Impact of Hotel, Restaurant and Entertainment Taxes on Local Own Revenue in West Java

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Abstract
This Study aims to analyze the effect of hotel tax, restaurant tax and entertainment tax on local own revenue. This study uses data sourced from the Directorate General of Fiscal Balance (DJPK) with secondary data from 2016-2019. The analytical method used is the panel data regression method with the help of the eviews 9 application. The results of this study show that hotel tax, restaurant tax, and entertainment tax individually and jointly have a positive and significant effect on local own revenue.

Keywords: Local own revenue, Hotel Tax, Restaurant Tax, Entertainment Tax.

Introduction
Indonesia is a country that runs the government by implementing a regional autonomy system. The implementation and implementation of this regional autonomy is a policy of the central government and is aimed at the district/city government to regulate their own interests and manage their own regional affairs which is expected that each region is able to finance the development of their respective regions. In advancing the region, the regional government certainly needs a source of regional income that can be managed. One source of regional income or revenue is local revenue (PAD). Based on Law No. 33 of 2004 Regional original income (PAD) is defined as income earned by the region and the collection is based on the law. Regional original income is all regional revenues originating from regional original economic sources. (Rochimah et. al. 2015)

Based on data from the Central Statistics Agency (BPS), West Java Province has an administrative area consisting of 18 regencies and 9 cities. Almost all areas of West Java have tourist areas and interesting places of entertainment to visit, so many tourists come to visit West Java Province. The following table presents the number of tourists visiting West Java Province attractions.
Table 1
Number of Tourist Visit to West Java Tourism Objects, 2015-2019

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Tourists</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>39,246,588</td>
</tr>
<tr>
<td>2016</td>
<td>43,703,778</td>
</tr>
<tr>
<td>2017</td>
<td>45,216,256</td>
</tr>
<tr>
<td>2018</td>
<td>20,713,169</td>
</tr>
<tr>
<td>2019</td>
<td>47,272,478</td>
</tr>
</tbody>
</table>

Source: Central Bureau of Statistics of West Java Province 2015-2019

From table 1, the number of tourist visits to West Java Province attractions in 2015 amounted to 39,246,588 visits, until 2017 it increased by 45,216,256 visits, in 2018 there were 20,713,169 visits and in 2019 there were 47,272,478 visits.

Based on data published by the Directorate General of Fiscal Balance (DJPK) it shows that local revenue receipts in West Java Regencies/Cities in the 2015 and 2019 periods have different revenues in each region. The following is a table of local revenue receipts in the Regency/City of West Java for the 2015 and 2019 periods.

Data released by the Directorate General of Fiscal Balance of West Java Province shows that the 3 regions that had the highest local revenue receipts in the 2015 period were in Bogor Regency, Bandung City, and Bekasi Regency. Then the lowest revenue in the 2015 period was in Pangandaran Regency, Banjar City, and Tasikmalaya Regency. In the 2019 period, the 3 regions that had the highest local revenue receipts were in Bogor Regency, Bandung City, and Bekasi City. Then the lowest revenue in the 2019 period was in Banjar City, Pangandaran Regency, and Tasikmalaya Regency. From this data, the local revenue in the Regency/City of West Java is very diverse, which is caused by the different sources of local revenue, especially from the source of local tax revenue.

Hotel tax is a component of local taxes defined in Law no. 28 of 2009 concerning regional revenues and regional levies (PDRD), namely levies on services provided by hotels. The research shows that the hotel tax has a significant partial effect on local revenue. (Suartini and Utama, 2013) and (Widodo and Guritno, 2017)

Restaurant tax is a type of local tax that is important for regional contributions because it always provides a relatively large increase. The research shows that the restaurant tax has no significant effect on local revenue. (Rochimah et. al. 2015) Entertainment tax is a tax levy obtained on entertainment services that collect fees. Entertainment tax is a type of local tax whose potential is growing as the supporting components are considered, namely the tourism sector and development in regional development policies. The research shows that the entertainment tax has a positive but not significant effect on local revenue. (Anggraeni and Prasetyo 2020)
Based on the description above, the authors are interested in conducting research with the title The Effect of Hotel Taxes, Restaurant Taxes and Entertainment Taxes on Regional Original Income in West Java Province.

**LITERATURE REVIEW**

**Local Own Revenue**
Based on Law no. 33 of 2004 concerning the financial balance between the central government and regional governments, local revenue is revenue earned by the regions and the collection is based on law with the aim of giving the central government authority to regional governments to regulate their own interests and manage their respective regional affairs.

**Hotel Taxes**
Hotel taxes described and listed in Law no. 28 of 2009 concerning regional revenues and regional levies (PDRD), namely levies on services provided by hotels. Meanwhile, the hotel is described as providing lodging/resort accommodation services for a fee. Other services that are free of charge include motels, inns, huts, and other types of lodging, including boarding houses with more than 10 rooms.

**Restaurant Taxes**
Restaurant taxes is defined in Law no. 28 of 2009 concerning regional revenues and regional levies (PDRD), namely taxes levied on services provided by restaurants. Meanwhile, places or facilities for food and beverage providers and for which a fee can be charged are called restaurants, such as restaurants, cafeterias, canteens, stalls, bars and the like, such as catering/catering services, which are also included in the collection of restaurant taxes.

**Entertainment Taxes**
Entertainment taxes is defined in Law no. 28 of 2009 concerning regional revenues and regional levies (PDRD), namely tax collections obtained for entertainment services that collect fees. While the explanation of entertainment is all kinds of spectacle, which is enjoyed for free including performances, games and crowds.

**Research Hypothesis**
Hotel tax is a levy on services provided by the hotel. The collection of hotel taxes will provide benefits for local governments, because hotel taxes are a component of local taxes which are part of local revenue. The greater the revenue from hotel taxes, the greater the local tax revenue, the higher the local revenue. According to Widodo and Guritno (2017), increased tourist visits and an increase in the number of hotels will increase hotel taxes so as to provide income for local revenue.

This explanation is supported by the research of Suartini and Utama (2013) and Widodo and Guritno (2017) which say that hotel tax has a significant partial effect on local revenue.
**H1:** There is a positive and significant effect of Hotel Tax on Regional Original Income.

Restaurant tax is one component of local taxes which is also part of local revenue. Restaurant tax is an important type of local tax for regional contributions because it always provides a relatively large increase (Rochimah et al. 2015). The greater the revenue from the restaurant tax, the greater the local tax revenue and increase the local revenue. The restaurant is a place to buy and eat food which of course will always have relatively customers. The number of customers can help increase restaurant tax revenues because food or drinks purchased by customers through this restaurant will be taxed so that local revenue will increase. This explanation is supported by the research of Suartini and Utama (2013), Widodo and Guritno (2017), and Rizqiyah (2015), that the restaurant tax has a significant partial effect on local revenue.

**H2:** There is a positive and significant effect of Restaurant Tax on Regional Original Income.

Entertainment tax is a tax levy obtained on entertainment services that collect fees. The provision of entertainment in question is all kinds of spectacles, which are enjoyed free of charge, including performances, games and crowds. The entertainment tax is a tax that has the potential to develop by heeding the supporting components, namely the development and tourism sectors in improving regional development policies (Anggraeni and Prasetyo 2020). The number of entertainment venues will increase local tax revenues and have an impact on local revenue.

This explanation is supported by the research of Suartini and Utama (2013), Widodo and Guritno (2017) and Rizqiyah (2015) that the entertainment tax partially has a significant effect on local revenue.

**H3:** There is a positive and significant effect of Entertainment Tax on Regional Original Income.

**RESEARCH METHODS**

**Research Design**

This study uses quantitative research that uses secondary data in the form of hotel tax realization data documents, restaurant taxes and entertainment taxes for the 2016-2019 period as well as the realization of local revenue for the 2016-2019 period. The research method used is panel data regression for the 2016-2019 period.
Variables and Operational Definitions

<table>
<thead>
<tr>
<th>Variables</th>
<th>Definition</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Own Revenue</td>
<td>Regional original income or PAD is the realization of regional original income obtained by the region in a certain year in thousand rupiah which is converted into a ratio or percentage. PAD data was obtained from the publication of the website of the Directorate General of Fiscal Balance for the period 2016 to 2019.</td>
<td>Ratio</td>
</tr>
<tr>
<td>Hotel Taxes</td>
<td>Hotel tax in Law no. 28 of 2009 concerning regional revenues and regional levies (PDRD), namely levies on services provided by hotels in a Regency/City. Hotel tax realization data was obtained from the publication of the website of the Directorate General of Fiscal Balance for the period 2016 to 2019 in the form of thousand rupiah which was converted into a ratio or percentage.</td>
<td>Ratio</td>
</tr>
<tr>
<td>Restaurant Taxes</td>
<td>Restaurant tax is defined in Law no. 28 of 2009 concerning regional revenues and regional levies (PDRD), namely taxes levied on services provided by restaurants in a Regency/City. The restaurant tax realization data was obtained from the publication of the website of the Directorate General of Fiscal Balance for the period 2016 to 2019 in the form of thousand rupiah which was converted into a ratio or percentage.</td>
<td>Ratio</td>
</tr>
<tr>
<td>Entertainment Taxes</td>
<td>Entertainment tax is defined in Law no. 28 of 2009 concerning regional revenues and regional levies (PDRD), namely tax collections obtained for entertainment services that collect fees in a Regency/City. The entertainment tax realization data is obtained from the publication of the website of the Directorate General of Fiscal Balance for the period 2016 to 2019 in the form of thousand rupiah which is converted into a ratio or percentage.</td>
<td>Ratio</td>
</tr>
</tbody>
</table>

Data Collection Procedure

The data collection procedure used in this study is a secondary data collection procedure in the form of documentation, the type of data used in this study is the type of quantitative data. The population in this study is the Regency/City in West Java Province and all members of the population are used as research samples. Sampling using a saturated sample technique is a sampling technique when all members of the population are used as samples. The analytical tool used in the study to test the hypothesis is panel data regression which is a combination of cross section and time series data.
Analysis Method
In the panel data regression method, the estimation parameters on a set of research data in many objects in one period use the Ordinary Least Square (OLS) estimation or in other words the small square method (Fairuz, 2017).

The equation model in the panel data used in the study:

$$PAD_{it} = \beta_0 + \beta_1 PHT_{it} + \beta_2 PR_{it} + \beta_3 PHB_{it} + e_{it}$$

Information:

- $PAD$ = Local Own Revenue
- $\beta_0$ = Constant
- $\beta$ = Regression Coefficient
- $PHT$ = Hotel Taxes
- $PR$ = Restaurant Taxes
- $PHB$ = Entertainment Taxes
- $e_{it}$ = error

RESULT AND DISCUSSION

Data Description
In this study, using secondary data in the form of documentation and other procedures is a literature study, namely the activity of reviewing and citing theories or concepts from a number of literatures, both books, journals or other writings that are in line with the research topic. The type of data used in the study is the type of quantitative data. In this study, 4 variables will be discussed which include 1 dependent variable, namely, local revenue and 3 independent variables, namely, hotel tax, restaurant tax, and entertainment tax. The population in this study is the Regency / City in West Java Province which is also used as the research sample. This documentation is used to obtain data on the realization of hotel taxes, restaurant taxes, and entertainment taxes for the 2016-2019 period as well as the realization of local revenue for the 2016-2019 period obtained from the Directorate General of Fiscal Balance of the Ministry of Finance. Data processing in this study uses Microsoft Excel and Eviews 9 applications to process, obtain and analyze data from the variables studied.

Descriptive Statistical Analysis
Panel Data Regression Test Results

The following table 3 shows descriptive statistics of hotel tax, restaurant tax, and entertainment tax:
Impact Of Hotel, Restaurant And Entertainment Taxes On Local OWN Revenue In West Java

Table 3
Descriptive Statistics for 2016-2019

<table>
<thead>
<tr>
<th>Variable</th>
<th>Observation</th>
<th>Local Own Revenue</th>
<th>Hotel Taxes</th>
<th>Restoran Taxes</th>
<th>Entertainment Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>108</td>
<td>0.037037</td>
<td>0.037037</td>
<td>0.037037</td>
<td>0.037037</td>
</tr>
<tr>
<td>Maximum</td>
<td>108</td>
<td>0.138002</td>
<td>0.568518</td>
<td>0.258302</td>
<td>0.336319</td>
</tr>
<tr>
<td>Minimum</td>
<td>108</td>
<td>0.003579</td>
<td>0.000010</td>
<td>0.000000</td>
<td>0.000069</td>
</tr>
<tr>
<td>Std. Dev.</td>
<td>108</td>
<td>0.034603</td>
<td>0.092904</td>
<td>0.057863</td>
<td>0.066750</td>
</tr>
</tbody>
</table>

Source: Data processed with Eview 9, 2021

In table 3 above, there are 108 observational data with a total sample of 27 districts/cities. Based on the research data, the value of the observation data whose total local revenue is above the average is 32 observation data, while those below the average are 76 observational data. This shows that the level of local revenue in the research period is still relatively low, because most of the observation data shows a value below the average. Furthermore, the analysis on the IPM variable or hotel tax value of the observation data that the hotel tax value is above the average is 18 observation data, while those below the average are 90 observation data. This shows that the hotel tax rate in the research period is still relatively low, because most of the observation data shows a value below the average. Then the analysis of the PR variable or restaurant tax shows the value of the observation data that the level of the restaurant tax value is above the average as much as 27 observational data, while those below the average are 81 observational data. This shows that the restaurant tax rate in the research period is still relatively low, because most of the observation data shows a value below the average. Then the analysis of the variable PHB or entertainment tax value of the observation data that the level of entertainment tax value above the average is 21 observation data, while those below the average are 87 observation data. This shows that the level of entertainment tax in the research period is still relatively low, because most of the observation data shows a value below the average.

Model Selection Results
Chow test (pool least square atau fixed effect)

The Chow test was conducted to compare whether using the common effect method (pool least square or fixed effect). The following is a table of results from the Chow test:
Table 4
Chow Test

<table>
<thead>
<tr>
<th>Effect Test</th>
<th>Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-section Chi-square</td>
<td>376.196658</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

*Source: Data yang diolah dengan eviews 9*

Table 4 is the result of the Chi Square cross section prob regression showing that the results of the Chow test turned out to be in this study the probability of 0.0000 the number was <0.05 (α = 5%). From the results above, it can be concluded that Ho is rejected, and Ha is accepted, so that by using the Chow method, the right model to choose is the fixed effect model.

**Hausman test (fixed effect and random effect)**

This Hausman test was conducted to show whether the fixed effect method was chosen or the random effect method, this method compared the two. Below are the results of the Hausman test:

Table 5
Hausman Test

<table>
<thead>
<tr>
<th>Test Summary</th>
<th>Chi-Sq. Statistic</th>
<th>Chi-Sq. d.f.</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-section random</td>
<td>35.284528</td>
<td>3</td>
<td>0.000</td>
</tr>
</tbody>
</table>

*Source: Data processed with eviews 9*

The hypothesis used is the Hausman test, namely:

Ho: The right model is random effect
Ha: The right model is fixed effect

In table 5 there are results showing that the model chosen is fixed effect, because the probability of a random cross section of 0.0000 the number is < 0.05% (α = 5%) meaning Ha is rejected and Ho is accepted, so that by using the Hausman method, the model used is the right choice to choose is the fixed effect model. Thus, it is no longer necessary to do the LM test because the Chow test and Hausman test have shown that the correct panel data regression model is the fixed effect model.

**Coefficient of Determination**

Table 6
Coefficient of Determination

<table>
<thead>
<tr>
<th>R-Square</th>
<th>0.984647</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted R-Squared</td>
<td>0.978097</td>
</tr>
</tbody>
</table>

*Source: Data processed with eviews 9*
Table 6 above shows that the variation of independent capabilities, namely hotel tax, restaurant tax, and entertainment tax on the dependent variable, namely local revenue of 0.978097 or 97.80% and 2.20% is explained by other factors not included in the model.

F Test (Simultaneous Test)
The joint hypothesis testing was carried out with the F test. The test was carried out to test the significant relationship between the independent variable and the dependent variable as a whole. The following are the results of testing the F test hypothesis:

<table>
<thead>
<tr>
<th>F Test Results (Simultaneous Test)</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-statistic</td>
</tr>
<tr>
<td>1524.290</td>
</tr>
</tbody>
</table>

*Source: Data processed with eviews 9*

Based on table 7 the F-statistic is 1524.290 with a Prob value (F-statistic 0.000000 < 0.05 (α = 0.05) which can be concluded that together the independent variables, namely hotel tax, restaurant tax, and entertainment tax affect the variable The dependent is local revenue.

T test (Partial Test)
The partial test (t test) aims to test the regression coefficients individually by comparing the level of significance and seeing how far the influence of the independent variables individually in explaining various kinds of dependent variables. The following are the results of the t test:

<table>
<thead>
<tr>
<th>T-Test Results (Partial Test)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>PAD</td>
</tr>
<tr>
<td>PHT</td>
</tr>
<tr>
<td>PHB</td>
</tr>
</tbody>
</table>

*Source: Data processed with eviews 9*

From the results of the t-test in table 8 above, it can be said that:

a. That the Hotel Tax shows that the Prob t-statistic of the hotel tax variable is 0.0007 < 0.05 (α = 0.05) which means that the hotel tax variable has an influence on the local revenue variable, because it has a result of less than = 0.05.

b. That the Restaurant Tax shows that the Prob t-statistic of the restaurant tax variable is 0.0033 < 0.05 (α = 0.05) which means that the restaurant tax variable has an influence on the local revenue variable, because it has a result
of less than $= 0.05$.

c. That the Entertainment Tax shows that the Prob t-statistic of the entertainment tax variable is $0.0105 < 0.05$ ($\alpha = 0.05$) which means that the entertainment tax variable has an influence on the regional original income variable, because it has a result of less than $= 0.05$.

**Result Interpretation**

From the data processing performed, the following equation is generated:

$$P_{At} = 0.028640 + 0.010897P_{Ht} + 0.204079P_{Rt} + 0.011749P_{HBit} + eit$$

From the above equation, it can be seen that:

a. With a constant of 0.028640, if the hotel tax, restaurant tax and entertainment tax do not have an increase or decrease or are constant, local revenue will increase by 0.028640.

b. The hotel tax variable has a regression coefficient of 0.010897, which means that if the value of the restaurant tax and entertainment tax is fixed and the hotel tax has increased by 1 percent, the local revenue will increase by 0.010897. This positive value indicates a positive relationship between hotel tax and local revenue.

c. The restaurant tax variable has a regression coefficient of 0.204079, which means that if the value of hotel tax and entertainment tax remains and restaurant tax increases by 1 percent, then local revenue increases by 0.204079. This positive value indicates a positive relationship between restaurant tax and local revenue.

d. The entertainment tax variable has a regression coefficient of 0.011749, which means that if the value of hotel tax and restaurant tax is fixed and the entertainment tax has increased by 1 percent, then local revenue will increase by 0.011749. This positive value indicates a positive relationship between the entertainment tax and local revenue.

**Discussion**

**The Effect of Hotel Tax on Local Revenue**

Based on the results of data processing, it is evident that the hotel tax variable has a positive and significant effect on local revenue, meaning that an increase in hotel tax revenue will lead to an increase in local revenue. So, it can be concluded that the hotel tax variable has a positive and significant effect on local revenue in West Java Province during the 2016-2019 period. As seen in table 4, the maximum value of the hotel tax variable is 0.568518 with the local revenue level of 0.122196. Then the minimum value is 0.000010 with an original local income level of 0.108860. With this, the level of hotel tax revenue will have an effect on increasing the independence of a region in obtaining its own local revenue, so this is in accordance with the results of research which shows that hotel tax has a positive effect on local revenue. This study shows that the hotel tax collected in the West Java area which is increasing will also provide an increase in local revenue. The results of this study indicate that hotel taxes can affect
Local revenue.

**The Effect of Restaurant Tax on Local Revenue**

The restaurant tax variable in this study has a positive and significant effect on the local revenue variable in West Java Province during the 2016-2019 period. Seen from table 4, the maximum value of the restaurant tax is 0.258302 with a local revenue level of 0.122196. Then the minimum value is 0.000000 with an original regional income level of 0.020470. This shows that when the restaurant tax is high, the level of local revenue received will also be high and vice versa, when the restaurant tax is low, the level of local revenue received is low. This means that the restaurant tax has an influence in increasing and decreasing local revenue. These results are in accordance with the results of research which shows that restaurant taxes have a positive effect on local revenue. Restaurants are always crowded with customers, especially in almost all regencies/cities in West Java Province, which is a tourism area visited by many tourists, so restaurant taxes should be managed properly. The results of this study indicate that restaurant taxes can affect local revenue.

**The Effect of Entertainment Tax on Regional Original Income**

The effect of the entertainment tax variable in this study is a positive and significant effect on the local revenue variable in West Java Province during the 2016-2019 period. Seen from table 4, the maximum value of the entertainment tax is 0.258302 with a local revenue level of 0.122196. Then the minimum value is 0.000000 with an original regional income level of 0.020470. This shows that when the entertainment tax is high, the level of local revenue received will also be high and vice versa, when the entertainment tax is low, the level of local revenue received is low. This means that the entertainment tax has an influence in increasing and decreasing local revenue. This result is in accordance with the results of research which shows that the entertainment tax has a positive effect on local revenue. Entertainment tax is a tax levied on the holding of an event or the existence of an entertainment venue that depends on the number of visitors and is supported by the existence of a tourism area. Tourism in the West Java Regency/City area is growing, this can be seen from the increasing number of visits to tourist objects, so that it can increase entertainment tax revenues. The increasing revenue from entertainment taxes will have an impact on increasing local revenue.

**CONCLUSIONS AND SUGGESTIONS**

**Conclusion**

Based on the data collected and the results of the tests that have been carried out previously, the following conclusions can be drawn:

1. Hotel tax partially has a positive and significant effect on local revenue.
2. Restaurant tax partially has a positive and significant effect on local revenue.
3. Entertainment tax partially has a positive and significant effect on local revenue. Simultaneously, it can be concluded that the hotel tax, restaurant tax, and entertainment tax variables together affect the local original income variable with an F-statistic value of 0.000000.

**Suggestion**

From the conclusions above, the following suggestions can be given:

From the research conducted, the hotel tax, restaurant tax and entertainment tax have proven to play an important role in local revenue, so it is necessary to carry out policies to optimize the tourism sector, especially the hotel, restaurant and entertainment business in order to have a higher impact on local revenue.

Suggestions for readers, it is recommended to expand the research topic to problems that are currently developing, such as the influence of the covid-19 pandemic or to differentiate analysis on tourist destinations and non-tourism destinations so that readers can compare and better understand research related to the topics in this study.

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