



The Impact of Motor Vehicle Tax, Tittle Transfer Fee and Fuel Tax on Sumatera's Provincial Original Income

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Abstract. This study intends to ascertain the impact of motor vehicle fuel taxes, motor vehicle titling transfer fees, and motor vehicle taxes on Sumatera Island Province's original income from 2018 to 2022. Ten provinces are gathered as study samples for this population by the application of the entire sampling method. The Sumatera provincial government's Budget Realization Report served as the source of secondary data for this study. The data processing program SPSS version 26 is used in this study, which employs multiple regression analysis. The findings of this study show that local revenue is impacted by the following three factors, motor vehicle taxes, motor vehicle titling transfer fees, and motor vehicle fuel taxes.

Keywords: Regional revenue, motor vehicle, transfer fee, taxes

1 Introduction

One form of regional income that is crucial to regional development is local revenue. This is evident in the way regional autonomy is being implemented, where local income is anticipated and sought for as a safety net to fund regional development initiatives. Local taxes are one way that local governments raise money; they can do this by enforcing and collecting local taxes. The authority of local governments related to local taxation is one of the principles of decentralization called local taxing power [1], [2].

Local taxes make up a significant portion of the revenue collected locally. The municipal revenue increases with the amount of local taxes collected. By comparing local tax income with local revenue during a specific time period, the local tax contribution ratio illustrates the amount contributed to local revenue [3], [4]. Provincial local taxes that potentially provide a substantial contribution to municipal revenue are motor vehicle taxes, motor vehicle fuel taxes, and motor vehicle title transfer fees [5].

Motor vehicles are one of the objects of tax revenue. The existence of motor vehicles at this time is very important for the needs of the community for the mobilization of goods, services and people. The usefulness of motorized vehicles for daily activities encourages people to buy motorized vehicles so that the demand for motorized vehicles always increases every year in every region throughout Indonesia including areas located on the island of Sumatra. According to figures from

the central statistics agency, there were 30,591,196 motorized vehicles on the island of Sumatra as of 2022 [6].

The island of Sumatra has a large motor vehicle population, which is expected to have a greater impact on motor vehicle tax revenues, motor vehicle title transfer fees, and motor vehicle fuel taxes. However, in practice, tax revenue results are still not ideal, with a fluctuating trend in tax revenues. The non-optimal tax revenue is due to the fact that there are still taxpayers who make tax payment arrears to taxpayers who do not re-register their vehicle ownership.

This analysis is also grounded in research gaps [7], which demonstrate that motor vehicle taxes significantly and favorably impact local revenue. Local revenue is partially unaffected by motor vehicle taxes [8]. Local revenue is positively and significantly impacted by motor vehicle title transfer fees [9], [10], and [11]. Local revenue is not positively impacted by motor vehicle title transfer fees [12] and [13]. Then [14] and [9] are positively and significantly impacted by the motor vehicle fuel tax. Motor vehicle fuel taxes have no effect on local revenue [8].

The novelty of this research with previous research is in the scope of the object of research, where the object of this research is carried out in all provinces on the island of Sumatra and the budget year data in this study uses the latest budget data, namely the 2018-2022 fiscal year. This study aims to determine the effects of motor vehicle taxes, motor vehicle title transfers, and motor vehicle fuel taxes on local revenue.

2 Literature Review

According to relevant rules and regulations, local administrations can obtain regional original income (ROI) [9] from regional sources within each region. argues that ROI plays three crucial functions for every local government: the role of provincial revenue-sharing funds on regional revenue, the role of local taxes as a source of regional revenue, and the role of local retribution as a source of regional revenue.

Owners of motorized vehicles, including two-wheeled and more motorized vehicles, as well as their trailers, are subject to the motor vehicle tax [11]. Motors or other technical equipment, such as huge, mobile, heavy equipment that transforms energy resources into a driving force for the motorized vehicle in question, power these vehicles, which are utilized on all kinds of land roadways. The purpose of motor vehicle taxes is to encourage the ownership and/or control of motorized vehicles. While motor vehicle taxes apply to the individual or entity responsible for owning and/or running motorized vehicles.

A levy levied on the transfer of ownership of a vehicle as a result of a unilateral action or an agreement between two parties, such as a sale, exchange, grant, inheritance, or company organization, is known as a motor vehicle title transfer fee [12]. The motor vehicle title transfer charge is intended to cover the initial delivery of a vehicle. All necessary laws and regulations must be followed while registering the relevant motor vehicle in the province. Nonetheless, the motor vehicle title transfer charge tax is aimed at the individual or entity that receives the delivery of motorized vehicles.

A fee placed on the usage of heavy machinery and motor vehicle fuel is known as a motor vehicle fuel tax [15]. Any kind of gas or liquid fuel used for heavy machinery and motorized vehicles is referred to as motor vehicle fuel [16]. The transfer of motor vehicle gasoline by motor vehicle fuel suppliers to consumers or users of motor vehicles is the subject of the motor vehicle fuel tax. The consumer of motor vehicle gasoline is the one who is subject to the motor vehicle fuel tax.

3 Research Methodology

This research is categorized as quantitative research based on the methods used to examine the data from secondary sources, specifically the budget realization report of the provincial government in Sumatera 2018–2022. The number of samples obtained was 50 samples. Using IBM SPSS Version 26.0 software, this study includes a number of statistical tests, including multiple regression analysis, statistical descriptive analysis, traditional assumption testing, and hypothesis testing.

4 Result and Discussion

The Adjusted R Square value for this study is 0.699, or 69.9%. This suggests that 69.9% of the variation in local revenue can be explained by the three independent variables: the motor vehicle tax contribution, the motor vehicle title transfer fee contribution, and the motor vehicle fuel tax contribution. However, the remaining 29.1% is explained by other characteristics that were not examined in this study.

According to Test F, nominal F is 39,019 with a significance level of 0.000. This indicates that ($df = 50 - 4 = 46$) the $F_{\text{calculate}}$ of 39,019 is higher than the F_{table} of 2.81. Sig. 0.000 is at a level below 0.05. Overall, it can be said that fuel taxes, transfer fees, and motor vehicle taxes significantly affect local revenue. Multiple Regression Analysis produces the following equation: $Y = 8,680 + 0,237 X_1 + 0,236X_2 + 0,261 X_3 + e$

The motor vehicle tax contribution variable's regression coefficient is worth 0.237. This indicates that a 0.237 increase in local revenue is likewise reflected in an increase in the motor vehicle tax contribution. The positive coefficient shows that the contribution of motor vehicle taxes and municipal revenue are positively correlated. The contribution value of the motor vehicle tax raises the amount of municipal income contributed. Every region is seeing a sharp rise in the number of motorized vehicles, which raises the number of taxpayers and, ultimately, the amount of money collected from motor vehicle taxes [7].

The motor vehicle title transfer fee contribution variable's regression coefficient is 0.236. This implies that a rise in motor vehicle registration costs will result in a corresponding increase of 0.236 in local revenue. The positive coefficient shows a positive correlation between motor vehicle title transfer fees and local revenue. The contribution value of motor vehicle title transfer fees raises the amount of local revenue contribution. The amount of money collected in motor vehicle title transfer fees is influenced by the significant purchasing power of motorized vehicles. Consequently, motor vehicle title transfer fees are collected at a higher rate, which significantly affects local revenue [17].

The motor vehicle fuel tax contribution variable's regression coefficient is 0.261. This indicates that a 0.261 rise in the motor vehicle fuel tax will also result in an increase in local revenue. The motor vehicle fuel tax's contribution to municipal revenue is positively connected, as indicated by the positive coefficient. imposed on the use of gasoline by motorized vehicles and heavy machinery; the higher the motor vehicle fuel tax contribution value, the higher the level of municipal revenue contribution. The quantity of money collected is a result of the community's high motor vehicle utilization, which also increases the need for fuel consumption. Local governments use the money collected from motor vehicle fuel taxes to finance a range of initiatives and activities, including regional and infrastructure development [9].

5 Conclusion

From 2018 to 2022, the motor vehicle tax has a favorable impact on regional original revenue for all of Sumatra's provinces. This implies that the contribution to local revenue increases with the amount of money collected from motor vehicle taxes. In 2018–2022, the motor vehicle title transfer tax increased regional original revenue for all of Sumatra's provinces. This implies that the

contribution to municipal revenue increases with the amount of money collected from the motor vehicle title transfer tax. In 2018–2022, the Province of Sumatra's regional original revenue benefited from the motor vehicle fuel tax. This means that the higher the motor vehicle fuel tax revenue, the higher the contribution to local revenue. for the provincial government on the island of Sumatra to continue to explore sources of local revenue, especially from the tax sector. So, with high local revenue, the level of regional independence can be considered good.

Authors' Contributions

Muhammad Hafizzdullah: conceptor, methodology, analysis and writing-editing, Riza Wahyudi: data curation, investigation, writing. Darul Amri and Zaliah: validation, writing-review. Rita Martini: contributed to scientific publication and writing-editing. Madry and Vira Mustika Cahyani: collecting and data analysis.

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