

Factors Affecting Land and Building Tax and Regional Own Revenue in East Kutai Regency

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ABSTRACT

The purpose of this research is to analyze factors affecting land and building tax and regional own revenue in East Kutai Regency. This research is an explanatory and causal research. Data sources are obtained from official sources, namely in East Kutai Regency, including the Regional Revenue Service of East Kutai Regency and the Central Statistics Agency of East Kutai Regency. The method used to analyze the data in this study uses path analysis. The results show that regional gross domestic product per capita has a positive and significant effect on land and building tax in East Kutai Regency. Taxpayer has a negative and insignificant effect on land and building tax in East Kutai Regency. Regional gross domestic product per capita has a positive and significant effect on regional own revenue in East Kutai Regency. Taxpayer has a negative and insignificant effect on regional own revenue in East Kutai Regency. Land and building tax has a negative and insignificant effect on regional own revenue in East Kutai Regency. Indirect effect of regional gross domestic product per capita has a negative and insignificant effect on regional own revenue through land and building tax in East Kutai Regency. Indirect effect of taxpayer has a positive and insignificant effect on regional own revenue through land and building tax in East Kutai Regency.

Keywords: Regional Gross Domestic Product per Capita, Taxpayer, Land and Building Tax, Regional Own Revenue

INTRODUCTION

State finances are all state rights and obligations that can be valued in money, as well as everything in the form of money or

goods that can be owned by the state due to the implementation of these rights and obligations. All policies adopted in the field of financial administration can result in prosperity or decline. Expertise in controlling the state coupled with cleverness in financial control will give satisfactory results as expected, otherwise without good financial control, lack of ability to foresee, and full of imprecise wisdom can result in financial ruin is one of the fields in state administration that manages about state finances.

The importance of the financial position of this region Pamudji in Kaho (2007:138-139) emphasizes that local governments will not be able to carry out their functions effectively and efficiently without sufficient costs to provide services and development in taking care of their own household.

One of the sources of development financing in the regions comes from regional own revenue and the central government. In order to increase regional own revenue which consists of regional own revenue and land and building tax, then as an effort by local government by exploring new sources of regional income as well as streamlining ways of withdrawing land and building tax (Mardiasmo, 1997).

Sources of regional financial receipts can include regional own revenue, regional loans, and regional expenditure (Chalid, 2005:14):

1. Regional Own Revenue

In relation to the implementation of regional autonomy, an increase in regional own-

source revenue is always sought because it is income from efforts to finance local government administration. Regional original revenues are sources of original regional income, not the provision of assistance, grants, capital participation, and so on. Regional own revenue aims to provide flexibility to the regions in seeking funding in the implementation of regional autonomy as a manifestation of decentralization.

2. Regional Loans

Regional loans are a mechanism provided to regions in order to seek regional financial posts outside the regional revenue budget. Regional governments can obtain regional loans after obtaining approval from the central government. Regional loans are a source of regional income which plays an important role, especially in infrastructure development.

3. Regional Expenditure

Regional expenditures consist of personnel expenditures, public expenditures as well as production-sharing expenditures and financial assistance.

One of the domestic taxes is the land and building tax which has a broad impact, because land and building tax revenue is handed back to the local government by 90 percent and 10 percent as central government revenue (Law Number 25 of 1999), land and building tax has the largest number of taxpayer compared to other taxes, and land and building tax revenues continue to increase from year to year and land and building tax is the only property tax in Indonesia. Based on this law, it encourages regions to improve various aspects related to land and building tax. This is the first reason for the importance of this research.

The above phenomenon raises the question of why land and building tax receipts in East Kutai Regency fluctuate, so that it is suspected that it also influences regional own revenue in East Kutai Regency which is unstable. Local taxes are a component

that influences the increase in regional own revenue in East Kutai Regency. According to Mardiasmo (2006:124), in order to support equitable development efforts and to achieve economic growth, local governments need to increase their regional revenue sources, including through regional own revenue.

The purpose of this research is to analyze factors affecting land and building tax and regional own revenue in East Kutai Regency.

RESEARCH METHODS

This research is an explanatory and causal research. Explanatory research is research that aims to test a theory or hypothesis in order to strengthen or even reject a theory or hypothesis based on pre-existing research results (Dwi, 2008). Causal research is a type of research that is structured to examine the possibility of a causal relationship between variables, so that researchers can state the classification of the variables (Sugiyono, 2005).

The data source is the research subject where the data is attached. Sources can be objects, motion, people, places, and so on (Sarwoko, 2005). Judging from the data source area, there are 3 types of research, namely population research, sample research, and case research (Riduwan and Kuncoro, 2010). Data sources are obtained from official sources, namely in East Kutai Regency, including the Regional Revenue Service of East Kutai Regency and the Central Statistics Agency of East Kutai Regency.

The method used to analyze the data in this study uses path analysis. Path analysis is an extension of multiple linear regression analysis, or path analysis is the use of regression analysis to estimate the causal relationship between variables that has been previously determined based on theory (Ghozali, 2011:249). The purpose of path analysis is to explain the direct and indirect effects of a set of variables, as causative variables, on other variables which are consequential variables (Ghozali, 2009).

RESULT

Development of Regional Gross Domestic Product per Capita in East Kutai Regency

Regional gross domestic product per capita figure at constant prices in East Kutai Regency has fluctuated from 2009 to 2020. In data from 2009 to 2020 the lowest regional gross domestic product per capita at constant prices occurred in 2010, namely Rp65,775,602,000,000, while the highest occurred in 2019, which is Rp95,660,000,000,000 while in 2020 it is Rp92,585,000,000,000 due to COVID-19 in East Kutai Regency.

Development of Taxpayer in East Kutai Regency

In general, the development of taxpayer originating from individuals and agencies is the regional tax sector in East Kutai Regency. The development of regional tax in East Kutai Regency from 2009 to 2020 has on average increased and some have fluctuated. From 2009 to 2020 the lowest income from local tax is in 2010 amounting to Rp4,725,512,000, while the highest local tax are in 2020 amounting to Rp120,000,000,000 even though in 2020 there is COVID-19 but did not rule out an increase in tax collection area.

Development of Land and Building Tax in East Kutai Regency

Based on the development of land and building tax in East Kutai Regency from 2009 to 2020. Based on the above data, from 2009 to 2020 the data on land and building tax in East Kutai Regency every year has an average increase and fluctuates slightly. The highest land and building tax in East Kutai Regency in 2018 amounted to Rp3,601,301,346, while the lowest is in 2009. In 2020 is the year when the crisis hit almost the entire world due to COVID-19 causing economic performance to decline, tax relief made by tax agencies in 2020 made tax figures decrease.

Development of Regional Own Revenue in East Kutai Regency

Regional own revenue is revenue earned by the region which is collected based on regional regulations in accordance with laws and regulations to raise funds for the needs of the region concerned in financing its activities. Regional own revenue consists of regional tax, regional levies, separated regional wealth management results, and other legal regional own revenue. Based on data from 2009 to 2020 regional own revenue for East Kutai Regency, the lowest regional own revenue occurred in 2011 amounting to Rp53,198,415,526, while the largest is in 2016 amounting to Rp477,895,681,733.

Hypothesis Test

Table 1. Hypothesis Test

Information	B	Sig.	Result
X ₁ -> Z	1.093	0.037	Positive and Significant
X ₂ -> Z	-0.049	0.399	Negative and Insignificant
X ₁ -> Y	6.092	0.066	Positive and Significant
X ₂ -> Y	-0.049	0.868	Negative and Insignificant
Z -> Y	-2.843	0.124	Negative and Insignificant
X ₁ -> Z -> Y	-1.406	0.159	Negative and Insignificant
X ₂ -> Z -> Y	0.790	0.429	Positive and Insignificant

Information:

X₁=Regional Gross Domestic Product per Capita

X₂=Taxpayer

Z=Land and Building Tax

Y=Regional Own Revenue

The results show that regional gross domestic product per capita has a positive and significant effect on land and building tax in East Kutai Regency. Taxpayer has a negative and insignificant effect on land and building tax in East Kutai Regency. Regional gross domestic product per capita has a positive and significant effect on regional own revenue in East Kutai Regency. Taxpayer has a negative and insignificant effect on regional own revenue in East Kutai Regency. Land and building tax has a negative and insignificant effect on regional own revenue in East Kutai Regency. Indirect effect of regional gross domestic product per capita has a negative

and insignificant effect on regional own revenue through land and building tax in East Kutai Regency. Indirect effect of taxpayer has a positive and insignificant effect on regional own revenue through land and building tax in East Kutai Regency.

CONCLUSION AND SUGGESTION

The results show that regional gross domestic product per capita has a positive and significant effect on land and building tax in East Kutai Regency. Taxpayer has a negative and insignificant effect on land and building tax in East Kutai Regency. Regional gross domestic product per capita Based on the research results, some suggestions can be drawn as follows:

1. Based on the results of research on gross domestic product per capita influencing land and building tax, it can be suggested that increasing gross domestic product per capita will increase land and building tax.
2. Based on the research results the taxpayer does not affect land and building tax, it can be suggested by evaluating what factors have not been maximized so that later the taxpayer can increase land and building tax.
3. Based on the results of research on gross domestic product per capita influencing regional own revenue, it can be suggested by increasing gross domestic product per capita it will increase land and building tax, but if there are other factors that can be maximized such as land and building tax in villages that have not been registered or villages that are far from the general settlements can also be used as an alternative, but this must also take into account the capabilities of the local community. In Indonesia there are still hidden villages that have not been covered by land and building tax. The average land and building tax is only in rapidly developing villages or urban areas.
4. Based on the research results, taxpayer does not affect regional own revenue, so it can be suggested to evaluate it such as

has a positive and significant effect on regional own revenue in East Kutai Regency. Taxpayer has a negative and insignificant effect on regional own revenue in East Kutai Regency. Land and building tax has a negative and insignificant effect on regional own revenue in East Kutai Regency. Indirect effect of regional gross domestic product per capita has a negative and insignificant effect on regional own revenue through land and building tax in East Kutai Regency. Indirect effect of taxpayer has a positive and insignificant effect on regional own revenue through land and building tax in East Kutai Regency.

a pandemic, the current government's action is appropriate by providing land and building tax relief.

5. Based on the research results, land and building tax does not affect regional own revenue, it can be suggested that it be evaluated where a crisis causes relief, while regional own revenue from other sectors remains the same. This is the right step where people are also experiencing a situation that is less able to pay taxes.
6. Based on the research results, gross domestic product per capita does not affect regional own revenue through land and building tax mediation variable, it can be suggested to evaluate these variables partially. Partially influential if increased directly it will increase both land and building tax and regional own revenue.
7. Based on the research results the taxpayer does not affect regional own revenue, it can be suggested by studying what factors cause these variables to have no effect on regional own revenue. However, it is not only evaluated by the tax value, but also must see the facts on the ground where in determining the taxpayer must adjust the ability of the people in the area.

Declaration by Authors

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