THE EFFECT OF HOTEL TAX, NUMBER OF HOTEL, AND NUMBER OF HOTEL GUEST ON LOCAL TAX REVENUE

(STUDY CASE IN BATU PERIOD 2007-2010)

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Abstract

This study aims to determine the effect of hotel tax, number of hotel and number of hotel guest on local revenue. The Data used in this research is time series that the period 2007-2016 sourced from Central Bureau of Statistics. This study using multiple linear regression analysis method. The result of this study indicate that there is influence on hotel tax, number of hotel an number of hotel guest on local tax revenue, this is indicated by the regression of Adjusted Square of 94% and the rest of 6% influenced by other factors. In this research, just hotel tax has significance effect to the local tax revenue.

Keyword : Local Tax, Hotel, Hotel Tax

Background

Regional development is the elaboration of national development in the context of achieving development targets tailored to the potential, aspirations and problems of regional development directed to spur development equity. The central government makes a policy in which local governments are given the power to manage their respective regional finances or better known as fiscal decentralization. This is done in the hope that the regions will have the ability to finance the development of their own regions according to the principle of a real autonomous region. The independence of a region in national development is an inseparable part of the success of the policy decided by the central government.

Tax in Indonesia is divided into 2 types. First of central tax, the tax is a tax center directly managed by the directorate general of taxes or finance ministry. The second is a local tax, local tax is a tax that is managed by local government without any intervene from the central government.

Hotel is a potential sector to generate local tax revenue of Batu.Because every year the number of tourists always increases along with the increasing tourist attractions in Batu. Automatically, the number of existing hotels will not be enough to accommodate the increasing number of tourists so that in recent years new hotels have emerged in the city of Batu. This could be an opportunity for government of Batu, increasing number of hotels can also increase the amount of hotel tax which is calculated as local tax.

Based on the ideas and background described above, the author conducted a research with the title "The Effect of Hotel Tax, Number of Hotels, and Number of Hotel Guests, on the Local Tax Revenue (Study Case In Batu 2007-2016)"

THEORITICAL FRAMEWORK

Tax Definition

According to the act 28 of 2007, taxes are compulsory contributions to the state owed by persons or entities that are enforceable under the act, which did not get rewarded with directly and used for the purposes of state in the prosperity of the people.

Taxes are the dues to the state treasury, based on the law (enforceable) and does not receive the reciprocal services, which can be directly used to pay for general expenses ". (Rochmat Soemitro, 1990)

Тах Туре

Central Taxes, namely the taxes levied by the central government used to finance state expenditures. Institutions that levy the central tax are the Directorate General of Taxation and the Directorate General of Customs and Excise

Local Taxes, ie taxes levied by the local government and used to finance the implementation of regional government and regional development. Local taxes are divided into two more, namely: local taxes levied by local governments category 1 (Province) and local taxes levied by local government category 2 (District / City)

Local revenue

Local revenue is revenue that is actually gained from the potential revenue that exist in an area based on local regulations and laws. Local revenue will be used to finance government activities and development in that area. Increasing the revenue absolutely must be done by the local government to be able to finance their own needs, so that the dependence of local government to the central government decreases and eventually the area can be independent.

In Act No. 33 of 2004 states that the local revenue derived from:

- a. Local Tax
- b. Retribution
- c. Result of Separated Wealth Management
- d. Other legal local revenue

Local Tax

Local tax is mandatory contributions to the areas that are owed by individuals or entities that are enforceable under the act, by not getting the rewards directly and used for the welfare of the people. Local tax itself divided into two category :

1. Province Tax

Province tax is taxes that levied by provincial government. There are 5 categories of province tax, which are :

A. Vehicle tax

Vehicle tax is tax on ownership of motor vehicles

B. Vehicle title transfer tax

Vehicle title transfer tax is tax on the transfer of ownership of motor vehicles as a two-party agreement that occurs due to sale and purchase.

C. Vehicle Fuel Tax

Vehicle fuel tax is tax on the use of motor vehicle fuel

D. Surface water tax

Taxes on the taking and utilization of surface water

E. Cigarette tax.

Tax on cigarette taxes collected by the government

2. Regency or City Tax

Regency or city tax is taxes that levied by regency or city government. There are 5 categories of regency or city tax, which are :

a. Hotel tax

- b. Restaurant tax
- c. Advertisement tax
- d. Street lighting tax
- e. Non-metallic minerals and rocks tax
- f. Parking tax
- g. Groundwater tax

- h. Land and building tax
- i. Tax of land and buildings acquisition

Retribution

According to the Act No. 28 of 2009, there are 30 types of retribution can be levied by local governments which are grouped into three categories :

a. Public Service Retribution

Retribution for services that provided by the local government for the purpose of public benefit and can be enjoyed by private persons or entities.

b. Business Services Retribution

Retribution as payment for specific business services by the local government for the benefit of private persons or entities.

c. Retribution of Permissions.

Retribution as payment for giving certain permissions, which is specifically given by the local government for the benefit of private persons or entities.

Hotel Tax

Definition of Hotel Tax

Hotel is a provider of lodging facility services and other related services with charge of payment, which includes motels, inns, tourist huts, guesthouses, lodging houses, and boarding houses by number of rooms more than 10. Hotel tax is a tax on services provided by the hotel.

Object of Hotel Tax

The object of hotel tax is the services provided by the hotel with payment, including sports facilities and entertainment.

Subject of Hotel Tax

Hotel tax subject is a private persons or entities that made the payment to the hotel.

Tariff of Hotel Tax

Hotel tax basis is the amount that must be paid or the payment to the hotel.

According to the local regulation of Batu no. 5 year 2010, tariff of the hotel tax is 10%

Legal Basis

1. Act No. 28 of 2009 about local taxes and retribution

2. Act No. 34 of 2000 about local taxes and retribution.

3. Local regulation of Batu No. 5 of 2010 about the hotel tax.

RESEARCH METHOD

Research Variable

Dependent Variable

The dependent variable is the variable that is affected or which be the consequence, because of the independent variable. The dependent variable used to

determine the effect of the independent variable. In this research, the dependent variable is local tax revenue (Y).

Independent variable

The independent variable are variable that can affect or cause changes or the emergence of the dependent variable. The independent variable has a main function as a reference to determine the effect of the other variables. In this research, the independent variable are hotel tax, number of hotel guest and number of hotel.

Data Analysis Method

Multiple Regression Analysis

In this research, the researcher used multiple regression analysis. According Sugiyono (2012), the analysis used the researcher, when predicting the situation (rise and fall) the dependent variable (criterion), when two or more independent variables as predictors factors manipulated (raised and lowered in value). This analysis aimed to determine the effect of hotel tax, as an independent variables, the local taxeffect as the dependent variable. And the general form of the multiple regression model is :

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + e_3 X_$$

Where :

Y	: Local Tax Revenue					
A	:	Constant				
b1, b2, b3	:	Determinant of Coefficient				

X1	:	Hotel Tax
X2	:	Number of Hotel
X3	:	Number of Hotel Guest
e	:	Error

Hypothesis Test

Hypothesis test is to see whether the independent variable be able to explain the behavior of the dependent variable is to use the F-test and T-Test simultaneously. Besides to knowing the ability of independent variable to explain the variables simultaneously, also need to know whether each independent variable also effect on the dependent variable.

Determinant of Coefficient

Determinant of coefficient is used to describe how far the independent variables can able to explain the variant of dependent variable. The value of (\mathbb{R}^2) is in $0 < \mathbb{R}^2 < 1$ (Kuncoro, 2011). The smaller value of determinant coefficient represents that independent variables can explain in limited access, meanwhile higher value of determinant coefficient represents that independent variables can explain almost all the information about the effects in dependent variable.

FINDINGS AND DISCUSSION

Estimation Result

The test result of the variables of hotel tax, number of hotel and number of hotel tax

on the variable local tax rvenue can be seen through the following table :

Dependent Variable: Y Method: Least Squares Date: 04/26/18 Time: 05:24

Sample: 2007 2016 Included observations:	10			
Variable	Coefficient	Std. Error	t-Statistic	Prob.
X3	3262.782	19721.47	0.165443	0.8740
X2	30709811	1.36E+08	0.225974	0.8287
X1	4.404175	0.888136	4.958898	0.0026
C	-1.60E+10	4.31E+10	-0.370825	0.7235
R-squared	0.964602	Mean dependent var		3.30E+10
Adjusted R-squared	0.946903	S.D. dependent var		3.10E+10
S.E. of regression	7.15E+09	Akaike info criterion		48.50725
Sum squared resid	3.07E+20	Schwarz criterion		48.62828
Log likelihood	-238.5362	Hannan-Quinn criter.		48.37447
F-statistic	54.50053	Durbin-Watson stat		2.858312
Prob(F-statistic)	0.000096			

Empirical Model of Multiple Linear Regression

Regression equation from result of estimation multiple regression is :

 $Y = -1.60E + 10 + 4.404175X_1 + 3263.782X_2 + 30709811X_3$

This Equation shows the following matters :

The coefficient of the constant (C) is -1.60E + 10, meaning that if hotel tax, number of hotel guest and number of hotel are equal to zero, the value of Local tax revenue is -1.60E + 10.

The Meaning of coefficients of each independent variable :

a. The meaning of Hotel Tax coefficient of 4.404175 is if there is an increase in Hotel Tax of 1 rupiah, it will increase the Local Tax Revenue of 4.404175 rupiah.

b. The meaning of the Hotel Guest Coefficient amounting to 3263.782 is if there is an increase of Hotel Guest Number of 1 person, it will increase the Local Tax Revenue of 3263.782 rupiah.

c. The meaning of the Hotel Number coefficient of 30709811 is if there is an increase of Number of Hotels by 1 unit, it will increase the Regional Tax Revenue of 30709811 rupiah.

4.8 Testing the Coefficient of Determination

In this R-Square test if the value of R2 is greater then the greater the ability of the model in explaining the influence of independent variables to the dependent variable. So the errors caused very little. In the above model, the R-Square value shows the numbers 0.964602 or 96%. Which means the change in the value of local tax revenues is explained by the independent variable of 96%, and 4% is explained by other variables not included in the model.

4.9 Hypothesis Test

4.9.1 F-Test

F test is used to determine the effect of independent variables on the dependent variable simultaneously. And the result of the regression above, the value of Prob F Statistics shows the number 0.000096, because the value of Prob F Statistics is smaller than 0.05, it means that the number of hotels, the hotel taxes and the number of hotel guests simultaneously have significant effect on the local tax revenues.

4.9.2. T-Test

Through this test use degree of confidence of 95% in other words using a = 5%, so can be said if probability variable less than 5% or 0,05, then independent variable (X) have significant effect to dependent variable (Y).

1. The Effect of Hotel Tax on Local Tax Revenue

From the regression results can be seen that the hotel tax has a probability value of 0.0026 which is smaller than 0.05, it can be concluded that the local tax significantly influence the local tax revenue.

2. The Effect of Hotel Number on Local Tax Revenue

While the number of hotels with probability value of 0.8287 which is greater than 0.05 it can be concluded that the number of hotels has no significant effect on local tax revenues.

3. The Effect of Number of Hotel Guest on Local Tax Revenue

Number of hotel guests with a probability value of 0.8740 where greater than 0.05, it can be concluded that the number of hotels has no significant effect on local tax revenues.

CONCLUSION

Based on the result of data analysis about the influence of hotel tax, the number of hotel, and the number of hotel against local tax revenue in 2007-2016, it can be concluded that

1. The hotel tax positively affects local tax revenues in 2007-2016, this is indicated by the result of t test

2. The number of hotels has a negative and insignificant effect on local tax revenues in 2007-2016, this is indicated by t test results

3. The number of hotel guests has a negative and insignificant effect on local tax revenues in 2007-2016, as indicated by the t test results

4. The result of local tax revenues affected by hotel taxes, number of hotel guests and number of hotels is 96%, and the remaining 4% is influenced by other factors.