



Analysis of Efficiency, Effectiveness And Contribution Of Regional Taxes (Reclamation Tax And Street Lighting Tax) In Increasing Original Regional Income Of Palembang

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Abstract

The purpose of this study is to examine the effect of efficiency, effectiveness, contribution of advertisement tax and street lighting tax on Palembang City's original revenue in 2016-2020. The data used in this study is a report on the target and realization of advertisement tax revenue, street lighting tax and Palembang City's original revenue in 2016-2020. The research methodology used was descriptive quantitative analysis method. The sampling technique used was purposive sampling technique. The results prove that the efficiency of the advertisement tax and street lighting tax on the local revenue of Palembang City is very efficient. The analysis of the effectiveness of the advertisement tax on the local revenue of Palembang is quite effective and the analysis of the effectiveness of the street lighting tax is effective. The analysis of the contribution of the advertising tax is very less contributing and the analysis of the contribution of the street lighting tax is less contributing. This research is expected to be an additional literature material on the topic of local revenue.

Keywords: advertisement tax, street lighting tax, contribution, efficiency, effectiveness, local revenue

1. Introduction

Regional Original Income (PAD) is the result of regional taxes which have a very important contribution in financing government and regional development. Based on this, the Palembang City government tries to maximize regional tax revenues, which in this case is carried out by the Palembang City Regional Revenue, Financial and Asset Management Service. The higher role of Original Regional Income (PAD) in regional income is a reflection of the success of businesses or the level of capability in financing government administration and development (Toding, 2016).

Advertisement tax and street lighting tax are types of regional taxes that are allowed to be collected by district/city governments. Based on Law Number 28 of 2009 concerning Regional Taxes and Regional Retributions, advertising tax and street lighting tax are one of the regional taxes and are a source of regional income that contributes significantly to Regional Original Income. The City of Palembang is also trying to collect advertising taxes and street lighting taxes in order to generate PAD which will later be useful for the economic growth of the City of Palembang.

Calculating the efficiency, effectiveness and contribution of collecting regional taxes and regional levies can help local governments measure the success of collecting regional taxes and regional levies. Efficiency is the amount of collection costs used to realize regional income. Effectiveness is the success or failure of an organization in achieving its goals, the level of government achievement in collecting or collecting Regional Taxes and Regional Retributions compared to previously determined targets. Contribution is a contribution given to achieve a certain target, namely the amount of realization or regional tax revenue towards the amount of PAD.



One of the regional government's efforts to increase regional taxes is to make the advertising tax and street lighting tax revenue sectors more effective. By effectively and efficiently and contributing to the management of advertising and street lighting taxes, maximum tax revenue will be generated, which is expected to make a high contribution to local taxes. So that Regional Original Income (PAD) can be increased so that it can finance regional development optimally. Of the eleven regional taxes at the Regional Tax Management Agency (BPPD) of Palembang City, researchers will carry out an analysis of 2 tax objects, namely advertising tax and street lighting tax. native to the area in Palembang City

2. Method

In this research, a type of quantitative research is used, namely research conducted to determine the value of independent variables, either one or more variables (independent) without making comparisons, or connecting them with other variables (Sugiyono, 2017). In this research, the object used is the Palembang City area which will discuss advertising taxes and street lighting taxes in increasing Regional Original Income (PAD) whose data was taken from the Palembang City Regional Tax Management Agency Service for 2016-2020. This research was conducted at the Palembang City Regional Tax Management Agency (BPPD) office located at Jalan Merdeka No.21 Palembang.

3. Results and Discussions

Palembang City Advertising Tax Revenue

Advertisement tax is obtained from payments by taxpayers or entities for carrying out advertisements or ordering advertisements. The following is target data and realization of advertising tax in Palembang City from 2016 to 2020.

Table 1.Target and realization of palembang city advertising tax 2016-2020

C	Year	Advertisement Tax Revenue Target (Rp)	Realization of Advertisement Tax Revenue (Rp)
1.	2016	15,604,719,571.97	16,567,211,469.38
2.	2017	17,605,000,000.00	18,113,700,816.80
3.	2018	19,200,000,000.00	17,641,773,173.00
4.	2019	20,000,000,000.00	19,561,159,386.00
5.	2020	30,000,000,000.00	18,290,196,264.00

Based on the data from the table above, it can be seen that advertising tax revenues have fluctuated. In 2016 and 2017, the realization of advertising tax revenue exceeded the set target, but from 2018 to 2020, the realization of advertising tax revenue was unable to meet the previously set target. This shows that the Palembang City government must pay more attention to the realization of advertising tax revenues from the revenue targets that have been set.



Palembang City Street Lighting Tax Revenue

Street lighting tax is the result of taxation by taxpayers or bodies for electricity use. The following is a table of the target and realization of the Palembang City street lighting tax, which is a combination of PLN street lighting tax and non-PLN street lighting tax from the period 2016 to 2020.

Table 2. Target and Realization of Palembang City Street Lighting Tax 2016-2020

C	Year	Street Lighting Tax Revenue Target (Rp)	Realization of Street Lighting Tax Revenue (Rp)
1.	2016	142,844..450,248.60	144,623,547,385.00
2.	2017	163,300,000,000.00	160,594,512,360.00
3.	2018	165,600,000,000.00	173,976,565,617.00
4.	2019	245,980,000,000.00	179,591,451,103.00
5.	2020	195,000,000,000.00	167,846,758,358.00

Table 2 above can be seen that revenue relations tend to fluctuate, where in 2017, 2019 and 2020 they did not reach the targets that had been set. In 2016 and 2018, the realization of Palembang city revenue reached the set target. In 2016 the realization of Rp. 144,623,547,385 from the target of Rp. 142,844..450,248 and in 2017 the realization of receipts was IDR. 160,594,512,360 from the target of Rp. 163,300,000,000 . Furthermore, in 2018 the realization of receipts was IDR. 173,976,565,617 from the target of Rp. 165,600,000,000, in 2019 the actual revenue obtained was greater than in other years, namely Rp. 179,591,451,103 from the target of Rp. 245,980,000,000. In 2020, the actual revenue obtained was IDR. 167,846,758,358 from the target of Rp. 195,000,000,000

Palembang City Original Regional Income (PAD) Revenue

Regional Original Income (PAD) is one of the guidelines for seeing the progress and prosperity of the people in the area. The more local original income increases, the development in that area will progress well, and conversely, as local original income decreases, regional development will experience a setback. Palembang City's PAD revenue does not only come from the tax sector, but from four sources of revenue, namely regional tax revenues, regional levies, separated wealth management results, and other legitimate regional revenues. The data on Regional Original Income for the City of Palembang from 2016 to 2020 is as follows.

Table 3. target and realization of original regional income (pad) of palembang city for 2016-2020

C	Year	Target Regional Original Income (Rp)	Realization of Original Regional Income Revenue (Rp)
1.	2016	738,845,608,429.06	738,820,204,068.92

2.	2017	1,099,308,967,841.03	1,091,704,605,854.90
3.	2018	1,100,505,155,700.04	953,302,082,627.74
4.	2019	1,657,808,205,237.47	1,081,114,690,868
5.	2020	1,844,718,837,000.00	1,309,750,374,270

From the results of the table above, it shows that the Regional Original Income of Palembang City tends to fluctuate. In 2016 the PAD generated was Rp. 738,820,204,068.92 from the target of Rp. 738,845,608,429.06, in 2017 the PAD generated increased, namely Rp. 1,091,704,605,854.90 from the target of Rp. 1,099,308,967,841.03. In 2018, the PAD generated decreased from the previous year, namely Rp. 953,302,082,627.74 from the target of Rp. 1,100,505,155,700.04. In 2019 there was an increase and in the last year, namely 2020, it received IDR 1,309,750,374,270 from the target of IDR 1,844,718,837,000.00. This shows that the realization of Palembang City's Original Regional Revenue revenue only in 2016 exceeded the set target. And from 2017 to 2020 the revenue generated did not exceed the previously set target.

Below is a table of collection costs originating from collection incentives issued to collect advertising tax and street lighting tax for Palembang City which will later be used to calculate the efficiency of these two taxes.

Table 4. Costs of collection of advertising tax and street lighting tax for Palembang city 2016-2020

C	Year	Advertising Tax Collection Fee (Rp)	Cost of Collecting Street Lighting Tax (Rp)
1.	2016	662,676,983.00	1,360,950,000.00
2.	2017	880,249,999.95	1,430,950,000.00
3.	2018	382,100,000.00	8,112,740,000.00
4.	2019	336,000,000.00	5,773,162,000.00
5.	2020	700,000,000.00	5,087,600,000.00

Source: BPPD Palembang City, 2021

4.2 Discussion

4.2.1 Efficiency Analysis

Regional tax efficiency is a value calculated based on the percentage comparison between the cost of tax collection and the realization of tax revenue. Tax collection costs are costs incurred by local governments in collecting taxes, these costs are in the form of incentive fees for officers who collect the tax.

Efficiency of Advertisement Tax on Original Regional Income

The following is a table for calculating the efficiency of advertising tax on Palembang City's Original Regional Income (PAD).

Table 5. Advertising tax efficiency on Palembang city pad 2016-2020

Year	Realization of Advertisement Tax Revenue (Rp)	Collection Fee (Rp)	%	Criteria
2016	16,567,211,469.38	828,360,573.47	5.00%	Very Efficient
2017	18,113,700,816.80	880,249,999.95	4.85%	Very Efficient
2018	17,641,773,173.00	382,100,000.00	2.16%	Very Efficient
2019	19,561,159,386.00	336,000,000.00	1.71%	Very Efficient
2020	18,290,196,264.00	700,000,000.00	3.82%	Very Efficient
Average			3.50%	Very Efficient

Source: BPPD Palembang City, 2021 (data processed)

From the 5 year period, namely from 2106 to 2020, it can be seen that the criteria obtained are that they are all very effective and the average percentage value for these 5 years is 3.50% with very effective criteria. This shows that the Regional Tax Management Agency (BPPD) of Palembang City in managing advertisement tax has demonstrated good government performance because the large advertisement tax collection costs incurred to routinely collect advertisement tax do not exceed the realized advertisement tax revenue received.

Efficiency of Street Lighting Tax on Regional Original Income

The following is a table for calculating the efficiency of street lighting tax on Palembang City Regional Original Income (PAD).

Table 6. Efficiency of street lighting tax on Palembang city pad 2016-2020

Year	Realization of Street Lighting Tax Revenue (Rp)	Collection Fee (Rp)	%	Criteria
2016	144,623,547,385.00	1,360,950,000.00	0.94%	Very Efficient
2017	160,594,512,360.00	1,430,950,000.00	0.89%	Very Efficient
2018	173,976,565,617.00	8,112,740,000.00	4.66%	Very Efficient
2019	179,591,451,103.00	5,773,162,000.00	3.21%	Very Efficient
2020	167,846,758,358.00	5,087,600,000.00	3.03%	Very Efficient
Average			2.54%	Very Efficient

Source: BPPD Palembang City, 2021 (data processed)

By looking at the table above, advertising tax efficiency shows very efficient criteria every year. This shows that the collection costs incurred for street lighting taxes are not large compared to the actual revenue obtained. Thus, the government's performance, especially the Palembang City Regional Tax Management Agency (BPPD), shows very good performance. This is very good for economic growth and regional economic development in Palembang City.

4.2.2 Effectiveness Analysis

To measure the effectiveness of advertising tax and street lighting tax, this can be done by comparing the actual tax collection with the tax collection target. The greater the tax revenue that can be realized compared to the target set, the more successful or more effective the tax collection will be.

Effectiveness of Advertisement Tax on Original Regional Income

The following is a table calculating the effectiveness of advertising tax on Palembang City's Original Regional Income (PAD).

Table 7. effectiveness of advertisement tax on palembang city pad 2016-2020

Year	Advertisement Tax Revenue Target (Rp)	Realization of Advertisement Tax Revenue (Rp)	%	Criteria
2016	15,604,719,571.97	16,567,211,469.38	106.16%	Very effective
2017	17,605,000,000.00	18,113,700,816.80	102.88%	Very effective
2018	19,200,000,000.00	17,641,773,173.00	91.88%	Effective enough
2019	20,000,000,000.00	19,561,159,386.00	97.80%	Effective enough
2020	30,000,000,000.00	18,290,196,264.00	60.96%	Ineffective
Average			91.93%	Effective enough

Source: BPPD Palembang City, 2021 (data processed)

The effectiveness of implementing the advertising tax in Palembang City shows the ability of the local government to realize the planned advertising tax and then compare it with the targets that have been set. Advertisement tax collection for the 2016 and 2017 periods has shown very effective results with an average of 104.52%. In the period 2018 and 2019 there was a slight decline with the criteria being quite effective. In the 2020 period, the effectiveness of advertising tax decreased again with the criteria being less effective, this was because in that year the City of Palembang experienced the impact of the Pandemic where many businesses closed.

The average percentage value over the 5 years was 91.93% with the criteria being quite effective. Thus, the implementation of the advertisement tax is quite effective, especially for the Regional Tax Management Agency (BPPD) of Palembang City in demonstrating its ability to realize the advertisements implemented. According to Mahmudi (2016), the intended effectiveness is showing an ability to mobilize revenue in accordance with the target.

4.2.2.2 Effectiveness of Street Lighting Tax on Original Regional Income

The following is a table calculating the effectiveness of street lighting tax on Palembang City's Original Regional Income (PAD).

Table 8. Effectiveness of Street Lighting Tax on Palembang City PAD 2016-2020

Year	Street Lighting Tax Revenue Target (Rp)	Realization of Street Lighting Tax Revenue (Rp)	%	Criteria
2016	142,844..450,248.60	144,623,547,385.00	101.24%	Very effective
2017	163,300,000,000.00	160,594,512,360.00	98.34%	Effective
2018	165,600,000,000.00	173,976,565,617.00	105.05%	Very effective
2019	245,980,000,000.00	179,591,451,103.00	73.01%	Less effective
2020	195,000,000,000.00	167,846,758,358.00	86.07%	Effective enough
Average			92.74%	Effective

Source: BPPD Palembang City, 2021 (data processed)

The level of effectiveness of the street lighting tax in 2016 - 2020 can be seen that the effectiveness of the street lighting tax shows varying values, the average percentage of the effectiveness level of the street lighting tax for 5 years is 92.74% with effective criteria. Street lighting tax is a large source of PAD revenue compared to other tax sectors, this is because the use of electricity has become a necessity. In 2019, the Palembang city government has revised the PERDA on Taxes, according to which the street lighting tax that is usually levied is only general, but the amount that is taxed is classified in terms of size and depending on the type of use and customer, this means that tax revenues in the street lighting tax sector can increase.

4.2.3 Contribution Analysis

According to Mahmudi (2016), the contribution calculation aims to find out how much contribution the advertising tax can make to local revenue (PAD).

4.2.3.1 Contribution of Advertisement Tax to Original Regional Income

The following is a table calculating the effectiveness of the street lighting tax on Palembang City's Original Regional Income (PAD).

Table 9. Contribution of Advertisement Tax to Palembang City PAD 2016-2020

Year	Realization of Advertisement Tax Revenue (Rp)	Realization of PAD Revenue (Rp)	%	Criteria
2016	16,567,211,469.38	734,820,204,068.92	2.25%	Very less
2017	18,113,700,816.80	1,091,704,605,854.90	1.65%	Very less

2018	17,641,773,173.00	953,302,082,627.74	1.85%	Very less
2019	19,561,159,386.00	1,081,114,690,868.00	1.80%	Very less
2020	18,290,196,264.00	1,309,750,374,270.00	1.39%	Very less
Average			1.75%	Very less

Source: BPPD Palembang City, 2021 (data processed)

Based on the analysis of the contribution calculations from the table above, the contribution of advertisement tax to Palembang City's original regional income from 2016 to 2020, we can see that the average contribution of advertisement tax is 1.75% with the criteria being very low. Almost all regional tax contributions have a small percentage, namely below 1%, only in 2016 the contribution was above 2%, namely 2.25%. This value shows that the contribution percentage of advertising tax is still very minimal and small from the total local original income. The indicator is that the income obtained by advertising tax is still small compared to the total local original income of Palembang City, so it requires various other types of regional revenue to be able to support regional spending.

This is because the Regional Original Income of Palembang City does not only come from the tax sector, but also from other revenues, and the Palembang City Tax Management Agency (BPPD) not only handles advertising taxes but also handles other regional tax revenues.

4.2.3.2 Contribution of street lighting tax to original regional income

Table 10. Contribution of Street Lighting Tax to Palembang City PAD 2016-2020

Year	Realization of Street Lighting Tax Revenue (Rp)	Realization of PAD Revenue (Rp)	%	Criteria
2016	144,623,547,385.00	734,820,204,068.92	19.68%	Not enough
2017	160,594,512,360.00	1,091,704,605,854.90	14.70%	Not enough
2018	173,976,565,617.00	953,302,082,627.74	18.24%	Not enough
2019	179,591,451,103.00	1,081,114,690,868	16.61%	Not enough
2020	167,846,758,358.00	1,309,750,374,270	12.81%	Not enough
Average			16.40%	Not enough

Source: BPPD Palembang City, 2021 (data processed)

Compared to advertising tax, the contribution of street lighting tax to Palembang City's PAD is greater. Street lighting tax is a fairly large source of local revenue. Although the realization of street lighting tax revenue when compared with Palembang City's PAD has criteria of less contribution. Padang city's street lighting tax contribution in 2016 has a percentage of 19.68%. In 2017 the contribution to street lighting tax decreased to 14.70%. In 2018, the



contribution to street lighting tax also increased again to 18.24%. In 2019 it experienced a decline of 16.61%. Meanwhile, in 2020 the contribution of street lighting tax also decreased to 12.81%. The average value obtained during these 5 years was 16.40% with poor criteria.

In general, the rise and fall of the level of contribution of street lighting tax to Palembang City's original regional income is the same as the factors in other regional taxes. Among them are the level of effectiveness of collection, the rate of increase in the number of taxpayers, and the basic electricity tariff and number of PLN customers. Even though street lighting tax is the largest contributor of other regional taxes to Original Regional Revenue and always exceeds its revenue target, the contribution of street lighting tax has not been able to make a very good contribution to Palembang City's Original Regional Revenue.

4. Conclusion

Based on the calculation results of the efficiency, effectiveness and contribution of advertising tax and street lighting tax in Palembang City, the author can conclude several things as follows:

1. The efficiency of advertising tax and street lighting tax at the Regional Tax Management Agency (BPPD) of Palembang City from 2016 to 2020 is very effective, where the percentage obtained from these two regional taxes for the last 5 years has been below 60%, which means it is in into the criteria for being very effective in tax collection.
2. The level of effectiveness of advertising tax and street lighting tax revenue at the Regional Tax Management Agency (BPPD) of Palembang City in the 2016 to 2020 budget year has varying values, the average percentage value over the 5 years for advertising tax is 91.93% with quite effective criteria and for street lighting tax it is 92.74% with effective criteria. Only in 2016 and 2017 did advertising tax revenue exceed the set target, and for street lighting tax only in 2016 and 2018 did the revenue received exceed the set target. However, street lighting tax is a regional tax whose revenue is greater than other regional taxes. This is very good for the progress and development of the Palembang City area.
3. The contribution of advertising tax to Palembang City's Original Regional Income from 2016 to 2020 is included in the under-contributing category. The contribution of advertising tax to Palembang City's PAD in the last 5 years has contributed an average of only 1.75%. The contribution of street lighting tax to Palembang City PAD in the last 5 years has an average value of 16.40% with the criteria being less. This shows that advertising tax and street lighting tax have a less contribution to Original Regional Income in Palembang City.

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