

Analysis Of The Effectiveness Of Regional Levy Collection On The Improvement Of Regional Own-Source Revenue (PAD) In Teluk Bintuni Regency

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Abstract

This study analyzes the effectiveness of regional levy collection and its contribution to Regional Own-Source Revenue (PAD) in Teluk Bintuni Regency for 2022–2025, using a mixed-methods approach combining effectiveness and contribution ratio analysis with qualitative field data. Results show an average levy effectiveness rate of 147.93% ("very effective"), though with notable fluctuation—particularly in 2024 (62.11%), attributed to disproportionate target-setting. Levy contribution to PAD rose sharply from 1.48% (2022) to 79.62% (2025), though the 2025 spike primarily reflects a decline in total PAD rather than genuine performance gains. Regional taxes remained the dominant PAD component, averaging 63.02% annually. The study concludes that optimizing levy revenue requires realistic target-setting, intensified collection, expanded levy objects, and proportional PAD diversification, in line with Law No. 1 of 2022.

Keywords: Effectiveness, regional levy, contribution

INTRODUCTION

Regional Own-Source Revenue (PAD) is a primary indicator of a region's fiscal independence. The greater the proportion of PAD relative to total regional revenue, the more self-sufficient a region becomes in financing its own development. Under Law Number 1 of 2022 on Fiscal Relations between the Central Government and Regional Governments, PAD is derived from regional taxes, regional levies, revenues from the

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IJEBIR, Volume 05 Issue 04, 2026



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management of separated regional assets, and other legitimate PAD sources. As one of the newly established regencies in West Papua Province, Teluk Bintuni Regency possesses a unique economic profile, largely supported by the oil and gas sector through the operations of PT Tangguh LNG.

Nevertheless, the potential of regional levies in Teluk Bintuni Regency is considered to have not been optimally utilized. Based on preliminary data gathered from the Regional Revenue Agency (Bapenda) of Teluk Bintuni Regency, the realization of regional levy revenue in recent years has continued to show a considerable gap between the established targets and actual achievements. This situation indicates problems in the effectiveness of levy collection—particularly market levies—stemming from institutional, human resource, collection system, and levy-payer compliance issues.

The effectiveness of regional levy collection can be measured using the effectiveness ratio, which compares actual levy revenue against the established target. According to Mahmudi (2016), a collection effort is deemed effective if its effectiveness ratio reaches at least 100%. In addition to the effectiveness ratio, an analysis of the contribution of regional levies to total PAD is also necessary to determine the extent to which regional levies contribute to the regional revenue structure.

Based on the background described above, this study seeks to analyze the effectiveness of regional levy collection and its contribution to the improvement of PAD in Teluk Bintuni Regency.

RESEARCH METHOD

This study employs a mixed-methods research approach that integrates quantitative and qualitative methods in a complementary manner. The quantitative approach is used to analyze numerical data related to the realization and targets of regional levy revenue and PAD in Teluk Bintuni Regency, while the qualitative approach is used to explore the factors influencing the effectiveness of regional levy collection through in-depth interviews and field observations.

Data Type and Sources

This study uses two types of data: primary data obtained directly from the field through interviews, and secondary data obtained from official regional government documents, including:

- a) Annual market levy realization reports for Teluk Bintuni Regency (2022–2025)
- b) Annual market levy targets (2022–2025)

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IJEBIR, Volume 05 Issue 04, 2026



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c) Total PAD per year (2022–2025)

Research Methods

Analysis of Regional Levy Effectiveness

The effectiveness of regional levy collection is calculated using the following formula:

$$\text{Effectiveness} = (\text{Actual Levy Revenue} / \text{Levy Target}) \times 100\%$$

In general, the effectiveness value can be categorized as follows:

Table 1. Regional Levy Effectiveness Criteria

Performance Percentage	Performance Criteria
> 100%	Very Effective
90 – 100%	Effective
80 – 90%	Fairly Effective
60 – 80%	Less Effective
< 60%	Ineffective

Source: Mahmudi, 2019

Analysis of Regional Levy Contribution to PAD

The contribution of regional levies to PAD is calculated using the following formula:

$$\text{Contribution} = (\text{Actual Regional Levy Revenue} / \text{Total PAD}) \times 100\%$$

The results of this calculation are used to determine the extent to which regional levies contribute to improving the Regional Own-Source Revenue of Teluk Bintuni Regency.

RESULTS AND DISCUSSION

Description

The PAD of Teluk Bintuni Regency consists of the following revenue sources:

1. Regional Taxes
2. Regional Levies
3. Revenue from Separated Regional Asset Management
4. Other Legitimate PAD Sources



Based on these revenue sources, the PAD of Teluk Bintuni Regency is presented in the following table.

Table 2. Regional Own-Source Revenue (PAD) of Teluk Bintuni Regency

Fiscal Year	PAD Target (IDR)	Actual Revenue (IDR)
2022	66,000,000,000	85,870,000,000
2023	74,000,000,000	93,430,000,000
2024	110,000,000,000	125,060,000,000
2025	109,525,646,375	27,520,000,000

Source: Processed Data, 2026

Table 2 shows that the PAD of Teluk Bintuni Regency increased steadily from 2022 to 2024 but experienced a significant decline in 2025. In 2022, the actual PAD revenue amounted to IDR 85,870,000,000. This rose to IDR 93,430,000,000 in 2023 and further to IDR 125,060,000,000 in 2024. In 2025, however, actual PAD revenue fell sharply to IDR 27,520,000,000.

Table 3. Summary of Regional Levy Revenue

Fiscal Year	Regional Levy Target (IDR)	Actual Levy Revenue (IDR)
2022	1,061,834,020	1,270,359,460
2023	1,031,684,734	2,449,884,640
2024	22,126,586,533.33	13,743,584,146
2025	12,701,101,703	21,912,674,009

Source: Processed Data, 2026

Table 3 shows that in 2022, actual regional levy revenue amounted to IDR 1,270,359,460. In 2023, it rose to IDR 2,449,884,640. In 2024, it reached IDR 13,743,584,146, and in 2025, it further increased to IDR 21,912,674,009.

DISCUSSION

The effectiveness rate of the Regional Levy—comprising General Services, Business Services, and Specific Licensing levies—in Teluk Bintuni Regency is calculated by comparing actual regional levy revenue against the established levy target. If the

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effectiveness calculation yields a percentage close to or exceeding 100%, the regional levy is considered effective, indicating an improvement in levy collection performance. The following table presents the effectiveness calculation results for Teluk Bintuni Regency's regional levy for fiscal years 2022–2025.

Table 4. Regional Levy Effectiveness of Teluk Bintuni Regency

Fiscal Year	Levy Target (IDR)	Actual Levy (IDR)	Effectiveness (%)	Criteria
2022	1,061,834,020	1,270,359,460	119.63%	Very Effective
2023	1,031,684,734	2,449,884,640	237.45%	Very Effective
2024	22,126,586,533.33	13,743,584,146	62.11%	Less Effective
2025	12,701,101,703	21,912,674,009	172.52%	Very Effective

Source: Processed Data, 2026

Based on the effectiveness analysis of regional levy collection in Teluk Bintuni Regency during the 2022–2025 fiscal period, the average effectiveness rate was 147.93%. This figure indicates that, overall, the levy collection performance falls within the "very effective" category, as the average actual revenue consistently exceeded the established targets.

More specifically, in fiscal years 2022 and 2023, the effectiveness rates reached 119.63% and 237.45%, respectively—both classified as "very effective." These achievements are consistent with Mardiasmo's (2018) view that effectiveness serves as a measure of an organization's success in attaining its objectives, which in the context of regional finance is reflected in the ability to surpass revenue targets. The significant surge in 2023 can be explained through Bird and Zolt's (2005) theory of levy administration, which posits that the intensification of collection efforts and improvements in record-keeping systems can drastically boost actual revenue, while also suggesting that prior targets had been set conservatively, as noted by Halim (2016). Conversely, 2024 recorded the lowest effectiveness rate at 62.11% ("less effective"), as the target increased disproportionately to IDR 22.1 billion. As argued by Darise (2009) and Bastian (2010), setting targets that are not grounded in realistic assessments of revenue potential and fiscal capacity will result in a large gap between targets and actual performance.



Accordingly, the low effectiveness in 2024 reflects weaknesses in the planning process rather than deficiencies in field-level collection performance.

In fiscal year 2025, collection performance recovered strongly, with an effectiveness rate of 172.52% ("very effective"), reflecting the regional government's capacity to learn from the experience of the previous year, as described by Senge's (1990) concept of organizational learning. Overall, the fluctuations in effectiveness during the 2022–2025 period—with an average of 147.93%—suggest an unstable pattern, consistent with Kaho's (2010) finding that the effectiveness of regional levies tends to be influenced by community economic conditions, tariff policies, and the capacity of collection personnel. Mahmudi (2019) asserts that consistently exceeding targets is a positive indicator of a region's fiscal capacity; however, this must be complemented by an expansion of the levy base to ensure sustainable growth. Accordingly, as mandated by Law Number 1 of 2022 on Fiscal Relations between the Central Government and Regional Governments, the optimization of levies must continue to be supported by improvements in administrative governance, capacity development of human resources, and the strengthening of supervisory systems grounded in valid and up-to-date levy potential data.

Table 5. Contribution of Regional Levy Revenue to PAD of Teluk Bintuni Regency

Fiscal Year	Revenue Component	Actual Levy (IDR)	Actual PAD (IDR)	Contribution (%)
2022	Regional Levy	1,270,359,460	85,870,000,000	1.48
	Regional Tax	56,211,212,490	85,870,000,000	65.46
	Regional Asset Management	5,292,535,943	85,870,000,000	6.16
	Other Legitimate PAD	23,091,567,370	85,870,000,000	26.89
2023	Regional Levy	2,449,884,640	93,430,000,000	2.62
	Regional Tax	58,558,107,228	93,430,000,000	62.68



	Regional Asset Management	5,191,637,035	93,430,000,000	5.56
	Other Legitimate PAD	29,108,711,915	93,430,000,000	31.16
2024	Regional Levy	13,743,584,146	125,060,000,000	10.99
	Regional Tax	76,199,899,584	125,060,000,000	60.93
	Regional Asset Management	6,269,521,672	125,060,000,000	5.01
	Other Legitimate PAD	1,205,675,393	125,060,000,000	0.96
2025	Regional Levy	21,912,674,009	27,520,000,000	79.62
	Regional Tax	38,898,844,845	27,520,000,000	141.35
	Regional Asset Management	7,229,686,736	27,520,000,000	26.27
	Other Legitimate PAD	1,847,471,647	27,520,000,000	6.71

Source: Processed Data, 2026

The contribution of regional levies to the PAD of Teluk Bintuni Regency shows an increasing trend from 2022 to 2025. In 2022, the levy contribution stood at only 1.48%, rising to 2.62% in 2023. A more pronounced increase was observed in 2024, with the contribution reaching 10.99%. In 2025, the levy contribution rose sharply to 79.62%.

Although the actual levy revenue increased in nominal terms each year, the contribution of regional levies to total PAD from 2022 to 2024 remained relatively low, ranging between 1.48% and 10.99%. This finding is consistent with Halim's (2016) observation that regional levies in most Indonesian regencies and municipalities have yet to serve as the backbone of PAD, due to their narrow object base and tariff structures that fail to keep pace with economic development. This finding also aligns with the results of Apriliani and Hasanah's (2020) study in Bogor Regency, which found that the levy contribution to PAD averaged only 3–7% per year, as well as Wulandari's (2021) study in



Manado City, which concluded that the dominance of regional taxes within the PAD structure renders the role of levies marginal.

The sharp increase in the contribution of regional levies to 79.62% in 2025 warrants more critical scrutiny. Based on the data in Table 2, total PAD realization in 2025 amounted to only IDR 27.52 billion—a dramatic decline from IDR 125.06 billion in 2024—while actual levy revenue actually increased to IDR 21.91 billion. Consequently, the high levy contribution percentage in 2025 does not solely reflect the success of levy optimization; rather, it is also the result of a sharp decline in other PAD components, particularly regional taxes and other legitimate PAD sources. This situation aligns with the regional revenue composition theory proposed by Mardiasmo (2018), which holds that the contribution ratio of any single PAD component is significantly influenced by simultaneous changes in other PAD components. As such, its interpretation cannot stand alone without accounting for the overall dynamics of the PAD structure.

The upward trend in levy contribution—from 1.48% in 2022 to 10.99% in 2024 in absolute terms—is a positive signal that intensified levy collection efforts have begun to yield results. This is consistent with the findings of Pratiwi and Sudarno (2019) in Semarang Regency, which found that a gradual increase in levy contribution is correlated with the strengthening of institutional capacity and improvements in levy administration systems. Bird and Zolt (2005) emphasize that a sustained increase in levy contribution can only be achieved through a combination of an expanded levy object base, rational tariff adjustments, and improved compliance among levy-paying entities. With an average levy contribution of 23.68% over the 2022–2025 period—dominated by the extreme value recorded in 2025—Teluk Bintuni Regency still needs to diversify its PAD sources more equitably to avoid over-reliance on one or two components. As mandated by Law Number 1 of 2022 on Fiscal Relations between the Central Government and Regional Governments, the strengthening of regional fiscal independence requires the proportional and sustained development of all PAD sources, including the optimization of regional levies as a fiscal instrument directly linked to the provision of public services to the community.

CONCLUSION

Based on the analysis conducted on the effectiveness of regional levy collection and its contribution to the Regional Own-Source Revenue (PAD) of Teluk Bintuni Regency for the period 2022–2025, the following conclusions can be drawn.



First, the effectiveness of regional levy collection in Teluk Bintuni Regency during the 2022–2025 period averaged 147.93%, placing it in the "very effective" category. In 2022 and 2023, the effectiveness rates reached 119.63% and 237.45%, respectively (both "very effective"), while in 2024, the rate declined to 62.11% ("less effective") due to the imposition of disproportionate targets. In 2025, performance recovered with an effectiveness rate of 172.52% ("very effective"). These fluctuations indicate that collection performance is influenced not only by the capacity of field personnel, but also by the quality of target-setting used as a benchmark.

Second, the contribution of regional levies to total PAD during the 2022–2024 period remained relatively low, ranging from 1.48% to 10.99%, reflecting the continued dominance of regional taxes within the PAD structure at an average contribution of 63.02% per year. The sharp increase in levy contribution to 79.62% in 2025 was largely attributable to a decline in total PAD overall, rather than to genuine improvements in levy performance per se. Accordingly, achieving a substantial and sustained increase in the levy contribution still requires systematic and continuous effort.

Third, in order to optimize regional levies and strengthen PAD in Teluk Bintuni Regency on a sustainable basis, the following measures are required: (1) setting levy targets based on actual revenue potential assessments and measurable fiscal capacity; (2) intensifying collection through improvements in administrative systems, service digitalization, and human resource capacity development; (3) expanding the levy object base in line with the growth of regional economic activity; and (4) proportionally diversifying PAD sources to ensure that regional fiscal independence is not reliant on a single revenue component, as mandated by Law Number 1 of 2022 on Fiscal Relations between the Central Government and Regional Governments.

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