

Study of the Relationship between Per Capita Income and the Number of Indonesian Tourists in Receiving Entertainment Tax Revenue (Case Study in 5 Cities of DKI Jakarta)

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ABSTRACT

Objectives: This research aims to determine the effect of per capita income and the number of domestic tourists on entertainment tax revenues. This research is based on the DKI Jakarta Province as one of the highest PAD producers in Indonesia. This research uses secondary data. Data was obtained from the DKI Jakarta Regional Revenue Agency, the Central Statistics Agency, and the DKI Jakarta Provincial Government Integrated Data Portal. The analysis tool used is E-Views. **Results/findings:** The research results show that per capita income has a positive effect on entertainment tax. Other results show that domestic tourists have no effect on entertainment tax. **Theoretical contribution:** Research on entertainment taxes is still very limited, so the results of this research can add to the literature related to entertainment taxes. **Practical contribution:** The results of the research can be input for the DKI Jakarta Regional Revenue Agency to create entertainment tax optimization policies. **Limitations:** This research uses data before Covid-19, namely 2012-2019, so it is necessary to add variables and research years.

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1. INTRODUCTION

The government is an inseparable part of the country's success in achieving its goals, namely achieving a just and prosperous society. The funds needed to achieve this goal are not small (Sawir, 2020). Therefore, one of the sources of income is needed from the tax sector. Apart from central taxes, regional taxes are an element of revenue used to finance APBD in all regions in Indonesia (Kristianti, 2021). Even though the amount is not as big as central taxes, regional taxes are still very important. Exploring regional tax potential is very important because this issue concerns a very large number of regions, namely 34 provinces, 416 districts and 98 cities. (Murdiyanto, 2020).

Taxes are people's contributions to the State treasury (transfer of wealth from the private sector to the government sector) based on Law 28 of 2009 (can be enforced) without receiving reciprocal services which can be directly appointed and which are used to finance public expenditure. Taxes are collected from Indonesian citizens and are an obligation that can be enforced (Simanjuntak, 2020). To be able to finance and advance the region, a policy can be adopted, namely by optimizing tax revenues by following the regulations that have been set by the

governments who have been appointed to lead a country and as a society we should follow whatever has been regulated by the government in matters of state administration (Fernandez, 2011).

With the implementation of Law Number 28 of 2009 concerning Regional Taxes and Regional Retributions (PDRD), regional governments now have an additional source of regional original income (PAD) which comes from Regional Taxes, so that currently there are 11 (eleven) Regency/City Tax Types. types of taxes, namely Hotel Tax, Restaurant Tax, Entertainment Tax, Advertisement Tax, Street Lighting Tax, Non-Metal and Rock Mineral Tax, Parking Tax, Ground Water Tax, and Swallow's Nest Tax, Rural and Urban Land and Building Tax, and Duty acquisition of Land and Building Rights (SUPROBOWATI & SH, 2014).

In accordance with the PDRD Law No. 28 of 2009, regional taxes are mandatory contributions to the Region that are owed by individuals or entities that are coercive based on the Law, without receiving direct compensation and are used for regional needs for the greatest prosperity of the people. Meanwhile, entertainment tax in this law is defined as entertainment tax, which is a tax on the provision of entertainment (Sihite & Mulyandani, 2021). Meanwhile, entertainment is defined as all types of spectacles, shows, games and/or crowds that are enjoyed for a fee. In the same law, article 42 point (1) states that the object of entertainment tax is entertainment services for a fee. Point (2) states various types of entertainment taxes including: 1) film viewing; 2) art, music, dance and/or fashion performances; 3) beauty contests, bodybuilding, and the like; 4) exhibition; 5) discos, karaoke, nightclubs, and the like; 6) circus, acrobatics, and magic; 7) billiards, golf, and bowling; 8) horse racing, motor vehicle racing, and stunt games; 9) massage, reflexology, steam bath/spa parlours, and fitness centers; and 10) sports competitions. Subjects of entertainment tax are individuals or entities who enjoy entertainment, while entertainment taxpayers are individuals or entities that organize entertainment (Anggraeni & Priyono, 2022). So here the position of the entertainment tax is a withholding system or in other words the local government hands over the authority of the taxpayer to collect taxes when the tax subject enjoys the entertainment. (Anwar & Octaviani, 2022).

The government and society must jointly develop and explore regional potential to support a better economy in the future (Mardiana et al., 2020). Regional Tax is one of the regional revenues which has an important role in supporting the implementation of regional development (Baihaqi et al., 2023). High regional tax revenue will increase local original income (PAD), so it is hoped that regional governments will explore sources of original regional income (PAD) to increase local original income (PAD) so that they can reduce dependence on the central government. (Sudarmana & Sudiarta, 2020).

Regional taxes as a component of local revenue have very good prospects for development. Therefore, regional taxes must be managed professionally and transparently in order to increase their contribution to the regional income and expenditure budget. Local government financing in carrying out government and development tasks requires a reliable source of revenue (Azizah et al., 2022).

DKI Jakarta has great potential in regional tax revenue. This is because DKI Jakarta is the center of government as well as the business center of Indonesia. Government and business activities are certainly related to entertainment activities. Especially in big cities, entertainment is a way to relieve fatigue after work. This can be seen from the many entertainment facilities in DKI Jakarta. Therefore, of course this must be utilized by the DKI Jakarta Provincial Government to optimize entertainment tax revenues (Mubarok, 2022).

Study (Dima et al., 2020) by stating that population, number of entertainment venues, per capita income have a positive and significant effect on entertainment tax revenues. (Dima et al., 2020) using the tourist visits factor and the results show that tourist visits have a positive and significant effect on entertainment tax revenues. Research by (Mukti & Silviana, 2019) shows that the inflation rate and the number of tax collectors have no effect on entertainment tax revenues in the City of Surabaya, while the number of entertainment venues and per capita income have a positive and significant effect on entertainment tax revenues in the City of Surabaya.

Taxes and the tourism sector have a related relationship, because the tourism business has an important role in taxation (Kartiko, 2020). According to (Andriza & Nelvirita, 2022) Taxes in the tourism sector are more efficient than taxes in other sectors. One of the scopes of the tourism business is related to the entertainment industry, which is one of the regional tax objects. Government policy in terms of taxation must be very careful because this will have an impact on the

economy, income and capital, so the State needs to be wiser. Therefore, the government needs to be wiser in making policies, including in this case taxation in the regions. If you take the wrong steps, it can kill the local business sector, taxes can lead to economic inequality if not managed well. The amount of regional taxes is not as large as the central government, but these regional taxes should really help local governments in financing their finances, such as those in Badung Regency, Bali.

Domestic tourists are one component of demand in the tourism economy. Tourists who visit are a source of income for tourist destination areas. Data on domestic tourists is really needed in preparing plans and policies in the tourism sector. Therefore, collecting data related to domestic tourists is very important. To meet these needs, in 2016 a Data Study on the Indonesian Tourist Market was carried out. This activity is a collaboration between BPS and the Ministry of Tourism. Data collected in the 2016 Archipelago Tourist Market Data Study activities include: purpose/purpose of travel, accommodation used, length of travel, and expenses related to the trip undertaken, in addition to the main characteristics of the Indonesian population who travel

2. METHOD

The population of this research is DKI Jakarta Province. The research samples were five cities of DKI Jakarta consisting of North Jakarta, East Jakarta, Central Jakarta, South Jakarta and West Jakarta. This research uses secondary data. Secondary data comes from the DKI Jakarta Provincial Revenue Agency, the Central Statistics Agency, and the DKI Jakarta Provincial Government Integrated Data Portal. The analysis tool used is E-Views. The data used is panel data consisting of 5 cities of DKI Jakarta with the time period 2012-2019. Variable; Income per Capita (X1), Number of Tourists (X2), Entertainment Tax (Y). With indicators; Average income of all residents of a country. The calculation of GRDP in this research was carried out on the basis of current prices, the number of domestic tourists visiting tourist attractions, entertainment tax is a tax on the provision of entertainment for which a fee is charged.

3. RESULTS AND DISCUSSION

Table 3.1. shows that the random effect method is the best approach in this research because the probability value is more than 5%. Table 3.1 shows that per capita income has a coefficient of 0.008626. This value indicates that every 1% increase can increase entertainment tax revenue by 0.008%. The per capita income variable has a probability value of 0.0040. This shows that per capita income has a positive and significant effect on entertainment tax revenue.

Table 3.1.Hausman test

	Chi-Sq Statistics	Chi-Sq. df	Probability
Random cross section	0.989037	2	0.6099

Table 4.2.Common Effect, Fixed Effect, and Random Effect Estimation Results

Dependent Variable: Entertainment Tax	Model		
	Common Effects	Fixed Effects	Random Effects
Constant		28.88064	28.87977
Probability		0.0000***	0.0000***
Income per capita	1.291944	0.008569	0.008626
Probability	0.0000***	0.0045***	0.0040***
Tourist Visits	0.278650	-0.001682	-0.001696
Probability	0.0196**	0.2148	0.2100
Adj. R-squared	-33.914094	0.999364	0.212253
F-statistics		10215.74	4.984702
Probability		0.0000***	0.012110**

Source: Results of Data Panel Processing using the E-Views program

The tourist visits variable has a coefficient of -0.001696. The probability value of the tourist visit variable is 0.2100. This shows that tourist visits do not have a significant effect on entertainment tax revenues.

The Adjusted R-squared value is 21 percent. This shows that the contribution of per capita income and tourist visits to entertainment tax revenues is 21 percent. This figure is very small,

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considering that a good model has at least an Adjusted R-squared value of 50 percent. The calculated F value in table 3.1 is 4.98, while the F table value is 3.24. These results show that the calculated F value is greater than the F table, so that the variables per capita income and the number of domestic tourists simultaneously have a significant effect on entertainment tax.

The per capita income variable has a positive and significant effect on entertainment tax. These findings are in line with the research results of Dima, Ketmoen, & Tnesi (2020) and Lestari & Handini (2009). This shows that if per capita income increases, people's ability to visit entertainment venues will also increase so that entertainment tax revenues in DKI Jakarta will also increase. The variable domestic tourist visits does not have a significant effect on entertainment tax revenues. This result is in contrast to the findings by Nugraha & Purnamasari (2014). The results of the F test show that per capita income and domestic tourist visits simultaneously have a significant effect on entertainment tax. This indicates that the number of domestic tourists can significantly influence entertainment tax if accompanied by an increase in per capita income.

Based on Law Number 10 of 2009, tourists are people who travel. Tourism according to Law Number 10 of 2009 is a travel activity carried out by a person or group by visiting certain places for the purpose of recreation, personal development, or studying the uniqueness of the tourist attractions visited for a temporary period. One of the goals of tourism based on Law Number 10 of 2010 is to increase economic growth. Economic growth can be reflected in Original Blood Income (PAD). Research by Suarjana et al. (2019) shows that economic growth has a significant influence on PAD. Domestic tourists are people who live and live in a country who travel to the territory of the country where they live (Maulana, 2016).

According to NESPARNAS (2017) domestic tourists are Indonesian residents who travel voluntarily within the geographical area of Indonesia for less than 6 months and not for the purpose of school or work and the nature of the trip is not routine. The criteria included in domestic tourists are (1) those who travel to commercial tourist attractions, regardless of whether they stay in hotels/commercial lodgings, and whether the journey is more or less than 100 KM round trip, (2) those who travel not to a commercial tourist attraction but stay at a hotel/commercial accommodation, even though the travel distance is less than 100 KM round trip, and (3) those who travel not to a commercial tourist attraction and do not stay at a hotel/commercial accommodation but the travel distance is more than 100 KM round-trip.

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4. CONCLUSION

The conclusions in this research are; Partial test of the per capita income variable has a positive and significant effect on entertainment tax. This means that if per capita income increases, then entertainment tax will also increase; The partial test of the domestic tourist visit variable has no significant effect on entertainment tax; The variables per capita income and domestic tourist visits simultaneously have a significant effect on entertainment tax. This shows that per capita income and domestic tourist visits together. could increase entertainment taxes. The suggestion in this research is to add other macroeconomic indicator variables, such as economic growth and inflation. Apart

from that, foreign tourist, social, psychological and cultural variables can also be used in further research.

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