



THE LEVEL OF EFFECTIVENESS AND CONTRIBUTION OF HOTEL TAX TO THE ORIGINAL INCOME OF THE YOGYAKARTA CITY

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Abstract

Since the enactment of Law Number 23 of 2014, local governments have the authority to find and explore regional potential, such as regional taxes. One type of regional tax that can support the Yogyakarta city pad is the hotel tax. This type of research uses a quantitative descriptive method that aims to determine the level of effectiveness and contribution of the hotel tax to Yogyakarta city pad during 2018-2021. The data collection technique used in this study was by secondary data method obtained through the website of open data. Jogjakarta. go. is owned by the Yogyakarta City Government. The results of this study show that the level of effectiveness and contribution of hotel taxes over the past 4 years tends to fluctuate. The average level of hotel tax effectiveness in Yogyakarta City is effective, even though for the last 2 years it has been within the criteria of ineffectiveness. Meanwhile, the contribution of the hotel tax to PAD Yogyakarta City is still lacking. So in the future, to optimize the effectiveness and contribution of the hotel tax to Yogyakarta city pad, the government needs to improve the management and supervision of hotel tax revenues, as well as improve and improve the infrastructure of tourist attractions to attract tourists, to increase hotel tax revenues in Yogyakarta City.

Keywords: Potential, Effectiveness, Contribution, Hotel Tax, Local Revenue

Abstrak

Sejak diberlakukannya Undang-Undang Nomor 23 Tahun 2014 Pemerintah Daerah memiliki kewenangan untuk mencari dan menggali potensi daerah, seperti pajak daerah. Salah satu jenis pajak daerah yang mampu menyokong PAD Kota Yogyakarta yaitu Pajak Hotel. Jenis penelitian ini menggunakan metode deksriptif kuantitatif yang bertujuan untuk mengetahui tingkat efektivitas dan kontribusi pajak hotel terhadap PAD Kota Yogyakarta selama tahun 2018-2021. Teknik pengumpulan data yang digunakan dalam penelitian ini yaitu dengan metode data sekunder yang diperoleh melalui website opendata.jogjakota.go.id milik Pemerintah Kota Yogyakarta. Hasil penelietian ini menunjukkan bahwa tingkat efektivitas dan kontribusi pajak hotel selama 4 tahun terakhir cenderung fluktuatif. Rata-rata tingkat efektivitas pajak hotel di Kota Yogyakarta yaitu efektif, meskipun selama 2 tahun terakhir berada dalam kriteria tidak efektif. Sedangkan untuk kontribusi pajak hotel terhadap PAD Kota Yogyakarta masih kurang. Sehingga kedepannya agar efektivitas dan kontribusi pajak hotel terhadap PAD Kota Yogyakarta optimal, pemerintah perlu meningkatkan pengelolaan dan pengawasan penerimaan pajak hotel, serta meningkatkan dan memperbaiki infrastruktur objek wisata untuk menarik wisatawan, sehingga dapat meningkatkan penerimaan pajak hotel di Kota Yogyakarta

Kata kunci: Potensi, Efektivitas, Kontribusi, Pajak Hotel, PAD

INTRODUCTION

Based on regional autonomy, local governments have the authority and responsibility to find and explore regional potential as a source of revenue used to finance local government expenditures to organize governance and development. The existence of regional autonomy, greater authority, and responsibility is given to the regions to maximize the existing potential and have the authority to regulate and provide certain policies. According to (Puspita & Wicaksono, 2017), taxes for local governments act as the main source of income and also as a regulatory tool used to finance local government expenditures, such as financing government administration, building and improving infrastructure, providing education and health facilities, and financing local government activities in providing needs that cannot be provided by the private sector, namely in the form of public goods. Local taxes are one of the sources of regional income that can boost Regional Original Income. Regional Native Income is all the original financial receipts of a region which is a benchmark in the implementation of real autonomy.



The higher the contribution made by Regional Native Income, the higher the ability of the region to finance the implementation of government and regional development, so that it will show positive regional financial performance.

The local government of Yogyakarta City is one of the regions that is granted the right of regional autonomy to manage its household. As according to (Susilo et al., 2018) that local government is a public servant. One of the service innovations, for example, is electronic (Kusumaningrum et al., 2020). With regional autonomy, the regional government of Yogyakarta City is expected to be able to manage and maximize existing resources for the continuity and progress of the region. The efforts of the local government of Yogyakarta City in increasing local revenue through local taxes. One of the local taxes that has a considerable contribution is the hotel tax. Based on Yogyakarta City Regional Regulation Number 1 of 2011 concerning Regional Taxes, hotel tax is a tax on services provided by the hotel. Meanwhile, what is meant by a hotel is a facility for providing lodging / resting services including other related services with a fee, which includes motels, inns, tourism huts, tourism guesthouses, disclaimers, lodging houses, and the like, as well as boarding houses with more than 10 rooms.

Hotel occupancy in Indonesia has the potential to increase, especially in Yogyakarta city. Deputy Chairman of Commission B of the Yogyakarta City Dprd, Oleg Yohan stated "The city of Yogyakarta is now full of hotels. The inn sprung up to the village". Yogyakarta City has many hotels because Yogyakarta City is one of the favorite destinations in Indonesia. Various kinds of tourist destinations in Yogyakarta City are interesting for tourists to visit it. Social media that constantly highlights the development of Yogyakarta City tourism has caused many tourists to be interested in coming to Yogyakarta City, both domestic tourists, and foreign tourists. Therefore, the city of Yogyakarta has a considerable potential hotel tax on Regional Original Income.

To determine the potential of hotel tax on Regional Original Income can be seen through an analysis of the level of effectiveness and contribution of hotel tax revenue. This analytical study is very important for local governments to find out how much the effectiveness of hotel tax revenues is on the original income of the Yogyakarta City area. In addition, there is also a need for analysis related to contributions contributed from hotel tax revenues to measure the role of hotel taxes on local revenues. The results of this analysis will provide an overview to local governments to improve the optimization of local tax revenues, especially in the hotel tax sector. In addition, it is to be used as a reference in increasing hotel tax revenue if the level of effectiveness and contribution is low. That way, the local government can find solutions and strategies to optimize the payment of hotel taxes on the original income of the Yogyakarta City area.

(Darmanto et al., 2019) analyzed the effectiveness and contribution of the hotel tax to the Original Revenue of the Yogyakarta City Area with the results that the level of hotel tax effectiveness in 2011-2015 showed ineffectiveness with a hotel tax effectiveness rate below 100%. The level of hotel tax contribution in Yogyakarta City in 2011-2015, shows the level of contribution in the category of less. Based on the results of the previous analysis, it can be seen that the level of effectiveness and contribution of hotel taxes in Yogyakarta City to the receipt of Regional Original Income is not optimal. It is the responsibility of the local government to maximize the receipt of Regional Original Income in Yogyakarta City so that the realization of hotel tax revenue reaches the predetermined target.

In 2020, Indonesia was shocked by the emergence of Covid-19. In the circumstances of the Covid-19 pandemic, the government decided to break the ropes of the spread of covid-19 with the existence of Large-Scale Social Restrictions or the Implementation of Restrictions on Community Activities, thus people are urged not to leave the house if there is no urgent need, and no crowds are allowed. This has an impact on hotel tax revenue in Yogyakarta City because



demand has decreased due to restrictions on activities. With the background previously described and with the results of previous research, this study aims to analyze the growth of the effectiveness rate and contribution of hotel taxes in Yogyakarta City to the receipt of Regional Original Income for the last 4 years from 2018 to 2021.

Local governments need to determine local tax policies after the Covid-19 pandemic (Wicaksono et al., 2022). There are several studies that examine the effectiveness and contribution of local taxes with mixed results. Among them research by (Huda & Wicaksono, 2022) about restaurant in Badung, (Huda & Wicaksono, 2021) in Yogyakarta, (Al-Mukhlisin et al., 2021) in Situbondo, (Putri & Wicaksono, 2021) in Probolinggo, and (Permatasari & Wicaksono, 2021) in Ponorogo. Some of these studies have found that local taxes are in various categories which are generally effective criteria, but their contribution needs to be increased. This research is different from some of these studies, because the object of this research is related to hotels, which are considered interesting to study, especially in the Yogyakarta area which relies on the tourism sector.

LITERATURE REVIEW

Effectiveness

According to (Mahmudi, 2010), effectiveness is the relationship between output and the goals or objectives that must be achieved. It is said to be effective if the process of activities achieves the goals and objectives of the final policy. Effectiveness is a measure of whether or not the achievement of an organization's goals is successful. The effectiveness of local taxes can be known through a comparison between the realization and target of regional tax revenues So that it can be used as a benchmark for success in collecting local taxes.

Contribution

(Mahmudi, 2010), explains that contributions are used to find out the extent to which local taxes contribute to the receipt of local revenues. So, contributions are contributions from local taxes to local revenues. To find out the contribution is done by comparing the regional tax revenue of a certain period with the original revenue receipt of a certain period as well.

Local Taxes

According to Law Number 28 of 2009 concerning Regional Taxes and Regional Levies, Regional Taxes, hereinafter referred to as Taxes, are mandatory contributions to the Regions owed by individuals or entities that are coercive under the Law, by not getting compensation directly and used for regional purposes for the greatest prosperity of the people.

Hotel Tax

According to (Prakosa, 2005), Hotel Tax is a tax on hotel services. A hotel is a building that is specifically provided for people to be able to stay/rest, obtain services, and/or other facilities for a fee, including other buildings that are integrated, managed, and owned by the same party, except for shops and offices.

Local Revenue

Definition of Regional Original Income (PAD) is income obtained by the region which is collected based on Regional Regulations following laws and regulations. According to (Mardiasmo, 2013), Regional Original Income is revenue obtained from the local tax sector, regional levies, the results of regionally owned companies, the results of the management of segregated regional wealth, and other legitimate Regional Original Income.

METHOD

This research uses a quantitative descriptive method, namely an explanation of reports in the form of numbers in the form of targets and realization of Hotel Tax revenues and the realization of Original Yogyakarta City Regional Income in 2018-2021. The data collection



technique used in this study is the secondary data method. Secondary data was obtained through open data. Jogjakarta.go.id page of the Yogyakarta City Regional Financial and Asset Management Agency. To determine the level of effectiveness and contribution of Hotel Tax to the original regional income in Yogyakarta City, use the following formula:

Hotel Tax Effectiveness

Effectiveness indicates the level of achievement of a goal that can be measured by quality, quantity, as well as time according to what has been planned. The way to determine the level of effectiveness is to compare the realization value of receipts with the hotel tax revenue target that has been set by the Regional Government. The formula for calculating the effectiveness rate of hotel tax is as follows:

$$\text{Hotel Tax Effectiveness} = \frac{\text{Realization of Hotel Tax}}{\text{Tax Revenue Target}} \times 100 \%$$

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Table 1. The Effectiveness Criteria

the effectiveness rate percentage	The Effectiveness Criteria
≥100%	Very effective
90% - 100%	effective
80% - 90%	Enough effective
60% - 80%	Less effective
≤60%	Non-effective

Source: (Departemen Dalam Negeri, 1996)

Hotel Tax Contribution is an analysis to determine the level of contribution that can be contributed from hotel tax revenue to the original regional income. To analyze the contribution of the hotel tax to local original income (PAD), namely by comparing the realization value of hotel tax revenue with the realization of regional original income (PAD). The formula for calculating the hotel tax contribution rate is as follows:

$$\text{Hotel Tax Contribution} = \frac{\text{Realization of Hotel Tax}}{\text{Realization of local revenue receipts}} \times 100 \%$$

Assess the criteria for hotel tax contribution to Regional Original Income by adjusting its value to the criteria set by the R&D Team of the Ministry of Home Affairs of Physiol UGM in 1991 as follows:

Table 2. Contribution Criteria

Contribution Rate Percentage	Contribution Criteria
≥50%	Very Good
40,10% - 50%	Good
30,10% - 40%	Keep
20,10% - 30%	Enough
10,10% - 20%	Less Enuogh
0% - 10%	Very Less Enuogh

Source: (Tim Litbang Depdagri-Fisipol UGM, 1991)



RESULT AND DISCUSSION

Target and Realization of Yogyakarta City Hotel Tax Revenue in 2018-2021 belows:

Table 3. Target and Realization of Yogyakarta City Hotel Tax Revenue in 2018-2021

Year	Target (Rupiah)	Realization (Rupiah)
2018	121.500.000.000	150.256.960.050
2019	121.500.000.000	163.969.302.385
2020	121.500.000.000	78.951.405.473
2021	121.500.000.000	69.918.873.526

Source: (Yogyakarta, 2022)

Based on the table data above, shows that the target of hotel tax revenue in Yogyakarta City from 2018 to 2021 is the same, which is IDR 121,500,000,000. In 2018 the realization of hotel tax revenue showed an increase of IDR 150,256,960,050, then in 2019, it increased to IDR 163,969,302,385. However, in 2020 and 2021 the realization of hotel tax revenue experienced a fairly drastic decline of almost half of the realization of the previous year. In 2020, it fell to IDR 78,951,405,473, while in 2021 it fell by IDR 69,918,873,526.

Realization of Regional Original Income (PAD) of Yogyakarta City in 2018-2021 belows:

Table 4. Realization Regional Original Income of Yogyakarta City Revenue

Year	Realization (Rupiah)
2018	667.493.080.000
2019	689.049.730.000
2020	563.174.370.000
2021	598.136.300.000

Source: (Yogyakarta, 2022)

Based on the table above, the realization of PAD receipts in Yogyakarta City in 2018 amounted to IDR 667,493,080,000 and increased significantly in 2019 to IDR 689,049,730,000. In 2020 it decreased to IDR 563,174,370,000, then increased again in 2021 by IDR 598,136,300,000.

Analysis of Hotel Tax Revenue Effectiveness Yogyakarta City

Hotel tax effectiveness analysis is used to measure the ability to realize hotel tax revenues obtained with targets set by local governments based on real regional potential. The level of effectiveness of hotel tax in Yogyakarta City can be seen in the following table:

Table 5. The Level of Effectiveness of Hotel Tax on the Original Income of the Yogyakarta City Area

Year	Target (Rupiah)	Realization (Rupiah)	Effectiveness	Criteria
2018	121.500.000.000	150.256.960.050	123,67%	Very Effectiveness
2019	121.500.000.000	163.969.302.385	134,95%	Very Effectiveness
2020	121.500.000.000	78.951.405.473	64,98%	Less Effectiveness



2021	121.500.000.000	69.918.873.526	57,55%	Non Effectiveness
Average Hotel Tax Effectiveness			95,29%	Effectiveness

Source: (Yogyakarta, 2022)

Based on table 5, it is known that the realization of Yogyakarta city hotel tax revenue from 2018 to 2021 has changed every year. Likewise, the level of effectiveness tends to fluctuate, increasing and decreasing in the last 4 years. The results of the calculation of the effectiveness of hotel tax in Yogyakarta City, obtained in 2018 showed very effectiveness with an effectiveness rate of 123.67% following the effectiveness criteria set by Kepmendagri Number 690,900,327 of 1996 that if the effectiveness level is $\geq 100\%$, then it can be said to be very effective. In 2019 hotel tax revenue increased from the previous year with an effectiveness rate of 134.95%, so it can be categorized as very effective because it exceeds 100%.

However, in the next two years, the hotel tax in Yogyakarta City experienced a significant decrease and did not reach the target that had been set. In 2020, the realization of hotel tax revenue fell to IDR 78,951,405,473 with effectiveness of 64.98%. The category of effectiveness on such lifts indicates a less effective criterion. It can be seen that the level of effectiveness in the previous year greatly decreased from the criteria of being very effective to be less effective. Meanwhile, 2021 is the year with the lowest hotel tax revenue compared to previous years, down to IDR 69,918,873,526. The effectiveness rate is also very low at 57.55%. The figure of 57.55% includes the ineffective criterion.

The decline was caused by the Covid-19 virus outbreak that attacked all cities in Indonesia from 2020 to early 2022, causing restrictions on outdoor activities. With the existence of government regulations related to restrictions on activities affecting various sectors, especially in the tourism sector so that many tourist attractions are closed, the impact is that the number of tourists decreases in Yogyakarta City. This is what caused hotel tax revenue in 2020 to decrease by 77.4% and in 2021 by 7.43% from the previous year. 2020 was the most drastic year to experience a decline due to the transition period from before the pandemic to the pandemic which affected the effectiveness of hotel tax revenues.

Analysis of Hotel Tax Contribution to Yogyakarta City Area Original Income Revenue

Table 6. Hotel Tax Contribution to Yogyakarta City Area Original Income Revenue Rate

Year	Tax Realization Hotel	Realization of Local Revenue	Contribution	Criteria
2018	150.256.960.050	667.493.080.000	22,5%	Enough
2019	163.969.302.385	689.049.730.000	23,8%	Enough
2020	78.951.405.473	563.174.370.000	14%	Less Enough
2021	69.918.873.526	598.136.300.000	11,7%	Less Enough
Average Hotel Tax Contribution			18%	Less Enough

Source: Data processed (2022)

Based on the table above, the contribution of the hotel tax to the original revenue of the Yogyakarta City Area in 2018 was 22.5% with sufficient criteria. The following year saw an increase of 1.3% from the previous year. In 2018 and 2019 the contribution of hotel taxes to Local Revenue was considerable. However, in 2020-2021 the level of hotel tax contribution to



Regional Native Income decreased very drastically and is included in the criteria for lack of hotel tax contribution to Regional Native Income. In 2020 the realization of hotel tax revenues decreased and the realization of Regional Original Income revenues also decreased, a decrease in contribution in 2020 compared to the previous year was 9.8%. In 2021, the realization of hotel tax revenue is still decreasing and the realization of Regional Original Revenue revenue continues to increase, but the level of hotel tax contribution in Regional Original Revenue has decreased by 2.3%. If calculated, the average hotel tax contribution for the last 4 years to the receipt of Regional Original Income in Yogyakarta City is included in the category of less. According to (Wicaksono, 2020) it is also important for regional tax officials to obtain training and competencies related to regional taxes.

CONCLUSION

Based on the results and discussion, it can be seen that the level of effectiveness of hotel tax on the Original Revenue of the Yogyakarta City Area over the past 4 years tends to fluctuate and increase. If accumulated for 4 years, the hotel tax in Yogyakarta City can be said to be effective, even though it has decreased for the last 2 years. Meanwhile, the achievement of hotel tax contribution to the original income of the Yogyakarta City area is still in the category of lacking. Although 2018-2019 is categorized as sufficient, in 2020-2021 hotel tax contributions have decreased. This is what makes the contribution of the hotel tax to the Original Revenue of the Yogyakarta City Area including the criteria less.

SUGGESTION

Based on the results of the study, the researcher recommended to the government of Yogyakarta City improve regional financial management effectively and efficiently. In addition, the Yogyakarta City Government can increase hotel tax revenue by improving the hotel tax revenue management and supervision system. In addition, the government also needs to improve facilities and infrastructure by tiered repairs of damaged roads, increasing access to tourist attractions, and repairing public facilities. This will be an attraction for outsiders to stay in hotels and inns in Yogyakarta City. It will directly have a positive impact on local tax revenues, especially hotel taxes in Yogyakarta City.

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