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## ON REGIONAL ORIGINAL INCOME IN THE PROVINCE SOUTH SULAWESI 2018-2020

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### ABSTRACT

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This study aims to determine the effect of taxes, levies and population on local revenue in South Sulawesi Province in 2018-2020. This study uses quantitative methods. The population in this study were all regencies/cities in the research year totaling 24 regencies/cities. The sampling technique used a saturated sample, the sampling technique was used when all members of the population were sampled, so that a total sample of 24 samples was obtained. This type of research data is secondary data obtained through reports or publications from related agencies that are closely related to this research. The results of the study show that taxes, levies and the number of residents simultaneously have an effect on Regional Original Income. And the Tax Variable partially affects Regional Original Income while the Levies and Population Variables partially have no effect on Regional Original Income in South Sulawesi Province 2018-2020.

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### INTRODUCTION

Delegation of authority to local governments is an embodiment of the spirit of regional autonomy in state development. The Government of the Unitary State of the Republic of Indonesia established an area specifically designated for management and investment initiatives in order to meet the needs of the community (Kurniawan, 2017). Based on "Law No. 32 of 2004 local governments, which also supervise and control and manage state affairs themselves according to the principles of independence and responsibility for assistance, are ordered to accelerate the achievement of public benefits through improving performance, services, empowerment, and community participation, as well as intensifying regional development (Tama, 2015). Competitiveness with due diligence, in accordance with the mandate of the laws of the Republic of Indonesia. In carrying out government affairs, local governments have relationships with the central government and other local governments (PUSPITANINGRUM, 2008). The 1945 Constitution has a relationship with the government regarding what is mandated in the opening of paragraph IV, namely "to protect the entire Indonesian nation and the entire homeland of Indonesia and to promote public welfare, educate the nation's life, and participate in carrying out world order based on independence, eternal peace." and social justice" (Hrp & Thalib, 2019). Sovereignty, finance, public sector services, and the use of natural resources and other resources in achieving state goals must be implemented

fairly and in harmony between the central and regional governments (Rosiadi, Setiawan, & Moko, 2018). Great authority to control and manage their own government becomes the full authority of the region in the current era of regional autonomy. With the aim of providing public services to the community that make it easier to control and maintain a network of budget use sourced from the regional revenue and expenditure budget (APBD), in order to create healthy competition between regions and encourage innovation (Markus, 2005). In accordance with this authority, local governments are expected to be better able to find sources, especially to meet the financing of government services (Public) and development in the region through original income (PAD). The demand for an increase in PAD is getting bigger in line with the increasing number of powers delegated to the regions accompanied by the transfer of equipment, personnel, financing and documentation (P3D) to large regions. Meanwhile, the potential for regional revenue streams should be investigated as much as possible, but only within the limits of the applicable laws and regulations, which include regional taxes and regional levies that have existed for a long time, one of which has traditionally been the most important aspect of PAD (Kusuma, 2021). The government implements several taxation policies in the regions, including Law Number 34 of 2000 (SISWOLAKSONO 2004) concerning Amendments to Law Number 18 of 1997 concerning Regional Taxes and Levies, in order to improve regional financial capacity in order to carry out autonomy (Zahari, 2017). The granting of permits to administer regional taxes and levies should encourage local governments to continue to optimize PAD, particularly in the area of regional taxes and levies (Fama & Jensen, 1983). The regional revenue and expenditure budget includes regional original income as one of its components (APBD). PAD shows how a region can seek local revenue streams such as local taxes, regional levies, typical regional wealth management results, and other legitimate PAD (Wulandari & Iryanie, 2018). In a study conducted by Kusuma 2021, it was revealed that regional levies, local taxes and population had a significant positive effect on PAD in Bali Province. The local tax variable partially has a positive and significant effect on local revenue in the Province of Bali (AMILIA, 2019). In a study conducted (Mauri, Mattalatta, & Tamsah, 2017) entitled "Analysis of the Effect of Receipts and Regional Taxes on Increasing Regional Original Income in Soppeng Regency" revealed the results of the study that Regional Levies had a positive but not significant effect on increasing Regency Original Revenue (Anton Indra, Ermadiani, & Ubaidillah, 2021). Soppeng, Regional Taxes have a positive and significant effect on increasing Soppeng Regency's Original Regional Revenue, Regional Levies and Regional Taxes together (simultaneously) have a significant effect on increasing regional originals (FITRI, 2021). Some things that the researcher wants to reveal are (1) Do regional levies, regional taxes, and population have a partial effect on the original income of the South Sulawesi Province and (2) whether regional levies, regional taxes, and the number of residents have a simultaneous effect on income native to the province of South Sulawesi (Albina & Albertus, 2020). The purposes of this study are (1) to determine the effect of local taxes, regional levies, and the number of residents partially on the original regional income of South Sulawesi Province and (2) to determine the effect of regional taxes, regional levies, and the number of residents partially on income native to the province of South Sulawesi.

## **METHOD RESEARCH**

This study uses a quantitative research type, where this research is in the analysis expressed in the form of numbers and can be measured systematically using the SPSS program which aims to show the effect of regional levies, regional taxes, and population on regional original income by interpreting statistical figures. The location or object of research

that has been carried out in this research is at the Directorate General of Fiscal Balance having its address at Jalan DR.Wahidin No.I Radius Prawiro Building 9th Floor,Central Jakarta by obtaining data through the website of the relevant agencies at <http://www.djpk.depkeu.go.id> The author has conducted research for 2 (two) months,starting from March to May 2022.Population is a generalization of an area (group) consisting of objects or subjects with certain qualities and characteristics that have been selected by researchers to study and draw conclusions.The population in this study is the South Sulawesi Province PAD Realization Report which includes regional levies,district/city taxes obtained from the website of the directorate general of financial balance of the Ministry of Finance and the Central Statistics Agency of South Sulawesi Province.The sample is part of the number and characteristics of the population;samples taken from the population must truly represent the population under study. Based on this study,because the population is not large,the authors take 100% of the existing population based on data obtained at the Directorate General of Fiscal Balance and the Central Statistics Agency of South Sulawesi Province.Thus the use of the entire population without having to draw a research sample as a unit of observation is called saturated sampling or census.Data were collected by means of documentation techniques. Documentation Technique is data collection by taking from documents, balance sheets or written evidence in the form of data reports, especially data on Regional Levies, Regional Taxes and Original Regional Revenues for 2018 –2020.

**RESULT AND DISCUSSION**

The results of the multiple linear regression analysis can be seen in the following table:

**Table 1.** Results of linear regression test

		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	37.336	2.659		14.041	.000
	X1	26.352	2.320	.800	11.357	.000
	X2	.000	.040	.000	.006	.995
	X3	.175	.092	.153	1.899	.062

a. Dependent Variable: Y

Source: Self-processed

Based on the table above, multiple regression is obtained as follows:  $Y = 37,336 + 26,352 X1 + 0.000 X2 + 0.175 X3 + e$  The test results can be explained as follows: (1) The constant ( $\alpha$ ) of 37,336 states that if the independent variable is considered constant, then the value of Regional Original Income is 37,336; (2) The X1 coefficient of 26,352 indicates that if

there is a change in the regional tax variable by 1%, it will increase the regional original income by 26,352; (3) The X2 coefficient of 0.000 indicates that if there is a change in the local tax variable by 1%, it will increase the Regional Original Income by 0; (4) The X3 coefficient of 0.175 indicates that if there is a change in the population variable by 1%, it will increase the Regional Original Income by 0.175.

Furthermore, the results of the F test can be seen in the following table:

Table 2. F Test Results

ANOVAa						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.171	3	7.724	121.027	.000b
	Residual	4.340	68	.064		
	Total	27.510	71			

a. Dependent Variable: Y

b. Predictors: (Constant), X3, X2, X1

Source: Self-processed

The table above shows the F test of 121,072 with a significance level of 0.000. Because the probability value (0.000) is smaller than 0.05 or  $0.000 < 0.05$  so it can be said that the Regional Tax, Regional Retribution, and Total Population variables together affect the Regional Original Income variable. The results of this study prove that H4 is accepted. Furthermore, for the t-test can be seen in the following table:

Table 3. t test results

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	37.336	2.659		14.041	.000
	X1	26.352	2.320	.800	11.357	.000
	X2	.000	.040	.000	.006	.995
	X3	.175	.092	.153	1.899	.062

a. Dependent Variable: Y

Source: Self-processed

The t-test was conducted to investigate further, which of the independent variables has an effect on Regional Original Income. The t-test was carried out by comparing t-count with t-table, significance level of 5%:  $2 = 2.5\%$  (2-sided test) with degrees of freedom (df) =  $n-k-1$  or  $72 - 3 - 1 = 68$  (n is the number of samples and k is the number of independent variables). With 2-sided testing, the results obtained for the t table of 1.995, so that the test results are obtained as follows:

The local tax variable has a t-count of 11,357 with a significant level of 0.000, which is less than a significant 0.05. Thus,  $t \text{ count} > t \text{ table}$  or  $11,357 > 1,995$ . So it can be concluded that the regional variables affect the local revenue. These results prove that H1 is accepted, the local tax variable has a positive and significant effect on local revenue;

The regional levy variable has a regression coefficient of 0.006 t count of 0.006 with a significant level of 0.995 greater than 0.05 significant. Thus,  $t \text{ count} < t \text{ table}$  or  $0.006 < 1.995$ . So it can be concluded that the regional levy variable has no effect and is not significant on local revenue. These results prove that H2 is rejected, the regional levy variable has no and no significant effect on local revenue;

The population variable has a t-count of 1.899 with a significant level of 0.062, which is greater than 0.05. Thus,  $t \text{ count} > t \text{ table}$  or  $1.899 < 1.995$ . So it can be concluded that the population variable has no effect on local revenue. These results prove that H3 is rejected, the population variable has no and no significant effect on local revenue.

The result of the R test or the coefficient of determination is 0.842. It can be interpreted that 84.2% of the variation that occurs in local revenue is caused by the variables of local taxes, regional levies and population, while the rest is influenced by other variables that cannot be explained in this study.

Table 4. The results of the coefficient of determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.918a	.842	.835	.25262

a. Predictors: (Constant), X3, X2, X1

Source: Self-processed

The results of this study are in line with the results of a previous study conducted by Ika Puspita Nugraheni, Rusmijati & Lucia Rita Indrawati, (2019) entitled The Effect of Regional Taxes, Regional Levies and Populations on Regional Original Income (Pad) in Magelang Regency 2009-2018. and Agung Pramarta & Luh Putu Aswitari, (2018), entitled The Effect of Regional Levies, Regional Taxes and Populations on Regional Original Income in the Province of Bali. The results of the research show that local taxes, regional levies, and population numbers simultaneously have an effect on regional original income, the regional tax variable

partially has an effect on regional original income, while the levy and population variables have no effect on regional original income.

## CONCLUSION

Overall, regional levies, local taxes and population have a significant positive effect on PAD in South Sulawesi Province. Regional tax variables partially have a positive and significant effect on PAD in South Sulawesi Province. Variables Retrinus area and population partially have no and significant effect on local revenue in South Sulawesi Province. The population variable partially has no and significant effect on local revenue in South Sulawesi Province. South Sulawesi Province for 3 (three) years 2018-2020 produced a figure that can be said to be quite effective in terms of its Regional Original Income, as evidenced by a fairly consistent increase for 3 years 2018-2020. The South Sulawesi Province Regional Tax Contribution from 2018-2020 to Regional Original Income is the aspect that provides the largest contribution to South Sulawesi Province Original Regional Revenue 2018-2020.

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