

## The Effect Of Regional Levies On The Original Regional Revenue Of South Sulawesi Province (Case Study Of The Office Of The Regional Revenue Agency Of South Sulawesi Province)

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### Abstract

*This study aims to determine the influence of regional levies on the original regional income of South Sulawesi Province. The variables of this study are: regional original revenue as a bound variable (Y) measured by regional taxes, regional levies, results of separated regional wealth management, and other legitimate PAD, and regional levies as independent variables (X) measured by public service levies, business service levies, and certain licensing levies. The population of this study is the South Sulawesi Provincial Budget Revenue Report, while the sample is 36 data on the realization of regional levies and local revenue of South Sulawesi Province for the period of 2022-2024 using a saturated sample. Data collection was carried out using documentation techniques. Data analysis was carried out by data normality test, simple linear regression test, and hypothesis test. The results of this study show that regional levies have a positive and significant effect on the original regional income of South Sulawesi Province.*

**Keywords:** Regional Levy, Regional Original Revenue

### INTRODUCTION

The Unitary State of the Republic of Indonesia adheres to the principle of decentralization in organizing government by providing opportunities and flexibility to regions to implement regional autonomy. Based on Law Number 23 of 2014 Article 1 paragraph 6 concerning Regional



Government, regional autonomy is the principle of the rights, authorities, and obligations of autonomous regions to regulate and manage their own government affairs and the interests of local communities in the Unitary State system of the Republic of Indonesia. With regional autonomy, regions are required to find alternative sources of development financing without reducing the hope that there will still be assistance and part of the central government and use public funds in accordance with the priorities and aspirations of the community. Based on Law Number 23 of 2014 Article 1 Paragraph 35 concerning Regional Government, it is stated that "regional revenue is all regional rights that are recognized as an increase in the value of net worth in the period of the relevant fiscal year." The budget is the most important financial information in the organization of the public sector. "Budget is a tool of accountability, management, and economic policy." (Halim & Kusufi, 2014:33). At the local government level, there is a scope of regional finance, namely the Regional Revenue and Expenditure Budget (APBD), regional wealth inventory, and Regionally-Owned Enterprises (BUMD).

The form of the APBD consists of three parts, namely revenue, expenditure, and financing. In the APBD, revenue is divided into three categories, namely, regional original revenue, balance funds, and other legitimate income. Local governments are expected to be better able to recognize financial sources, especially to meet the needs of government financing and development in their regions through Regional Original Revenue. (Halim & Kusufi, 2014:37).

Regional original revenue is one of the components of the regional expenditure revenue budget (APBD). In the PAD, it can be seen how a region can explore the original sources of regional revenue, both from regional taxes, regional levies, the results of the management of separated regional property and other legitimate PAD. From the various sources of Regional Original Revenue revenue, one of the components of the revenue of the local government of South Sulawesi Province is the regional levy which makes a large contribution and is a sub-sector of regional revenue that has the potential to be developed. Regional levies as a source of regional revenue have been collected in Indonesia since the beginning of Indonesia's independence. This source of revenue continues to be maintained until the current era of regional autonomy. In Government Regulation of the Republic of Indonesia Number 66 of 2001 Article 1 paragraph 1 concerning Regional Levies, "regional levies, hereinafter referred to as levies, are regional levies as payment for certain services or permits that are specifically provided and/or granted by the Regional Government for the benefit of individuals or entities." Where the levy group is the General Service Levy, Business Services, and Certain Licensing Services. "Public services are



services provided or provided by the Regional Government for the purpose of the general interests and benefits of certain businesses and licensing services. and can be enjoyed by individuals or bodies." (Kadir, 2009:70). "Business services are levies for services provided by local governments by adhering to commercial principles because basically they can also be provided by the private sector." (Aryadi & et al., 2019:5).

According to Mardiasmo (2016:18) Certain levies, are certain activities of the Regional Government in the context of granting permits to individuals or entities intended for guidance, regulation, control and supervision of activities, space utilization, as well as the use of natural resources, goods, infrastructure, facilities or certain facilities to protect the public interest and maintain environmental sustainability. Levy is a mandatory payment from the population to the state because of certain services provided by the state to its residents individually" (Kadir, 2009:68). Regional levies have a very large role in the implementation of regional autonomy to realize regional original revenue. The larger the amount of regional levy revenue, the greater the amount of local revenue revenue. The ability of regional levies owned by each region is one of the indicators of the readiness of local governments in regional autonomy. Therefore, the acquisition of regional levies is directed to increase the original regional revenue, which is used to implement regional autonomy, which is conceptually expected to have real and responsible capabilities, the demands of this real ability are expected to be sourced from the ability to get around regional levy receipts through efforts that can be made so that there is an increase from time to time. The following is the realization of the receipt of Regional Original Revenue and Regional Levy for South Sulawesi Province in 2019-2024.

**Table 1 Realization of Regional Levy and PAD**

| Year | Regional Revenue Realization |                          |
|------|------------------------------|--------------------------|
|      | Levy                         | PAD                      |
| 2019 | 60.528.670.325,43            | 2.560.045.<br>632.511,60 |
| 2020 | 94.595.82                    | 3.029.122.               |
|      | 6.667,38                     | 238.495,78               |
| 2021 | 94.314.41                    | 3.270.828.               |
|      | 2.509,00                     | 511.466,51               |



Based on the table above, the Realization of Regional Original Revenue in South Sulawesi Province has increased significantly from year to year, the highest data is in 2024 of Rp. 3,948,394,252,423.45 and the lowest data is in 2019 of Rp. 2,560,045,632,511.60. Meanwhile, regional levies fluctuated from year to year, the lowest data in 2019 was Rp. 60,528,670,325.43, while the highest data was in 2020 of Rp. 94,595,826,667.38. This means that the revenue of the South Sulawesi Province levy can still be increased, if the government can optimize the management of its regional levy, it will be very possible that the regional levy will be able to increase in the future so that the regional levy can be a source of financing for the implementation of government and regional development of South Sulawesi Province.

The purpose of increasing regional levies is to encourage the economy of South Sulawesi Province through the development of infrastructure facilities that support the economy. With this development, it is hoped that the economy can develop and the ultimate goal is community welfare. Based on the description above and several previous studies, inconsistent results regarding the effect of levies on local original income. One of the sources of local revenue revenue of South Sulawesi Province is the Regional Levy which makes a large contribution and is a sub-sector that has the potential to be developed, so to find out the receipt of regional levies on the local original income the author intends to conduct a re-research with the title "The Effect of Regional Levies on Regional Revenue in South Sulawesi Province (Case Study of the Office of the Regional Revenue Agency of South Sulawesi Province)".

## **RESULTS AND DISCUSSION**

This type of research is a quantitative research that will describe the influence of regional levies on regional original income. The data used in this study is secondary data used from the Office of the Regional Revenue Agency of South Sulawesi Province which is located at Jalan Andi Pangeran Pettarani No.1 Makassar City, South Sulawesi Province. The data is in the form of a Report on the Realization of Regional Original Revenue and Regional Levies in 24 Regencies/Cities of South Sulawesi Province in 2022-2024. The data collection technique used in this study is documentation.

The operational definition and its measurements in this study are as follows:

1. Regional Original Income

Regional Original Revenue (PAD) is income received by the region based on laws and regulations and obtained from the regional tax sector, regional levies, the results of



segregated regional wealth management, and other legitimate PAD. The indicators used to measure regional original revenue are based on the total regional fund income consisting of regional taxes, regional levies, the results of separated regional wealth management, and other legitimate PAD revenues Based on Law Number 33 of 2004 Article 6 Paragraph 1 concerning Financial Balance between the Central Government and Regional Governments that PAD is sourced from regional taxes, regional levies, the results of the management of separated regional assets, and other legitimate PAD. So the calculation of the regional original revenue variable can be formulated with the following formula:

$$\text{Regional Original Revenue} = \text{Regional Tax} + \text{Regional Levy} + \text{Segregated Regional Wealth Management Results} + \text{Other Legitimate Regional Revenue}$$

## 2. Regional Levy

Regional levy is a regional levy as payment for certain services or permits from the local government for the benefit of people or entities. The indicators used to measure regional levies in this study are based on the number of regional levy receipts consisting of Public Service Levies, Business Services Levies, and Certain Licensing Levies. Based on Law Number 28 of 2009 Article 108 Paragraph 1 concerning Taxes and Regional Levies, the object of the levy is the general service levy, business service levy, and certain licensing levy. So the calculation of the regional levy variable can be formulated with the following formula:

$$\text{Regional Levy} = \text{Public Service Levy} + \text{Business Service Levy} + \text{Certain Licensing Levy}$$

The population in this study is all APBD Revenue Reports (Regional Revenue and Expenditure Budget) in South Sulawesi Province, where in the South Sulawesi Provincial Budget revenue there is regional levy revenue as one of the sources of local revenue of South Sulawesi Province. The samples used in this study are as many as 36 data reports on the Realization of Regional Levies and Regional Original Revenue of South Sulawesi Province for the period of 2019 – 2021. The data collection technique used in this study is a documentation technique. This method is carried out by seeing, studying, and researching activities in Government Agencies



through documents and data on Levy Reports and Regional Original Revenue Reports at the Office of the Regional Revenue Agency of South Sulawesi Province. The data analysis techniques used are, Data Normality Test, Simple Linear Regression Test, Coefficient of Determination Test and t-Test.

The magnitude of Kolmogorov-Smirnov's value shows a significance value greater than  $> 0.05$ , namely in variable X is 0.951 while in variable Y it is 0.101 so it can be concluded that the data tested is distributed normally. Based on the results of data management using the SPSS 25 application, from the results of the regression test, a significant value of 0.049 was obtained, so it can be concluded that the regional levy has a positive and significant effect on the original regional income. Therefore, the hypothesis in this study is "accepted"

It can be concluded that regional levies affect the original regional income of South Sulawesi Province, if there is an increase in regional levy revenue, it will directly affect the total PAD of South Sulawesi Province in the current year. South Sulawesi Province's regional levy revenue needs better management of regional levies so that local revenue can increase, so that the survival of the community is getting better. The results of this study are in line with research conducted by Eka Putriani (2016) and Annisya Rahmadani (2018) that regional levies influence regional original income, but not in line with research conducted by Sirajuddin (2021) where levies have no effect on regional original income.

## **CONCLUSION**

This study aims to test the influence of regional levies on the original regional income of South Sulawesi Province, based on the test, it can be concluded as follows:

1. Regional levies have a positive and significant effect on regional original income.
2. The existence of an organization is greatly influenced by the support provided by the organization's stakeholders. In public and private organizations, it is the extent to which the organization can ensure the satisfaction of the main stakeholders (the community as the main stakeholder).

Based on the results of the research, discussion, and conclusion in this study, the suggestions that can be given are:

1. Regional Governments, through the Regional Revenue Agency, are expected to carry out promotions and socialization to maintain and increase regional levy revenues and



strengthen the importance of regional levies in fostering autonomous regions in Indonesia in order to achieve community welfare.

2. It is hoped that more research variables will be added that affect other variables that also affect the original regional income because in addition to regional levies, there are still many variables outside this regression equation or variables that are not studied.

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