

The Influence of Hotel Taxes and Entertainment Taxes toward District Own Source Revenue in Bandung City

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Keywords: Hotel taxes, Entertainment taxes, District Own Source Revenue.

Abstract: The aim of study is to know the influence of hotel taxes and entertainment taxes toward District Own Source Revenue of Bandung City both partially and simultaneously, with using descriptive verification methods. Sample used in this study is using realized budget report as much as seven years from 2010 until 2016 by using multiple regression analysis. This study result shows that the influence of hotel taxes towards District Own Source Revenue has influence significantly or directly proportional with positive value. The influence of entertainment taxes towards District Own Source Revenue has influence not significantly with negative value, it means if entertainment taxes is getting increased or decreased, it not leads with the same changing with its District Own Source Revenue. While the influence of hotel taxes and entertainment taxes toward District Own Source Revenue togetherness has significant and compared influence, with the level of influence result obtained is 100 percentage with positive value, this case shows that the local tax in form of hotel taxes and entertainment taxes during 2010 until 2016 give a great contribution in improving District Own Source Revenue of Bandung City from year to year.

1 INTRODUCTION

As long as with the development era, region, or country, of the economic growth and so many entertainment places, like mall, cinema, recreation place, and others. In particular of entertainment at night, the big cities must be served by entertainment activities. It is common, industry or business of night entertainment is more developed rapidly in big cities. Entertainment places such as karaoke, night club, discotheque, massage parlors, spa, and others are growing well. One of the reasons is benefit potential of this business is great benefit; the growth of night entertainment business is more crowded visited by domestic and tourist. The increasing number of domestic and foreigner tourist make local tax revenue, especially for hotel will be more improved (Sari, 2014).

There is vulnerable things to reduce the revenue of those taxes is caused the lack of tax paying awareness because it is not felt when they paid tax, as stated in the research of paradigm change of local tax research that states "*local tax paradigm change shall increasingly influence the taxpayers to obediently fulfill their obligation of paying local tax since they*

may directly enjoy the benefit of their tax", (Ismail, 2011).

District Own Source Revenue is the revenue which sources of local revenue, it needs to be increased continuously in order to bear some of required expenses that is needed to government's administration and development activities which is every year improved so independence of regional autonomy is wide, real and responsible (Darise, 2007). The source of District Own Source Revenue is a local financial resource that is excavated from within the territory of the region concerned in order to bear some shopping expense that is needed in government and development administration.

Based on (Indonesia Government, 2009) Law No. 28 of 2009 on Local Taxes and Retribution, we know that local tax and retribution tax are one of the important local revenue sources in order to finance the implementation of local government. Nevertheless according (Aamir *et al.*, 2011) explained that fiscal policies can be very different and the more the indirect taxes in country, the more will be increasing gap between rich and poor and thus the more will be the exploitation of labor class. Even in china according (Wang, 2003) mentioned that The current system of fiscal decentralization in China has

a number of serious problems. Whereas it has clearly assigned revenues between the central government and provincial governments, the current system does not provide clear expenditure assignments for almost all levels of governments.

Local tax is one of District Own Source Revenue from all of local government's revenue source that is used to finance the development in the region that aims to finance and advance region area with the policy on tax revenue optimalization, in which everyone must pay tax in accordance with their obligations, as the research result by (Fjeldstad and Semboja, 2011) who stated that a consequence of much dissatisfaction with the results of centralised economic planning, reformers have turned to decentralisation to break the grip of central government and induce broader participation in democratic governance. According to (Abuyamin, 2012), local tax is compulsory contributions to areas owed by individual or an entity that is forcing based on law; with not to get direct reward and it is used to district's needs greatly for the welfare of people.

Same with another region in Indonesia, big cities are one of autonomous regions. Big cities that are rich in the number of District Own Source Revenue, one of them from five star hotel with its facilities and many of entertainment places like mall, cinemas, discotheque, karaoke, night club, billiard places and other with is supported by the provision of parking area; it makes tourist to get holiday or get trip both domestic and foreigner tourist. More tourists who visit in Bandung City will be improved towards District Own Source Revenue, particularly from hotel taxes, entertainment taxes and parking taxes sector.

From both of local taxes explained above, hotel taxes and entertainment taxes are part of local taxes that is managed by local government with its potention more developed as long as it is more attention of supporting components like the improvement of facilities and infrastructure. Bandung City is tourism city as one of activities that can boost the development in the whole life. So Bandung City can accept District Own Source Revenue more than hotel taxes, entertainment taxes and parking taxes sector (Djamal, 2012).

Based on Regional Regulation of Bandung City No. 20 of 2011 on Local Tax, next it called tax is mandatory contribution to owed areas by individual or entities that is forcing depends on law with no direct rewards and it is used to district's needs greatly for the welfare of people, (Government City Of Bandung, 2011).

From explanations and phenomenon above, it can be seen the number of donation from tax

collection in order to add the revenue of a region. And also in this case Bandung City itself becomes one of busiest city in Indonesia with becoming one of destination both domestic and foreign tourist, that always tries to give satisfaction to all tourist with the beauty of city and its culinary. So from those cases, this study will focus on the influence of hotel taxes and entertainment taxes toward District Own Source Revenue of Bandung City.

1.1 Research Questions

With the condition of Bandung that becomes one of tourism city and it is encouraged by more revenues from tax sector, so hotel taxes and entertainment taxes become attractive to be known its ability in supporting district own source revenue, it depends on background of study that becomes problems in this study is as follows:

1. Is there influence of Hotel Taxes partially towards District Own Source Revenue in Bandung City?
2. Is there influence of Entertainment Taxes partially towards District Own Source Revenue in Bandung City?
3. How much of Hotel Taxes and Entertainment Taxes influence simultaneously toward District Own Source Revenue in Bandung City?

1.2 The Aims of the Study

The various kinds of intention that are expected from this research goals which is possible to add the existing knowledge is:

1. To know The Influence of Hotel Taxes towards District Own Source Revenue in Bandung City.
2. To know The Influence of Entertainment Taxes towards District Own Source Revenue in Bandung City.
3. To know how much Influence of Hotel Taxes and Entertainment Taxes Revenue toward District Own Source Revenue in Bandung City.

2 LITERATURE REVIEW

2.1 Definition of Hotel Taxes and Entertainment Taxes

2.1.1 Hotel Taxes

According to (Abuyamin, 2012), hotel taxes are service taxes provided by hotel, while the meaning of hotel is lodging service provider or resting place

included to other related services with a fee paid, that covers motel, inns, tourism houses, guesthouses and etc, and also boarding house with number of rooms is more than 10 (ten).

2.1.2 Entertainment Taxes

According to (Abuyamin, 2012), entertainment taxes are tax on entertainment, while the meaning of entertainment is all of exhibition types, performances, games and or crowded that is enjoyed by a fee paid. While according to (Siahan, 2005), entertainment taxes are tax on entertainment. Besides that entertainment taxes can be defined as local charges for entertainment.

2.2 District Own Source Revenue

Based on PSAP Number 1 about financial statement defines “revenue is all receipts of State or Local Public Cash Account that adds equity of current funds in a period of relevant fiscal year that becomes government’s right and it is not paid back by government”. State or Local Public Cash Account is local money storage account which is determined by governors or regents or mayors to collect all of local receipts and pay of all regional expenditure to determining bank (Halim and Khusufi, 2012).

According to (Purnomo, 2009), District Own Source Revenue is local revenue that sources from local taxes, result of local retribution, result of separated regional wealth management, and others legitimate regional revenue, Local Government to mark local autonomy implementation depends on local potentation as realization of decentralization.

District Own Source Revenue (PAD) is revenue which local revenue source itself need to be improved in order to bear some of required expense to government administration and development activity that improved annually so independence of regional autonomy is wide, real, and can be responsible (Darise, 2007).

2.3 Research Framework

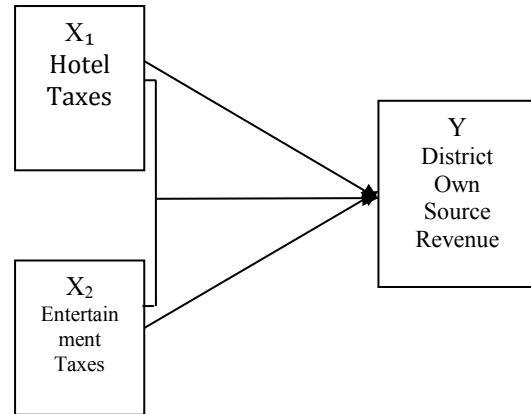


Figure 1: Research Framework.

2.4 Hypothesis

- A. There is significant influence between Hotel Taxes revenue towards District Own Source Revenue in Bandung City.
- B. There is significant influence between Entertainment Taxes revenue towards District Own Source Revenue in Bandung City.
- C. There is significant influence between Hotel Taxes and Entertainment Taxes revenue toward District Own Source Revenue in Bandung City.

3 RESEARCH METHODS

In this study the writer used descriptive and verification method byusing quantitative approach. Data used in this study was secondary data. Data collection technique used was observation method and literature review. Population used in this study was Statement of Budget Realization of Bandung City. Sample used in this study Statement of Budget Realization of Bandung City at 2010-2016. Data analysis technique used according to (Sugiyono, 2014) was: (1) Classic Assumption Test; (2) Correlation Test; (4) Coefficient Determination with multiple regression technique used SPSS Software.

4 FINDING RESULTS

4.1 Research Finding

4.1.1 Descriptive Analysis

In conducting research about the influence of hotel taxes and entertainment taxes toward District Own Source Revenue in Bandung City period of 2010-2016, this study obtains data from Local Revenue Office at Tax Office of Bandung City for exactly, with the details of data per year as follows:

Table 1: Variable Data of 2010 – 2016.

Year	Hotel Taxes	Entertainment Taxes	District Own Source Revenue
2010	87,914,702,426	25,327,230,006	441,863,068,294
2011	112,007,259,932	31,223,414,896	833,254,175,288
2012	142,732,317,105	34,553,186,144	1,005,583,424,429
2013	177,490,303,830	37,767,188,531	1,442,775,238,323
2014	204,152,062,826	40,730,151,211	1,716,057,298,378
2015	215,285,361,236	50,449,101,884	1,859,694,643,505
2016	274,748,550,679	69,816,433,368	2,152,755,704,962

Source: Servive Tax Office of Bandung City.

Value changing or nominal on varibles of hotel taxes, entertainment taxes and District Own Source Revenue from year to year as on Table 1 data, it can be concluded the condition is always improved from year to year over the past seven years.

4.1.2 Verificative Analysis

In conducting research about the influence of hotel taxes and entertainment taxes toward District Own Source Revenue in Bandung City period of 2010-2016, the writer uses Classical Assumption Test, Correlation Coefficient Test, Coefficient Determination Test, Multiple Regression Test, validity and reliability test, and also hypothesis test. Those testing are done with using SPSS Software and to be more detail will be discussed as follows:

A. Classical Assumption Test

Before conducting hypothesis test uses multiple regression analysis, there are some assumptions that must be fulfilled in order to conclusion of those multiple regression analysis are not bias. They are normality test, heteroscedasticity test, autocorrelation test, Multicollinearity test.

Table 2: Classical Assumption Test or BLUE Test.

Nu	Test	Result	Description
1	Normality	Normal	1,000; 0,843; 0,997
2	Heteroscedasticity	Unheteroscedasticity	irregular
3	Autocorrelation	Unautocorrelation	DW: 2982
4	Multicollinearity	Unmulticollinearity	Tolerance 0,100-VIF 9,961

B. Correlation Coefficient Test

Correlation analysis aims to measure association power (correlation) is linier among two variables. This correlation does not show functional correlation. In other words, correlation analysis does not differ between dependent variable and independent variable.

1. Correlation Coefficient of Hotel Taxes, Entertainment Taxes and District Own Source Revenue can be seen as follows:

Table 3: Partial Correlation Coefficient of Hotel Taxes, Entertainment Taxes and District Own Source Revenue.

	Hotel Taxes	Entertainment Taxes	District Own Source Revenue
Hotel Taxes	1	.948**	.986**
Entertainment Taxes	.948**	1	.901**
District Own Source Revenue	.986**	.901**	1

Source: SPSS Processing Result.

C. Coefficient of Determination

Table 4: Multiple Correlation Coefficient Analysis and Coefficient Determination.

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.992 ^a	.984	.975	9.60264E+10
a. Predictors: (Constant), Entertainment Taxes, Hotel Taxes				
b. Dependent Variable: District Own Source Revenue				

Source: SPSS Processing Result.

D. Hypothesis Test

1. Result of Multiple Regression Analysis

Table 5: Multiple Regression Result.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.230E+11	1.157E+11		-1.927E+00	.126
	Hotel Taxes	12.399	1.917	1.305	6.469	.003
	Entertainment Taxes	-1.395E+01	8.368	-3.363E-01	-1.667E+00	.171
a. Dependent Variable: District Own Source Revenue						

Source: SPSS 20 Processing Result.

To be able knowing whether there is influence of each independent variable which is hotel taxes (X1) and entertainment taxes (X2) toward District Own Source Revenue in Bandung City both partially and simultaneously. Based on data analysis of Table IV.5 can be formulated multiple linear regression equation as follows:

$$Y = - 222970062758,122 +12,399 (X1) + (-13,949 (X2))$$

Where:

Y = District Own Source Revenue

X1 = Hotel Taxes

X2 = Entertainment Taxes

Those analyses of multiple regression equation are explained as follows:

- a. The value of positive Constant is assumed that without added variables of hotel taxes and entertainment taxes so the value of District Own

Source Revenue will get improved or the improvement is about -222970062758,122.

- b. If X1 (hotel taxes) gets improvement is about 1 (value) with the assumption of entertainment taxes is assumed to be constant so District Own Source Revenue will be improved is about 12,399.
 - a. If X2 (entertainment taxes) gets improvement is about 1 (value) with the assumption of hotel taxes are assumed to be constant so District Own Source Revenue will be improved or changed is about -13.949.
 - c. If X1 is 0 and X2 is 0 also, so the value of District Own Source Revenue is the same with constant value. It means that District Own Source Revenue is influenced by another factor outside of independent variable.
2. Testing Result Partially & Simultaneously

Table 6: Partial Test (t Test).

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.230E+11	1.157E+11		-1.927E+00	.126
	Hotel Taxes	12.399	1.917	1.305	6.469	.003
	Entertainment Taxes	-1.395E+01	8.368	-3.363E-01	-1.667E+00	.171
a. Dependent Variable: District Own Source Revenue						

Source: SPSS Processing Result.

Table 7: Simultaneously Test.

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.220E+24	2	1.110E+24	120.392	.000 ^a
	Residual	3.688E+22	4	9.221E+21		
	Total	2.257E+24	6			
a. Predictors: (Constant), Entertainment Taxes, Hotel Taxes						
b. Dependent Variable: District Own Source Revenue						

Source: SPSS Processing Result.

5 CONCLUSION

In Bandung City tend to get improved continuously from year to year. Its improving is not allowed with consistent improvement, it means improvement's percentage is not Based on research finding and discussion of research variable about the influence of hotel taxes and entertainment taxes toward District Own Source Revenue in Bandung City, so it can be concluded as follows: (a) Influence of hotel taxes towards District Own Source Revenue has influence significantly or directly proportional with positive value. From those results, it describes that when hotel taxes gets improved so District Own Source Revenue will get improved too. (b) Entertainment taxes have negative impact and it is not significant toward District Own Source Revenue, it means that if entertainment taxes are improved so District Own Source Revenue is not improved directly, it can be constant or decreased. (c) Based on research about how magnitude of hotel taxes and entertainment taxes toward District Own Source Revenue simultaneously influence significantly with positive side. Those simultaneously impact mark that the impact given by hotel and entertainment taxes must be done togetherness to provide impact towards the changing of District Own Source Revenue.

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