α = 5% is as follows:

1) If Z Value > Z table then Ho is rejected and Ha is accepted.
2) If Z Value < Z table then Ho is accepted and Ha is rejected.

Result and Discussion

1. **The Effectiveness and Contribution of Hotel Tax Revenue to Regional Original Income**

Table 3. Results of the Effectiveness Analysis of Regency/City Hotel Tax Revenue in the Sarbagita Region Bali Province during the Covid-19 Pandemic

Regency/City	Total Hotel Tax Realization	Total Hotel Tax Target	Effectiveness Percentage	Criteria
Denpasar	46.608.452.600	81.666.666.667	57,07%	Ineffective
Badung	636.298.826.192	1.840.683.050.155	34,57%	Ineffective
Gianyar	57.192.921.605	222.857.260.799	25,66%	Ineffective
Tabanan	4.497.583.973	16.927.741.667	26,57%	Ineffective
Amount	**744.597.784.370**	**2.162.134.719.287**	**34,44%**	**Ineffective**

Source: Data processed, 2022

Based on Table 3, the level of effectiveness of hotel tax receipts in the Sarbagita regency/city area of Bali Province during the Covid-19 pandemic is 34.44% with ineffective criteria. Ineffective because the percentage of hotel tax effectiveness is <60%. Ineffective hotel tax receipts can be caused by the Covid-19 pandemic which makes visitors lonely and has an impact on hotel revenues. So, the realization of hotel tax revenues has not been able to reach the target set by the local government in each regency/city in the Sarbagita region.

Table 4. Results of the Contribution Analysis of Regency/City Hotel Tax Revenue in the Sarbagita Region Bali Province during the Covid-19 Pandemic

Regency/City	Total Hotel Tax Realization	Total Regional Original Income Realization	Contribution Percentage	Criteria
Denpasar	46.608.452.600	1.608.150.966.230	2,90%	Very Deficient
Badung	636.298.826.192	3.884.870.961.594	16,38%	Deficient
Gianyar	57.192.921.605	993.196.193.748	5,76%	Very Deficient
Tabanan	4.497.583.973	698.469.311.397	0,64%	Very Deficient
Amount	**744.597.784.370**	**7.184.687.432.969**	**10,36%**	**Deficient**

Source: Data processed, 2022

In Table 4 it can be seen that the contribution level of hotel tax revenue to regional original income in the Sarbagita regency/city area of Bali Province during the Covid-19 pandemic is 10.36% with the criteria of deficient contributing. It is declared deficient because the value of the ratio or percentage of hotel tax contributions is in the range of 10.10% -20%. This can happen because there are still other components of regional original income which have higher revenues than hotel taxes.

Furthermore, hypothesis testing related to target data and hotel tax revenue realization was performed using the Wilcoxon Signed Rank Test method with the results of Z value < Z table (α = 5%) namely -4.356 < 1.65 so that the decision taken was to accept H0 and reject H1. Therefore, it can be concluded that hotel tax revenue has not been effective because the amount of hotel tax realization is smaller than the hotel tax target.

2. **The Effectiveness and Contribution of Restaurant Tax Revenue to Regional Original Income**

Table 5. Results of the Effectiveness Analysis of Regency/City Restaurant Tax Revenue in the Sarbagita Region Bali Province during the Covid-19 Pandemic

Regency/City	Total Restaurant Tax Realization	Total Restaurant Tax Target	Effectiveness Percentage	Criteria
Denpasar	182.591.636.020	182.416.666.667	100,10%	Very Effective
Badung	367.458.814.737	573.730.844.554	64,05%	Deficient Effective
Gianyar	68.908.710.114	136.660.810.189	50,42%	Ineffective
Tabanan	11.392.021.623	23.652.810.833	48,16%	Ineffective
Amount	**630.351.182.493**	**916.461.132.243**	**68,78%**	**Deficient Effective**

Source: Data processed, 2022

Based on Table 5, it shows the level of effectiveness of restaurant tax revenues in the Sarbagita regency/city Bali Province during the Covid-19 pandemic is 68.78% with deficient effective criteria. In contrast to the results from the hotel tax, it is considered deficient effective because the ratio of the effectiveness of the restaurant tax is between 60% -80%. This can be caused during the Covid-19 pandemic, restaurant tax revenues have not been able to optimally achieve the set targets.

Table 6. Results of the Contribution Analysis of Regency/City Restaurant Tax Revenue in the Sarbagita Region Bali Province during the Covid-19 Pandemic

Regency/City	Total Restaurant Tax Realization	Total Regional Original Income Realization	Contribution Percentage	Criteria
Denpasar	182.591.636.020	1.608.150.966.230	11,35%	Deficient
Badung	367.458.814.737	3.884.870.961.594	9,46%	Very Deficient
Gianyar	68.908.710.114	993.196.193.748	6,94%	Very Deficient
Tabanan	11.392.021.623	698.469.311.397	1,63%	Very Deficient
Amount	**630.351.182.493**	**7.184.687.432.969**	**8,77%**	**Very Deficient**

Source: Data processed, 2022

Based on Table 6, it can be seen that the level of contribution of restaurant tax revenues to regional original income in the Sarbagita regency/city of Bali Province during the Covid-19 pandemic is 8.77% with very deficient criteria. The ratio or percentage of restaurant tax contribution is between 0.00% -10%. This is considered very deficient contributing, because there are still other components of regional original income that have higher revenues than restaurant taxes, for example in Denpasar City, Gianyar Regency, and Tabanan Regency, the dominating tax revenue is BPHTB tax, while in Badung Regency it is hotel tax.

Then, the hypothesis testing related to the target data and the realization of restaurant tax revenue was performed using the Wilcoxon Signed Rank Test method with the results of Z value < Z table (α = 5%) namely -2.426 < 1.65 so that the decision taken was to accept H0 and reject H2. Same with hotel tax, it

can be concluded that restaurant tax revenue has not been effective because the amount of restaurant tax realization is smaller than the restaurant tax target.

3. **The Effectiveness and Contribution of Entertainment Tax Revenue to Regional Original Income**

Table 7. Results of the Effectiveness Analysis of Regency/City Entertainment Tax Revenue in the Sarbagita Region Bali Province during the Covid-19 Pandemic

Regency/City	Total Entertainment Tax Realization	Total Entertainment Tax Target	Effectiveness Percentage	Criteria
Denpasar	13.968.527.533	15.916.666.667	87,76%	Sufficient Effective
Badung	39.968.993.046	86.306.542.616	46,31%	Ineffective
Gianyar	12.399.656.989	86.824.462.718	14,28%	Ineffective
Tabanan	1.007.624.837	1.377.183.333	73,17%	Deficient Effective
Amount	**67.344.802.405**	**190.424.855.334**	**35,37%**	**Ineffective**

Source: Data processed, 2022

Table 7 shows that the level of effectiveness of entertainment tax revenue in the regency/city of the Sarbagita Bali Province during the Covid-19 Pandemic is 35.37% with ineffective criteria. Same with hotel taxes, is considered ineffective because the ratio of the effectiveness of entertainment tax <60%. The same thing happened to the entertainment tax, namely the government has not been able to optimize the entertainment tax revenue in the Covid-19 pandemic so that the target has not been achieved.

Table 8. Results of the Contribution Analysis of Regency/City Entertainment Tax Revenue in the Sarbagita Region Bali Province during the Covid-19 Pandemic

Regency/City	Total Entertainment Tax Realization	Total Regional Original Income Realization	Contribution Percentage	Criteria
Denpasar	13.968.527.533	1.608.150.966.230	0,87%	Very Deficient
Badung	39.968.993.046	3.884.870.961.594	1,03%	Very Deficient
Gianyar	12.399.656.989	993.196.193.748	1,25%	Very Deficient
Tabanan	1.007.624.837	698.469.311.397	0,14%	Very Deficient
Amount	**67.344.802.405**	**7.184.687.432.969**	**0,94%**	**Very Deficient**

Source: Data processed, 2022

Based on Table 8, it can be seen that the level of contribution of entertainment tax income to regional original income in the regency/city of Sarbagita Bali Province during Covid-19 pandemic of 0.94% with the criteria is very deficient contributing. The percentage value of entertainment tax contributions is between 0.00%-10%. This is considered very deficient contributing, because there are still other components of regional original income that have higher revenues than entertainment taxes.

After that, a hypothesis testing is carried out related to target data and realization of entertainment tax revenue using the Wilcoxon Signed Rank Test method with the results of Z Value <Z table (α = 5%) namely -4,178 <1,65 so that the decision taken is to receive H0 and reject H3. Same with hotel and restaurant taxes, it can be concluded that entertainment tax revenue is not yet effective because the amount of entertainment tax realization is smaller than the entertainment tax target.

Conclusion

Based on the results of the analysis and discussion that has been described previously, it can be concluded that the level of effectiveness of hotel, restaurant, and entertainment tax in the regencies/cities in the Sarbagita region during the Covid-19 pandemic period is ineffective, deficient effective, and ineffective. For the level of hotel tax contribution, it is considered deficient contributing, restaurant taxes and entertainment taxes

are considered to be very deficient contributing to regional original revenue in the regency/city of the Sarbagita region. The results of the hotel, restaurant, and entertainment tax hypothesis test were obtained by the results of Z Value < Z table which mean it is not yet effective because the realization of tax revenue was smaller than the target.

The implications of this research were since Covid-19 pandemic in the regency/city, especially in the Sarbagita region of Bali Province, has decreased significantly between the target and the realization of taxes in each regency/city of the Sarbagita region. Although the government in each regency/city has made changes to the targets set in the year concerned, but the tax revenue still decreased from the average monthly target. Therefore, local governments in the Sarbagita area are expected to be able to optimize regional original income through other sources other than hotel, restaurant and entertainment taxes.

Acknowledgment

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