

The Influence of Entertainment Tax Receiving and Advertising Tax on Regional Original Income

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ABSTRACT

The purpose of this study is to investigate the effect of entertainment tax revenue on the local income of Serdang Deli Regency, to determine the Effect of Advertising Tax Revenue on Deli Serdang Regency's Original Regional Revenue, to determine the effect of entertainment tax revenue and advertising tax on the local income of Serdang Deli. The research approach used in this research is quantitative associative with documentation technique. In this study is quantified by the documentation technique. The data sources for this study are reports of the realization of domestic tax revenues and entertainment tax and advertising tax revenues from 2016 to 2020. The data analysis used is descriptive statistics, multiple linear regression analysis, classical assumption test. The hypothesis was tested using the t test and f test. The results of this study indicate that entertainment tax revenue and advertisement tax have a significant effect on Deli Serdang Regency's original revenue in 2016-2020, this can be shown from the results of the F (simultaneous) test calculation, indicating that $F\text{-count} > F\text{-table}$ ($6,209 > 3.06$) which means H_0 is rejected and H_a is accepted. The coefficient of determination test of 0.209 or 20.9% can affect PAD.

Keywords: Entertainment Tax, Advertisement Tax, Local Revenue

JEL Classification: G12, G28, H21

INTRODUCTION

As regional economic development, particularly city government, is the starting point for actionable development, the region is expected to learn more about its potential and regional needs (Kuncoro, S., & Riyardi, 2014). Regional economic development is something process in where government area and whole component Public manage various sources power which there is and shape something pattern partnership for create something new jobs and stimulate economic activity in the area (Nugraha, S., & Poerwono, 2012). Regional income can come from own regional original income, regional original income from the distribution of regional original income, financial balance funds between the central government and regional governments, regional loans, and other legitimate regional revenues. Sources of PAD revenues, among others, come from local tax levies, regional levies, proceeds from regional companies, revenues from agencies, as well as other revenues that are included in the relevant PAD, and are legal regional revenues. The amount of revenue from the regional tax and levy components is strongly influenced by the many types of regional taxes and regional levies that are applied and adjusted to the applicable regulations related to the receipts of the two components (Siahaan, 2010).

Taxes are a source of local capital and funds. One of the decentralization functions and goals of our country is to create the independence of autonomous regions, the greater the PAD of the region, the better for the region. However, we find that the level of awareness and compliance among taxpayers is not as high as expected, especially in constituencies. There are still many omissions and negligence in paying taxes. This disorder arises from the taxpayer's unwillingness to pay taxes. Deli Serdang Regency has the right to regulate its own household in order to carry out development, with the hope that the Deli Serdang Regency Government is able manage and maximizing potency source economy which there is for the continuity and progress of Deli Serdang Regency. If the potential of economic resources in Deli Serdang Regency continues to be developed and improved, it will add to the image of the region and be able to optimize regional income. One of the efforts that can be made by the Deli Serdang Regency Government is to increase local revenue through the tax sector area (Saragih, F., Hanum, Z., & Hsb, 2022).

Taxes are a citizen's duty to pay the state without directly compensation (Sepriana, 2021). Since the Indonesian government accounts for more than 80% of revenue from taxes, this becomes the importance of taxes for income (Santoso, M. R., & Erlina, 2020). Entertainment tax is one type of local tax that has a significant contribution in terms of increasing regional income, because in Indonesia, especially Deli Serdang Regency, so many entertainment venues are developing so fast. With such a significant development of the entertainment industry, it will certainly affect the entertainment sector taxation, with hope the more development industry entertainment so regional revenue receipts through the entertainment tax sector will increase also.

The following is the realization and target of entertainment tax revenue along with data on local revenue receipts at the Regional Revenue Agency of Deli Serdang Regency within a period of 5 years.

Table 1. List of Realization and Targets of Entertainment Tax Revenue along with PAD Revenue of Deli Serdang Regency

Year	Target	Realization	%	PAD
2016	900,000,000.00	951,263,653.28	105.70%	430,352,539,257.55
2017	1,500,000,000.00	1,525,251,698.50	101.68%	553,609,926,932.03
2018	3,000,000,000.00	2,184,890,157.22	72.83%	558,329,646,590.97
2019	3,000,000,000.00	3,982,072,635.00	132.74%	652.563.165.770.79
2020	2,975,000,000.00	1,728,960,967.00	58.12%	596,327,687,344.77

Source: Regional Revenue Agency of Deli Serdang Regency

Based on table 1. above, it can be seen that the realization of entertainment tax revenues from 2016 to 2017 has always increased. In 2018 the realization of the entertainment tax did not reach the target. 2019 is back on the rise amounted to 132.74%, but in 2020 the revenue realization target was much lower by 58.12% compared to previous years.

Advertising tax is also a source of regional income that has a large enough role to increase local revenue. The more rapid growth of companies and industries can increase local revenue through billboard taxes, because in terms of marketing an industry requires promotions such as advertisements, billboards and other sales promotions. In Deli Serdang Regency, the Advertising Tax should have a potential enough effect to increase regional original income, because every year more and more billboards are installed along the road, but the realization of advertisement tax revenue in Deli Serdang Regency has never reached the target.

The following is the realization and target of advertisement tax revenue along with the data local revenue receipts at the Regional Revenue Agency of Deli Serdang Regency within a period of 5 year.

Table 2. List of Realization and Targets of Advertising Tax Revenue and Revenue of Deli Serdang Regency PAD

Year	Target	Realization	%	PAD
2016	7,000,000,000,000	5,190,640,806.77	74.15%	430,352,539,257.55
2017	7,500,000,000	6.561.008.145.48	87.48%	553,609,926,932.03
2018	8,500,000,000	6,582,718,231.63	76.74%	558,329,646,590.97
2019	15,500,000,000	6,595,031,901.29	42.23%	652.563.165.770.79
2020	13,600,000,000	6,188,984,169.00	50.60%	596,327,687,344.77

Source: Regional Revenue Agency of Deli Serdang Regency

Based on table 2. on could see that from year 2016 until within 2020 the realization of tax revenue did not reach 100% and never reached the target set by the government. This is caused by taxpayers who are not obedient in paying taxes. The advertising tax rate charged is 25%.

According to research conducted by (Yulia, 2020), entitled "The Effect of Entertainment Tax Revenue and Advertising Tax on Regional Original Income" states that simultaneously entertainment tax and advertisement tax have a significant effect on

Medan city 's original revenue. Meanwhile, according to research conducted by (Rizal, 2019), entitled "The Effect of Entertainment Tax and Advertising Tax". To Income Original Area City Surabaya Year 2015-2017" states that the entertainment tax and advertisement tax have no contribution and have no effect on real income area.

Based on the background and previous research that has been described, the researchers interested for To do study with title "**Influence Reception Entertainment Tax and Advertising Tax on Regional Original Income in Deli Serdang Regency**".

LITERATURE REVIEW

1. Tax Area

Definition of local tax according to Law No. 28 of 2009 concerning Regional Taxes and Regional Levies, namely: "Local taxes are mandatory contributions to regions that are owed by individuals or entities that are coercive under the law, without getting direct compensation and are used for regional needs for the greatest prosperity people."

Local tax is a payment or contribution paid by a person or group to the local government and is obliged to notify the local community for the welfare of the local community (Hanum Z;Rukmini, 2016). Different types of local taxes require local governments enhancement or expansion allows for more optimal management of local tax sources (Wulandari, P. A., & Iryanie, 2016).

2. Tax Entertainment

Based on the Law on Regional Taxes and Levies No. 28 of 2009 Article (1), state "Entertainment tax is tax on maintenance entertainment includes all types of shows, games, and/or crowds that are enjoyed free of charge payment."

The entertainment tax is for providing paid entertainment. The entertainment tax does not include free entertainment, such as weddings, traditional ceremonies, or entertainment held in connection with religious activities(Pujiastuti, E. L., & Tahwin, 2016).

3. Tax advertisement

Based on the Law on Regional Taxes and Levies No. 28 of 2009 Article (1), "Advertising Tax is a tax on the administration of advertisements. Advertising is a thing tool, deeds, or media which form and pattern variety designed for commercial purposes to introduce, encourage, promote, or to attract public attention to goods, services, people, or entities, which can be seen, read, heard, felt, and/or enjoyed by general". According to the Tanjung pinang City Regional Regulation Number 2 of 2011 concerning Regional Taxes Chapter VI Article 26, the advertisement tax rate is set at 25% (twenty five percent) (Asriyawati, 2014).

4. Original Income Area

Based on Law Number 33 of 2004: "Regional Original Revenue (PAD) is regional income sourced from regional taxes, regional levies, results of separated regional wealth management, and other legitimate regional original income, which aims to provide flexibility to the region in dig funding in implementation autonomy area as realize the principle of decentralization".

local original income, less than PAD is the income earned in the area. Imposed according to local regulations In accordance with legal regulations(Vamiagustina, 2014). Local source income management increases as regions become more independent. The higher the regional capacity to generate PADs, the greater the

regional discretion to use PADs based on the aspirations, needs and priorities of regional development (Mahmudi, 2009).

CONCEPTUAL FRAMEWORK

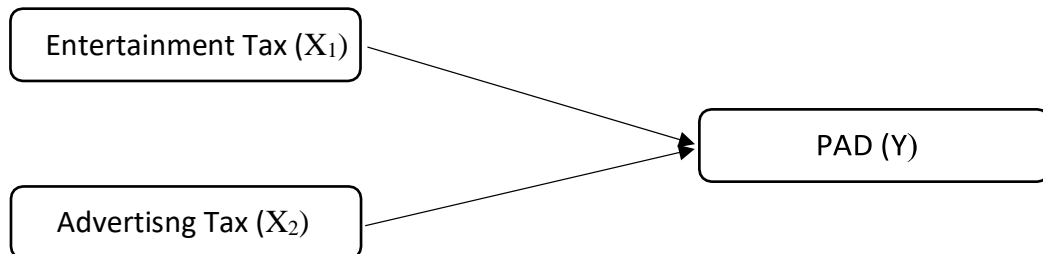


Figure 1. Conceptual Framework

HYPOTHESIS

- H₁: Entertainment Tax has an effect on increasing Original Income Area.
- H₂: Advertising Tax has an effect on increasing Original Income Area.
- H₃: Entertainment and Advertising Taxes have an effect on increasing Regional Original Income.

RESEARCH METHOD

This type of research is quantitative associative. The type of data used is quantitative. Data the primer used in study this that is data which obtained and collected directly from the source in the form of documentation. The object of this research is the influence of entertainment tax revenue and advertisement tax. This research was carried out at the Regional Revenue Agency Office of Deli Regency Serdang.

In this study the population used is the report Realization Tax revenue Entertainment and Tax advertisement Regency Deli Serdang During 5 years from 2016-2020. Based on research objectives and data characteristics obtained, technical analysis used is multiple linear regression analysis technique. Study regression multiple linear is used to describe how the influence of acceptance tax entertainment and advertisement tax on the Regional Original Revenue of Deli Serdang Regency.

RESULTS AND DISCUSSION

The Effect of Entertainment Tax on Regional Original Income of Deli Serdang Regency

Partially, the results of testing the entertainment tax variable have a positive and significant effect on local revenue. Based on table IV.8 it can be seen that the results of statistical tests show the results of greater than t_{table} (2,040 > 2,002). While the level of significance is 0.047, which is smaller than 0.05.

Therefore, H_a accepted and H_0 rejected, this shows that partially there is an effect of the entertainment tax on local revenue. The regression coefficient of the entertainment tax variable is positive at 33,797. This means that with the increase in the entertainment tax, it is followed by an increase in local revenue.

The results of this study are in line with research conducted by (Charisma et al, 2018) which states that the entertainment tax has a significant effect on local revenue. Likewise, a study conducted by Gayasafari E Purba (2019) with the title "The Effect of Entertainment Tax Revenue on Regional Original Income at the Medan City BPPRD" said that the entertainment tax had an effect on PAD.

The Effect of Advertising Tax on Regional Original Income Deli Serdang Regency

Partially seen from table 1.8 the value of for the advertising tax variable is 2,301 and t_{tabel} with $X^2 = 0.05$ is known as big as 2,002. With thereby t_{hitung} bigger compared t_{tabel} ($2,301 > 2.002$) and score significance $0.026 < 0.05$. It means H_0 rejected and H_a accepted, it shows that there is a significant effect of advertising tax on local revenue. The advertising tax variable regression coefficient is positive as big as 13,231. Thing this show that with increase tax advertisement then followed by an increase in original income area.

The results of this study are the same as previous research conducted by Djodi Setiawan and Sonny Tayudin (2019) say that tax advertisement take effect significant to PAD. However, study this no in line with study Dessy Fadina Lubis (2017) show that the advertisement tax has no significant effect on PAD.

The Influence of Entertainment Tax and Advertising Tax on Regional Original Revenue of Deli Serdang Regency

Based on the ANOVA (*Analysis of Variance*) test, we get of 6.209 with a significant level of 0.004 while known 3.06. Based on these results it can be seen that $> _ _$ ($6.209 > 3.06$) then 0 rejected and $_ _$ received. So, it can be concluded that the entertainment tax and advertisement tax variables, together have a significant effect on original income area.

CONCLUSION

Based on results study and discussion which has put forward previously so can be concluded as following:

1. Based on test t (partial) tax entertainment, it can be seen that $F\text{-count} > F\text{-table}$ ($2,040 > 2.002$) which means rejected and $_ _$ received. So, it can be concluded that the entertainment tax has a significant effect on PAD.
2. Based on test t (partial) tax billboard, seen that $F\text{-count} > F\text{-table}$ ($2,301 > 2.002$) which means rejected and $_ _$ received. So, it can be concluded that the advertisement tax has a significant effect on PAD.
3. Based on the F test (simultaneous), it shows that $F\text{-count} > F\text{-table}$ ($6.209 > 3.06$) which means rejected and $_ _$ received. So, it can be concluded that the entertainment tax and advertisement tax simultaneously affect the PAD.

ACKNOWLEDGMENT

This research will be able to increase resources, the purpose of this study was to determine whether the land and building tax accounting supervision carried out by the entertainment tax and advertisement tax simultaneously affect the PAD.

DECLARATION OF CONFLICTING INTERESTS

Deli Serdang Regency has the right to regulate its own household in order to carry out development, with the hope that the Deli Serdang Regency Government is able manage and maximizing potency source economy which there is for the continuity and progress

of Deli Serdang Regency. If the potential of economic resources in Deli Serdang Regency continues to be developed and improved, it will add to the image of the region and be able to optimize regional income. One of the efforts that can be made by the Deli Serdang Regency Government is to increase local revenue through the tax sector area.

Entertainment tax is one type of local tax that has a significant contribution in terms of increasing regional income, because in Indonesia, especially Deli Serdang Regency, so many entertainment venues are developing so fast. With such a significant development of the entertainment industry, it will certainly affect the entertainment sector taxation, with hope the more development industry entertainment so regional revenue receipts through the entertainment tax sector will increase also.

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