

OPTIMIZING THE INCREASE OF REGIONAL LEVIES ON REGIONAL ORIGINAL INCOME IN AMBON CITY

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Abstract

The independence of a region causes each region to take advantage of existing sources of revenue in the area. One of the regional revenues is the receipt of user fees. Regional levies are regional levies as payment for services or the granting of specific permits expressly provided or given by the Regional Government to benefit individuals or entities. This study aims to determine the contribution, effectiveness, retribution growth, and the factors of decreasing retribution receipts. The research results are that retribution does not contribute to Regional Original Income (PAD), less effective effectiveness, and unsuccessful retribution growth. This is due to several factors, including lack of supervision, systems that are still manual and not yet computerized, the covid outbreak, low public awareness, minimal information and not optimal support facilities.

Keywords: Levy, PAD, Contribution, Effectiveness, Growth

INTRODUCTION

The development of public sector accounting, especially in Indonesia, is overgrowing in line with the new era in the implementation of regional autonomy and fiscal decentralization. With the enactment of Law Number 22 of 1999 concerning Regional Government and Law Number 25 of 1999 concerning Central and Regional Financial Balance and its Implementing Regulations, the government issued Law of the Republic of Indonesia Number 33 of 2004 regarding the financial balance between the central and regional governments and local government.

The Regional Autonomy Law allows the region to manage all sources of regional funds, revenues and expenditures. The management is expected to be implemented effectively and efficiently, so that the regions can receive all payments that meet regional spending. Some sources of regional finance that the region can manage are regional taxes and levies. Regional levies are levies as payments for services or the granting of specific permits granted or granted by the regional government specifically for the benefit of individuals or entities. (Mardiasmo, 2018).

Regional taxes and levies have a considerable role in implementing regional autonomy and realizing Regional Original Income (PAD). Mardiasmo (2018) states that taxes and levies are one of the region's most potent sources of income. The proceeds from the levy will then be used for the survival of the local government concerned, mainly to fund activities oriented towards people's welfare. The following is a table of Regional Original Income:

Table 1 Ambon City Original Revenue

YEAR	REGIONAL ORIGINAL INCOME (ROI)		(%)
	BUDGET	REALIZATION	
2017	199.622.250.078,08	139.372.008.188,66	69,82
2018	170.626.331.913,00	154.973.387.894,22	90,83
2019	184.452.217.679,00	162.761.891.568,30	88,24
2020	194.842.563.427,06	131.753.250.767,07	67,62
2021	234.429.747.272,00	153.520.817.934,78	65,49
AMOUNT	983.973.110.369,14	742.381.356.353,03	75,45

There is still a lot of potential for Regional Original Revenue (PAD) from regional retribution which in its implementation has not been explored optimally due to several obstacles such as the inadequate number of officers, the occurrence of embezzlement in the collection of levies, the ignorance of officers in collecting certain retributions to make the object of penalty not appropriately contained. A good lack of responsibility can lead to abuse authority and inadequate services. In contrast, obstacles from the community, such as limited information about levies and regulations, lack of public awareness of levies, and community participation in regional retributions, are minimal. The following is a table of Regional Levies:

Table 2 Ambon City Retribution

YEAR	REGIONAL RETRIBUTION		(%)
	BUDGET	REALIZATION	
2017	45.193.465.488,80	31.554.074.927,00	69,82
2018	43.659.836.722,00	36.128.396.084,00	82,75
2019	48.368.370.412,00	32.464.087.677,00	67,12
2020	39.191.548.432,00	21.722.945.755,00	55,43
2021	42.959.448.592,00	26.127.897.508,00	60,82
AMOUNT	219.372.669.646,80	147.997.401.951,00	67,46

The problem related to retribution receipts in Ambon City is the decline in retribution receipts. The realization received did not reach the expected target. Many objects of retribution that have the potential to increase regional income have not been appropriately explored. Therefore, in-depth research is needed to solve this problem.

Several researchers researched retribution and obtained different results from each other. Halkadri et al. (2020), in their research in Pariaman City, received the results of effectiveness, growth and contribution were quite good. Mega (2016) researched regional levies in North Sulawesi Province. The research found that the gift of regional retribution receipts had not yet reached maximum results and the effectiveness of regional retribution collection performance was not good. In line with previous research, Sipti and Ahmad (2016) in their study in Bengkulu Regency found that the contribution of retribution results was outstanding. Furthermore,

research by Boby et al (2014) found that the effectiveness of regional retribution revenue in Blitar City has been effective. However, the contribution of regional retribution is still lacking in increasing regional original income.

Based on the problems obtained and previous research, the researchers are interested in researching Optimizing the Increase of Regional Retribution on Regional Original Income in Ambon City.

Formulation of the problem

1. What is the contribution of levies in Ambon City?
2. How effective is the retribution in Ambon City?
3. How is the retribution growth in Ambon City?
4. Factors in the decline in retribution receipts?

LITERATURE REVIEW

Contingency Theory

According to Stoner et al., (1996), the contingency or situational approach is a view that the management technique that best contributes to achieving organizational goals may vary in different situations or environments. Contingency theory states that there is no design and use of a management control system that can be applied effectively to all organizational conditions. Still, a control system is undoubtedly only effective for specific situations, organizations, companies, or governments (Otley, 1980).

Contingency theory is a more open perspective and rejects the generally accepted view of best practices. The environment creates contingencies that require structural elaboration for an organization. The organization will also develop strategies to manage the environment that surrounds and affects the organization's operations as a form of best practice based on the specific characteristics of each organization (Stern, 1996).

Regional Original Income (ROI)

Regional Original Revenue is revenue obtained by the region from sources within its territory collected based on regional regulations following applicable laws and regulations (Yani, 2010).

Following Law Number 1 of 2022, Regional Original Revenue (PAD) is regional revenue obtained from regional taxes, regional levies, separated regional wealth management results, and other legitimate regional original revenues following the legislation. The aim is to give authority to the Regional Government to fund the implementation of regional autonomy following the region's potential as a manifestation of decentralization. Included in the PAD are:

- 1) Local Tax Results
- 2) Regional Retribution Revenue
- 3) The results of the management of separated regional assets
- 4) Other valid PAD

One of the critical criteria for knowing the region's actual ability to manage and manage its household is the ability to self-support in the financial sector. In other words, the economic

factor is essential in measuring the level of regional capability in implementing its autonomy. The regional financial situation will determine the style, form, and possibilities of activities the Regional Government will carry out.

Regional Retribution

- 1) Regional levies are regional levies as payment for services or the granting of specific permits expressly provided or given by the regional government to benefit individuals or entities.
- 2) Services are regional government activities in the form of businesses and services that cause goods, facilities, or other benefits to be enjoyed by individuals or entities.
- 3) Public Service is a business provided or provided by the Regional Government for the purpose of public interest and benefit and can be enjoyed by individuals or entities.
- 4) Business Services are services the Regional Government provides by adhering to commercial principles because the private sector can also offer them.
- 5) Specific Permits are certain activities of the Regional Government in the context of granting permits to individuals or entities intended for the guidance, regulation, control and supervision of space utilization activities, as well as the use of natural resources, goods, infrastructure or certain facilities to protect interests. Public and preserve the environment
- 6)

METHOD

The data used in this study is secondary data collected by the documentation method including budget data and the realization of local revenue, the budget and the completion of levies for the City of Ambon in 2017 - 2021 which are obtained from each Service that receives retribution receipts. Data analysis includes quantitative and qualitative descriptive data analysis. Qualitative data analysis was carried out using a phenomenological approach involving three informants, while quantitatively data analysis included:

$$1. \text{Contribution} = \frac{\text{Regional levies for specific years}}{\text{regional Original Income for a specific year}} \times 100\%$$

Table 4
Contribution Criteria

Contribution Percentage	Criteria
≥ 50	Very good
40-50	Well
30-40	Currently
20-30	Enough
10-20	Not enough
≤ 10	Very less

Source: Halim (2002)

$$2. \text{Effectiveness} = \frac{\text{Realization of regional levy receipts}}{\text{Target for Regional Retribution Revenue}} \times 100 \%$$



Table 5
Effectiveness Criteria

Presentase Efektivitas	Criteria
≥ 50	Very effective
40-50	Effective
30-40	Effective enough
20-30	Less effective
10-20	Ineffective

Source: Halim (2002)

3.Growth $G_x = \frac{X_t - X(t-1)}{X(t-1)} \times 100\%$

Description: G_x = Parking retribution growth rate

X_t = Realization of parking retribution in a specific year

$X(t-1)$ = Realization of parking fees in the previous year

Table 6
Regional Levy Growth Criteria

No	% Laju Pertumbuhan	Kriteria
1	85% - 100%	Sangat Berhasil
2	70% - 85%	Berhasil
3	55% - 70%	Cukup Berhasil
4	30% - 55%	Kurang Berhasil
5	Kurang dari 30%	Tidak Berhasil

Source : Halim (2002)

RESULTS AND DISCUSSION

1.Contribution

Table 7
Levy Contribution to Regional Original Income (ROI) in 2017-2021

Year	Retribution	ROI	Percentage (%)	Criteria
2017	31.554.074.927	139.372.008.188	22,64%	Enough
2018	36.128.396.084	154.973.387.894	23,31%	Enough
2019	32.464.087.677	162.761.891.568	19,95%	Not enough
2020	21.722.945.755	131.753.250.767	16,49%	Not enough
2021	26.127.897.508	153.520.817.934	17,02%	Not enough
Average			19,88%	Not enough

Data Source Processed (2022)

Based on table 7, the contribution of regional levies to PAD from 2017-2021 has fluctuated. In 2018 the most considerable contribution was 23.31% with sufficient criteria and the most negligible contribution was 16.49% in 2020 with fewer criteria. The assistance in 2017 was 22.64% with suitable standards, then the grant in 2019 was 19.95% with fewer criteria and in 2021 it was 17.02% with fewer criteria. The average contribution of levies to PAD is 19.88% with fewer criteria. Thus, user fees have contributed less to PAD for the last five years.

2. Effectiveness

Table 8

The Effectiveness of Receipts for 2017-2021

Year	Regional Retribution		Effectiveness	Criteria
	Target	Realization	Ratio	
2017	45.193.465.488,80	31.554.074.927,00	69,82%	Less effective
2018	43.659.836.722,00	36.128.396.084,00	82,75 %	Effective enough
2019	48.368.370.412,00	32.464.087.677,00	67,12%	Less effective
2020	39.191.548.432,00	21.722.945.755,00	55,43%	Ineffective
2021	42.959.448.592,00	26.127.897.508,00	60,82%	Less effective
Average			67,12%	Less effective

Source : Processed Data (2022)

The level of effectiveness of regional retribution is calculated by comparing the realization of retribution receipts with the regional retribution budget. Based on table 8, it can be seen that from 2017 to 2021 the highest effectiveness of retribution receipts was in 2018 at 82.75% with quite effective criteria. The lowest was in 2020 at 55.43% with ineffective standards, and the average effectiveness of retribution receipts for the 2017-2021 period is 67.12% with less effective criteria. Significance relates to the extent to which what is planned or desired can be achieved or carried out. The effectiveness of Ambon City retribution revenue from 2017 to 2021 fluctuated, namely in 2017 by 69.82% with the criteria of being less effective, increasing in 2018 by 82.75% with the requirements of being quite effective. Compared to 2018, the effectiveness of retribution receipts in 2019 and 2020 has decreased, namely in 2019 by 67.12% with less effective criteria and in 2020 by 55.43% with ineffective standards, and in 2021 the effectiveness of retribution receipts increased by 60, 82% with less effective measures. Thus the retribution receipts in the last five years have not yet reached the budgeted target.

3. Growth

Table 9

Ambon City Regional Retribution Growth

Year	Realization of Regional Retribution (Rp)	Growth rate (%)	Criteria
2017	31.554.074.927,00	-	-
2018	36.128.396.084,00	14.50	Not successful
2019	32.464.087.677,00	-10.14	Not successful
2020	21.722.945.755,00	-33.09	Not successful
2021	26.127.897.508,00	20,28	Not successful

Source: Processed Data (2022)

Based on the results of an interview with Mr. RH (Head of Verification, bookkeeping, consideration of objections, validation and tax audit) about what are the obstacles to reducing user fees:

"The potential for retribution has not been fully explored. There have not been many scientific studies on the potential for retribution. In addition, inadequate supervision by officers in the field. Facilities and infrastructure are still inadequate. My team and I observed that many people were unaware, so participation in paying user fees was low. Besides that, there is limited information about user fees and regulations."

The same thing was conveyed by Mr. RS (Head of the Ambon City Transportation Service) regarding the obstacles to reducing user fees:

"Supervision in the field is not going well. I observed many officers who were negligent in collecting retribution. The legislature is also not maximal in exercising control. This causes a lot of leakages. In 2020 and 2021 the covid pandemic hit so that community activities were reduced and limited, and the economy became difficult. This has a big impact on the reduction in user fees."

Furthermore, Mr. RH said "I observe that the overall management of regional retribution is still manual and not yet digital so that in terms of revenue, it is still not optimal. As a result, much time is wasted and is not transparent. A digitalization process is needed in collecting regional retributions. To support it, talented human resources are needed."

Another thing that was conveyed by Mrs. N (Secretary of the Fisheries Service): "When our officers went to the fish auction place. The community said that if the facilities and infrastructure were built first, then they would pay a levy, culture and kinship also had an influence where because the kinship between collectors and those who are levied even cause not optimal and transparent in the collection of retribution."

From the results of research conducted through interviews conducted, it was found that several main factors caused the unsuccessful realization of regional levies according to the targets set for each fiscal year, including:

1. Regional Apparatus Organizations (OPD) as technical offices in setting levy targets every year use assumptions that are not based on empirical data studies on the availability of all potential regional levies that exist or have been and are currently being managed, including the ability of regional apparatus to explore new potentials that can be used as objects for regional retribution.
2. The legislature has not maximally carried out the functions of legislation, budgeting and

controlling according to the mandates it has to encourage the performance of the producing regional Apparatus Organizations (OPD) to be able to increase the potential for retribution revenue according to the targets that have been jointly set between the legislature and the executive as outlined in the Ambon City Regional Revenue and Expenditure Budget (APBD) every fiscal year.

3. Actually, if observed partially, it is illustrated that the potential for regional retribution in Ambon City is quite promising if it is managed professionally and accountably. That the minimum acceptance of regional penalty indeed cannot be separated from the performance of the staff in each producing OPD. There are indications of leakage of retribution receipts due to the weak supervision of the authorized official.
4. The levy collection system is still conventional, even in the case of collecting certain retributions it is still influenced by the subjectivity of local wisdom found in the social relations of the Ambon city community. The "embarrassment element", the element of relatives, acquaintances and relatives" is still rooted and entrenched, which ultimately impacts the pattern of retribution.
5. The regional levy collection system has not yet fully utilized a touch of technological innovation. Digitization is an absolute must in the progress of retribution collection. Using appropriate and accurate technological innovations will minimize the practice of abusing community obligations in paying retribution, including being a control tool for staff and producing agencies in managing regional levies in Ambon City.
6. That the COVID-19 pandemic has greatly affected community activities and business activities in Ambon City. Public services are almost paralyzed. This also severely impacts the realization of regional retribution receipts in Ambon City.
7. People do not understand and are fully aware of paying levies. Some people feel they must be served with maximum infrastructure development first and then pay retribution. In addition, the information submitted related to a penalty is also still very lacking.
- 8.

CONCLUSION.

During 2017-2021 the contribution, effectiveness and growth of levies in Ambon City fluctuated but generally, there was a decline. This is caused by several factors, including lack of supervision, systems that are still manual and not yet computerized, the covid outbreak, low public awareness, minimal information and not optimal support facilities. After knowing the factors of decreasing retribution receipts, the Ambon City Government, in this case the related OPD, can overcome them so retribution revenue can increase.

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