The Role of Hotel, Restaurant and Entertainment Taxes for the Local Revenue in South Sumatera

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Abstract—**This study aims to analyze the effect of the hotel tax, restaurant tax and entertaiment tax income to the local origianal revenue regency/city of in South Sumatera fiscal year 2016 – 2020. The sample of this research includes 14 regions in South Sumatera. This sample was selected based on the purposive sampling method. This study uses multiple regression analysis with the help of SPSS. The data used in this study are secondary data with documentation as the data collecting techniques. The results of this study indicate that the hotel tax has a positive and significant effect on local revenue. Restaurant tax has a positive and significant effect on local revenue. Entertainment tax has a positive but not significant effect on local revenue. Simultaneously hotel tax, restaurant tax and entertainment tax have a significant effect on local revenue.**

Keywords—tax; revenue; local; government

I. INTRODUCTION

Each region is required to increase its own regional income to finance its household affairs. This effort is aimed at improving the quality of public services in creating better governance [1]. In fulfilling every government financing and regional development through local original revenue, the local government is expected to be able to explore sources of revenue. Local original revenue [2] is the income obtained by the regions which is collected based on Regional Regulations. Local original revenue is sourced from regional taxes, regional levies, results of separated regional wealth management and other legitimate local revenue. These four components are very important and each contributes to local original revenue. The greater role of local revenue in regional income is a reflection of the success or level of regional financial independence in financing the administration of goverment and regional development [3]. Regency and city governments in South Sumatra Province in an effort to develop and develop their regions have made efforts to increase local original revenue sources according to their potential. The realization of regency/city local original revenue in South Sumatera Province fluctuates every year. There are 2 districts that experience an increase every year, namely Banyuasin and Musi Banyuasin. Meanwhile, the other 12 regencies/cities experienced fluctuations. This indicates that there are still regency/city governments that have not been optimal in optimizing revenue from existing resources in their respective regions.

Potential sources of local revenue must be explored to the fullest in accordance with applicable laws and regulations, including local taxes, which are one of the main elements of local original revenue sources. Tax revenue sourced from local revenue itself needs to be increased to support the development of regional autonomy. The greater the regional tax received will automatically increase the regional revenue. The regional taxes and regional levies are one of the important sources of regional income to finance the implementation of regional government [4]. To improve services to the community, the government also provides an

expansion of the object of regional taxes and regional levies, as well as providing discretion in setting rates [5].

The types of regional taxes in Indonesia which are divided into two, namely provincial taxes which is divided into five types of taxes consisting of motor vehicle taxes, transfer fees for motorized vehicles, motor vehicle fuel taxes, surface water taxes, and cigarette taxes while district/city taxes are divided into eleven types of taxes, consisting of hotel taxes, restaurant taxes, entertainment tax, advertisement tax, street lighting tax, non-metallic mineral tax and rocks, parking tax, groundwater tax, swallow's nest tax, rural and urban land and building tax and land and building rights acquisition fees.

According to [6] when compared to the business sector, the source of local government revenue is relatively predictable and more stable, because the income is regulated by regional laws and regulations which are increasing and can be forced. Hotel tax, restaurant tax and entertainment tax are types of regional taxes whose revenues are increasingly being considered by the existence of supporting components, namely the service, development and tourism sectors in regional development policies. The relationship between the tourism sector and the taxation sector is that in the tourism sector there are tourism supporting facilities such as tourist attractions, hotels and restaurants, entertainment support facilities and a diversity of arts and culture. Each use of these tourist facilities is taxed to its users, considering that there are already quite a number of hotels, ranging from jasmine, inns to five-star levels, as well as restaurants and entertainment.

The number of hotels and restaurants has increased every year, while the number of entertainment businesses has often decreased. In 2018 the entertainment business experienced a decrease of 21, which was not too significant, but in 2020 the number of entertainment businesses decreased again by 204 due to the closure of the entertainment business with circulars from the Central Government, Regional Government, task forces and announcements from the National Police Chief not to organize activities that invite large crowds to prevent the spread of *Corona Virus Disease* (*Covid*-19) [7]. The availability of hotels, restaurants and entertainment in regencies and cities in South Sumatra shows the level of investment attractiveness. The number of hotels, restaurants and entertainment can show the development of economic activity in South Sumatra and the opportunities it creates. Every remuneration provided by consumers will certainly bring in income for the regency/city government in South Sumatra in the form of regional taxes.

There are several factors that affect local original revenue, namely regional taxes including hotel taxes, restaurant taxes and entertainment taxes so that they also affect its revenue as a source of local original revenue. Hotel tax revenues, restaurant taxes and entertainment taxes play an important role in increasing local original revenue. The increase in the number of realized revenues cannot be used as a measure of the success of tax collection that has been carried out by the regency/city government in South Sumatra. Hotel, restaurant and entertainment taxes have a positive and significant effect on local revenue [8]. The hotel tax has a positive but not significant effect, while the restaurant tax only has a significant effect [9]. This research contrasts with [10] and [11], that only hotel taxes have a significant effect while restaurant and entertainment taxes have no effect on local revenue. From the results of previous studies, there is still no consistency between one researcher and another, both because of differences in location and the time period studied.

This research is devoted to data from 2016 to 2020 where Government Regulation Number 71 of 2016 concerning the addition of the capital of the Republic of Indonesia to the Capital of the Health Social Security Administration. The focus of this research is on the effect of hotel tax revenue, restaurant tax and entertainment tax on regency/city local original revenue in South Sumatra in the 2016-2020.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

One measure of the success of tax collection can be done by analyzing the effect of local tax revenues on Local Revenue. For regions that have the potential for large hotel taxes, restaurant taxes and entertainment taxes, they will also play a big role in increasing the local original revenue of the regency/city government. Hotel tax is a tax on services provided by the hotel. The object of hotel tax is the service provided by the hotel with payment, including supporting services as a completeness of the hotel which provides convenience and comfort, including sports and entertainment facilities. The subject and taxpayer of the hotel tax as referred to in [4]. The tax subject is an individual or entity that makes payments to an individual or entity operating a hotel. Meanwhile, hotel taxpayers are individuals or entities operating hotels. In simple terms, hotel tax subjects are consumers who pay for and enjoy the services provided by hotel entrepreneurs. While the hotel tax payer is a hotel entrepreneur who does work in the field of lodging services.

Restaurant tax is a tax on services provided by restaurants, while restaurants are facilities that provide food and/or drinks for a fee, which includes restaurants, cafeterias, canteens, bars, and including catering/catering services. The object of the restaurant tax which is the object of the restaurant tax is the service provided by the restaurant. The services provided by the restaurant as intended include the sale

of food and/or drinks consumed by the buyer, whether consumed at the service place. The subject of the restaurant tax is an individual or entity that buys food and/or drinks from a restaurant. The restaurant tax payer is an individual or entity that operates a restaurant. The restaurant tax rate is set at a maximum of 10%. The principal amount of restaurant tax payable is calculated by transferring the restaurant tax rate to the tax base.

Entertainment tax is a tax on the implementation of entertainment which is defined as a regional levy on the implementation of entertainment which includes all types of shows, games, agility games, or crowds with any name, which are watched. or enjoyed by everyone for a fee, excluding the use of sports facilities. The provision of entertainment can be excluded by this regional regulation, is that which is organized by the provincial/municipal government. The subject of entertainment tax is an individual or entity who enjoys entertainment. Meanwhile, entertainment taxpayers are individuals and entities that provide entertainment. There is a tariff and calculation method for the entertainment tax as stipulated in [4].

Accordance with [2], regional original revenue, is the income obtained from the region which is collected based on the regional regulation in accordance with the regulation. The sources of local original revenue are sourced from: local tax, regional retribution, result of segregated wealth management, and other local original revenue.

III. RESEARCH METHODOLOGY

Type of research is causal associative with quantitative methods. In this study, the causal associative method was used to explain the effect of hotel tax, restaurant tax and entertainment tax on local original revenue in districts/cities in South Sumatra province. Furthermore, quantitative methods are used, in the form of financial reports covering the realization of local tax revenues and local revenue in 14 districts/cities in the province of South Sumatra. The dependent variable used in this study is Local Original Revenue (Y). The independent variables used in this study are Hotel Tax (X_1), Restaurant Tax (X_2) and Entertainment Tax (X_3).

The population of this research is 14 regencies/cities in South Sumatra province. The sampling method was carried out by purposive sampling, namely the way of taking samples based on certain considerations [12]. The sampling criteria are presented in table I.

TABLE I. RESEARCH SAMPLE DETERMINATION CRITERIA

Number	Identification	Amount
1	Regency/City Government Financial Reports in South Sumatera Province that have been audited by BPK in 2016-2020	17
2	District/City Government Financial Reports in South Sumatera Province that have been audited by BPK who do not have complete LKPD during 2016 -2020	(3)
3	Regencies/Cities in South Sumatera Province used as a sample	14
4	Research year	5
	Unit Total of Analysis	70

Source: Data processed (2021)

Based on the criteria in table I, the number of regencies/cities that will be used as research samples is 14 using 5 years of research, the number of observation units for this research is 70.

To analyze the effect of hotel tax, restaurant tax and entertainment tax on local revenue, multiple linear regression analysis method. The hypothesis proposed in this study is as follows:

H1: Hotel tax revenue has an effect on local original income

H2: Restaurant tax revenue has an effect to local original income

H3: Entertainment tax revenue has an effect on local original income

H4: Hotel tax revenue, restaurant tax and entertainment tax have an effect to local original income

IV. RESULT AND DISCUSSION

The multiple linear regression equation in this study is as follows:

PAD = 16,141 + 0,269 Hotel Tax + 0.184 Restaurant Tax + 0.001 Entrance Tax + e.

Based on this equation, it can be stated that hotel tax, restaurant tax and entertainment tax have a positive effect on local original revenue.

The significant value of the hotel tax variable of 0.001 is smaller than 0.05 indicating that the hotel tax variable has a significant effect on local revenue. this proves that the hypothesis which states "hotel tax has an effect on local revenue", is accepted. The significant value of the hotel tax variable is 0.002 which is smaller than 0.05 indicating that the restaurant tax variable has a significant effect on local revenue. this proves that the hypothesis which states "restaurant tax has an effect on local revenue", is accepted. Furthermore, the significant value of the hotel tax variable is 0.984, which is greater than 0.05,

indicating that the entertainment tax variable has no significant effect on local revenue. this proves that the hypothesis which states "hotel tax has an effect on local revenue", is rejected.

The results of the F test in this study, F_{count} (56.968) > F_{table} (2.74) and significant 0.000 < 0.05. Thus H_4 is accepted which means that hotel tax, restaurant tax and entertainment tax simultaneously have a significant effect on local revenue.

The coefficient of determination is used to measure the model's ability to explain variations in independent variables consisting of hotel tax, restaurant tax and entertainment tax on the dependent variable, namely local revenue. The value of the coefficient of determination is between zero and one. The value of the coefficient of determination is zero, which means that the independent variable has absolutely no effect on the dependent variable. If the coefficient of determination is getting closer to 1 (one), it can be concluded that the independent variable has an influence on the dependent variable.

The results of the coefficient of determination test are known, the R value is 0.849. The correlation between the dependent and independent variables is 0.849. This means that there is a close relationship because the value is close to one. The value of *Adjust R Square is* 0.721 or 72.1%. This shows the percentage contribution of hotel tax, restaurant tax and entertainment tax to local revenue of 72.1%. While the remaining 27.9% is influenced by other variables that are not included in this study.

4.1 The Influence of Hotel Tax on Lacal Original Revenue

Statistically, hotel tax has a t-count value of 3.643 with a t-table value of 1.996 and a significance value of 0.001. The results show that the value of t_{count} > t_{table} (3.643 > 1.996) and the hotel tax significance value is less than 0.05 (0.001 < 0.05), then H_o is rejected and H_1 is accepted. That is partially Taxes (X_1) there is a significant effect on Local Revenue (Y) in 2016-2020. This shows that any increase or decrease in hotel tax revenue that occurs will affect local revenue.

Data from the Culture and Tourism Office of South Sumatra Province, the number of hotels in 14 regencies/cities continues to increase from 2016 to 2020. As the number of hotels grows, it can affect the level of hotel tax revenue. Hotel tax as a component of potential local tax revenue sources will also have an impact on increasing local revenue. The results of this study indicate that hotel taxes can affect the increase in local revenue. The higher the hotel tax received revenue. The higher the hotel tax received, the higher the local revenue. Hotel taxes [8] have a positive and significant effect on local revenue. Hotel

tax partially has a positive and significant effect on local revenue [13].

4.2 The Influence of Restaurant Tax on Lacal Original Revenue

Statistically, restaurant tax has t_{value} of 3,144 with a value of t_{table} of 1.996 and 0.002 obtained significant value. The results show that t_{value} > t_{table} (> 3.1441.996) and the significance value of the restaurant tax is less than 0.05 (0.002 < 0.05), then H_o is rejected and H_2 is accepted. Partially tax restaurants (X_2) there is a significant effect on revenue (Y) in 2016-2020. This shows that any increase or decrease in restaurant tax revenue that occurs will affect local revenue.

Based on data from the Department of Culture and Tourism of the Province of South Sumatra, the number of restaurants in the 14 regencies/cities studied increased during 2016-2020. The increase in the number of restaurants can affect the level of restaurant tax revenues. Restaurant tax as one of the components of local tax revenue sources whose revenue must be maximized because it will also have an impact on increasing local revenue. The results of this study indicate that restaurant taxes can affect the increase in local revenue. The higher the restaurant tax received, the higher the local revenue.

4.3 The Influence of Entertainment Tax on Lacal Original Revenue

Results SPSS statistical output of entertainment tax has t value of 0,020 with a value of t_{table} of 1.996 and gained significant value of 0,984.The results showed that t_{value} > t_{table} (0,020 < 1.996)and hotel taxes significance value greater than 0.05(0,984 > 0.05), then H_o is accepted and rejected H_3. This means that partially the Entertainment Tax (X_3) has no significant effect on local revenue (Y) in 2016-2020.

Based on data from the Department of Culture and Tourism of South Sumatra in 14 regencies/cities studied, when compared with the number of hotel and restaurant businesses, entertainment is a type of business that has a fluctuating number. The entertainment business experienced a decline in 2018 by 21 which was not too significant, but in 2020 the number of entertainment businesses decreased again by 204 due to the emergence of *Covid*-19. The decrease in the amount of entertainment can affect the level of entertainment tax revenue. Entertainment tax as one of the components of local tax revenue sources whose revenues must be maximized which will also have an impact on increasing local original revenue. The results of this study indicate that the entertainment tax has a significant but not significant effect on local revenue in regencies/cities in South Sumatra Province because the amount of revenue is low and fluctuates.

Entertainment tax partially does not have a significant effect on local revenue [11]. However, [14] state that the entertainment tax partially does not have a significant effect on local revenue.

4.4 The Influence of Hotel Tax, Restaurant Tax, Entertainment Tax on Lacal Original Revenue

The calculated F value is 56.968 with a significant level of 0.000. The calculated F shows a number that is greater than the F_{table} or (56.968 > 2.74) and the value is significantly smaller than 0.05, which is 0.000, then H_o is rejected and H_4 is accepted. This means that it can be concluded that the variables of hotel tax, restaurant tax and entertainment tax simultaneously have a positive and significant effect on local revenue. The result of the analysis of the coefficient of determination, shows the *Adjust R Square value* of 0.721. That the percentage contribution of the hotel tax, restaurant tax and entertainment tax variable to local revenue can be said to be strong, namely 72.1%, while the remaining 27.9% is influenced by other variables not included in this model.

Hotel tax revenues, restaurant taxes and entertainment taxes are types of local taxes whose revenues are increasingly being considered by the existence of several supporting components such as the service sector, development and tourism. The linkage between the tourism sector and the taxation sector, namely in the tourism sector there are tourism supporting facilities such as tourist attractions, hotels and restaurants, entertainment support facilities and the diversity of arts and culture. The existence of this relationship can provide an adequate contribution to be used as an increase in hotel tax revenues, restaurant taxes and entertainment taxes so that it can also increase the total local revenue in South Sumatra. Furthermore, the ability of government management to increase regional revenues in the hotel tax sector, restaurant tax and entertainment tax in several regencies/cities in the province of South Sumatra has been quite good, as evidenced by regional revenues in several regencies/cities gradually increasing every year. Regency/city governments in South Sumatra need to make efforts to optimize local tax collection to increase local revenue [15].

Hotel tax, restaurant tax and entertainment tax can be concluded to have an influence on regency/city local original revenue in South Sumatra. This is influential because hotel taxes, restaurant taxes and entertainment taxes are components of local tax revenues. Regions that have revenues from these taxes will greatly influence in increasing the amount of local original revenue in the regional government. Hotel tax, restaurant tax and entertainment tax [10], [11] simultaneously have a significant effect on local original revenue.

V. CONCLUSION

Hotel tax has a positive and significant effect on Local Revenue. This means that every increase in hotel tax will affect the increase in the value of local revenue. Hotel tax is one of the most important components in increasing local original revenue to meet the needs of a region. Restaurant tax has a positive and significant effect on local revenue. Restaurant tax is a tax whose receipts can affect Local Revenue. The number of business actors in the field of providing food and beverages always increases every year in the province of Sumatera. The increase in this amount can affect restaurant tax revenues which will contribute to local revenue. entertainment tax has a positive but not significant effect on local original revenue. The low level of realization of entertainment tax revenue to increase local revenue is due to the fact that there are several types of entertainment that are incidental so that the contribution to local original revenue is less significant despite the high tax rate.

Hotel tax, restaurant tax and entertainment tax together have a significant effect on local original revenue in regency/city governments in South Sumatra for the 2016-2020 period. This shows that when hotel taxes, restaurant taxes and entertainment taxes increase, it can increase local revenue in regencies/cities in South Sumatra.

Regency/city governments in South Sumatra need to make efforts to optimize local tax collection to increase local revenue such as supervision and guidance and need to be active in socializing the importance of paying taxes in order to sustain local government activities. The community must play an important role in carrying out their responsibilities and increasing their compliance in paying taxes because this will provide *feedback* to the community with the results of development carried out by the government. Business owners, especially entertainment, are expected to be able to improve services such as the uniqueness or comfort of the place so that visitors can feel comfortable and enjoy what is provided, this is because the number of entertainment visitors is quite low which will affect income in the tax sector.

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