

Analysis Of The Contribution And Strategy Of Entertainment Tax To Local Revenue In The Province Of Jakarta

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Abstract

This study is to analyze how the contribution and strategy of entertainment tax in increasing local revenue in DKI Jakarta Province by measuring the level of entertainment tax, entertainment tax contribution, and entertainment tax effectiveness for the period 2018 - 2022. This research is descriptive research with the object studied is the data of the DKI Jakarta Provincial Government Financial Statements in the form of Regional Original Revenue Reports, Regional Taxes, and Entertainment Taxes for the period 2018 - 2022. The data collection techniques used are documentation and interviews. In this study the approach used is descriptive qualitative.

The results of the research on the contribution of entertainment tax to local revenue in DKI Jakarta Province for the period 2018-2022 contributed very little with an average of 1%-2%. This shows that revenue from entertainment objects is not too large compared to other objects. While at the level of the effectiveness ratio of the DKI Jakarta entertainment tax for the period 2018-2022, the average is 82%-90%, so the criteria are quite effective. This shows that the DKI Jakarta provincial government is successful in collecting entertainment tax and the financial performance of entertainment tax is quite effective.

Keyword: *Entertainment Tax, Local Revenue, Contribution, Effectiveness*

1. Introduction

In Law Number 28 of 2007 concerning the Third Amendment to Law Number 6 of 1983 concerning General Provisions and Procedures for Taxation, Taxes are mandatory contributions to the state owed by individuals or entities that are compelling based on the Law, with no direct reward and are used for state purposes for the greatest prosperity of the people. With the tax levy, the state obtains funds to finance various activities including infrastructure development, public services, and so on. In addition, the purpose of tax collection is for the welfare of the people and as regional revenue in increasing regional autonomy. To ensure better implementation of regional autonomy, local governments must increase local own-source revenues by increasing existing sources or exploring new sources of PAD in accordance with existing regulations by taking into account economic conditions and community potential (Davey, 1988: 95). Tambunan (2006: 34) states that the sustainable growth of local revenue will encourage stronger regional economic growth. Therefore, local revenue is a source of income generated from regional potential (Kresna, 2021). Local governments can optimally utilize regional revenue sources.

Based on the Financial Report of the DKI Jakarta Regional Government, the target and realization of Regional Original Revenue of DKI Jakarta Province can be seen to change every year, such as in 2018 the percentage of regional original revenue was 97.69%, in 2019 89.90%, in 2020 98.24%, in 2021 92.09%, and in 2022 81.94%, but from 2018 - 2022 the realization of Regional Original Revenue was always less than the target. Based on the results of interviews with Mr. Andri Maulidi Rijal as the Head of the DKI Jakarta Bapenda Pusdatin Extension Implementation Unit, the cause of the realization of PAD from 2018 - 2022 is always less than the target is due to the lack of awareness of taxpayers, economic conditions, the existence of Covid-19 which causes economic restrictions on the community. In local revenue, it consists of local taxes. Based on the Financial Statements of the DKI Jakarta Regional Government, the target and realization of the regional tax of DKI Jakarta Province can be seen that revenue from the tax sector has not reached the target from 2018 - 2022. This of course has an impact on regional income which in turn will help support development and government activities, such as funding for health, education services, road construction, irrigation, government buildings, and others (Fiqri Aturrohma, 2022).

Local taxes which are one of the Regional Original Revenues in general in Indonesia are divided into two, namely provincial or central taxes and district or city taxes (Mutiarra et al., 2022). In district or city taxes, there are 11 types of taxes, one of which is entertainment tax and entertainment tax can be a potential source of regional revenue (Hajar, 2017). In this case, local taxes are a significant source of local revenue. In the Regional Regulation of the Special Capital Region of Jakarta Province No. 13 of 2010 concerning entertainment tax article 1 states that, entertainment tax is a tax on entertainment. Entertainment is all types of spectacles, performances, games, and/or crowds that are enjoyed for a fee (Fahreja et al., 2019).

Entertainment tax in DKI Jakarta Province has a fluctuating or up and down revenue realization and there are entertainment tax targets that have not been met from 2018 to 2022. In 2018 the realization of entertainment tax in DKI Jakarta

province reached 833 billion rupiah and 2022 reached 399 billion rupiah, this value did not reach the set target, while the comparison of realization in 2020 and 2021 decreased dramatically compared to 2019. The results of interviews with Mr. Andri Maulidi Rijal, the cause of the drastic decline in entertainment tax realization in 2020 and 2021 was due to the conditions of the co-19 pandemic which resulted in the issuance of various government policies ranging from Large-Scale Social Restrictions.

Another cause is also because entertainment organizers are not regular or compliant in paying their tax obligations to the local government or the authorities that regulate taxation in the area. In addition, there are internal problems in the entertainment object due to the inability to pay employee salaries, electricity, telephone, and water due to the absence of customers visiting the entertainment object, causing the entertainment object to close. Meanwhile, entertainment tax is one of the potential regions that must be developed for growth to meet the needs of a region. Unstable entertainment tax growth can reduce the contribution of local taxes to local revenue. In this case, the local government must have a special strategy so that problems regarding the realization of entertainment tax in the following year can meet the predetermined target. Of course, these problems also need to be addressed with plans, strategies, and objectives designed in accordance with applicable laws and regulations (Hajar, 2017).

2. Literature Review

2.1. Stewardship Theory

Stewardship theory is defined as a situation where an individual has no personal interest and prioritizes the interests of his organization. In this case, it can be concluded that the government acts as a stewardship that manages resources, while the people or society act as principals, namely those who have the resources. Taxes paid by the community will be managed by the government and used for the benefit of the people, not for private interests.

2.2. Local Revenue

a. Local Revenue Definition

In (Law No. 1 Year 2022 on Financial Relations between the Central Government and Regional Governments, 2022) that, Regional Original Revenue is regional revenue obtained from local taxes, local retribution, the results of the management of separated regional assets, and other legitimate regional original income in accordance with statutory regulations.

b. Sources of Local Revenue

In the (Law Of The Republic Of Indonesia Number 23 Of 2014 Concerning Regional Government, 2014) there are four sources of Regional Original Revenue, namely:

1. Local Tax
2. Local Retribution
3. Results of Management of Separated Regional Wealth
4. Other Legitimate Local Revenue

2.3.Tax

a. Tax Definition

Tax is a mandatory levy that inevitably inevitably must be paid by the people or the community who has the obligation to pay without any direct reward and the results of paying this tax are for state needs, such as infrastructure development, health services, and etc.

b. Tax Type

According to (Agoes & Trisnawati Estralita, 2016) taxes are divided into three, namely according to its nature, object, and collector.

The following is the explanation:

1. According to its nature, taxes are classified into two, namely direct taxes and indirect taxes.
2. According to its object, tax is classified into two, namely subjective tax and objective tax.
3. According to the collector, taxes are classified into two, namely provincial taxes and local taxes.

c. Tax Function

Based on this, according to (Sihombing & Sibagariang, 2020) taxes have four functions, which are as follows:

1. Budget Function
2. Regulating Function
3. Equalization Function
4. Stabilization Function

d. Tax Collection System

There are three general tax collection systems, namely official assessment system, self-assessment system, and withholding system (Chairun Nisa, 2017).

e. Tax Collection Requirements

As stated by (Sihombing & Sibagariang, 2020) there are five requirements for tax collection, including as follows, Tax collection must be fair (justice), based on law, does not interfere with the economy, must be efficient, must be simple.

2.4.Local Tax

a. Definition of Local Tax

Local tax is the amount of money that we must pay as taxpayers to the local area for the benefit of its own region which later the results of this tax payment can be used to finance developments that are beneficial for the welfare of its people.

b. Types of Local Taxes

In (Law No. 1 Year 2022 on Financial Relations between the Central Government and Regional Governments, 2022) states that local taxes are divided into into two types, namely taxes levied by the provincial government and taxes levied by the district / city government.

2.5. Entertainment Tax

a. Definition of Entertainment Tax

Entertainment tax is a fee that must be payable by individuals or entities that have enjoyed a certain entertainment to the entertainment organizer service.

b. Object, Subject, Entertainment Taxpayer

The object of entertainment tax is the service of of entertainment tax is the service of organizing entertainment by collecting fee". Subject of PBJT Tax is the consumer of certain goods and services. Taxpayers of PBJT taxpayers in which arts and entertainment services are individuals or entities that perform sales, delivery, and / or consumption of certain goods and services.

c. Entertainment Tax Calculation

According to (Hajar, 2017) how to calculate entertainment tax can be seen from the formula below:

$$\text{Entertainment Tax Payable} = \text{Total Tax Payment} \times \text{Tax Rate}$$

2.6. Contribution

$$\text{Entertainment Tax Contribution} = \frac{\text{Realization of Entertainment Tax Revenue}}{\text{Realization of Local Revenue Receipts}} \times 100\%$$

Source: Abdul Halim (in Reza & Lutfi, 2021)

There is a classification of entertainment tax contribution criteria, the following are the criteria:

Percentage	Criteria
≤ 10	Very Less
10 – 20	Less
20 – 30	Simply
30 – 40	Medium
40 – 50	Good
≥ 50	Very Good

Source: Abdul Halim (in Reza & Lutfi, 2021)

2.7. Effectiveness

$$\frac{\text{Realization of Entertainment Tax Revenue}}{\text{Entertainment Tax Revenue Target}} \times 100\%$$

The criteria for measuring effectiveness are as follows:

Percentage	Criteria
Above 100%	Very Effective
90% - 100%	Effective
80% - 90%	Quite Effective
60% - 80%	Less Effective
Less than 60%	Ineffective

Source: Depdagri, Kepmendagri (in Hajar, 2017)

2.8.Strategy

According to Richard L. Daft, strategy is explaining how to use resources and resources and do things to obtain desires and achieve goals. Strategies serve as decision-makers, communication materials, and targets.

3. Material and Method

3.1. Place and Time of Research

In writing this research was conducted in DKI Jakarta Province, especially by visiting the Regional Revenue Agency and carried out from March to June 2024.

3.2. Research Design

In this research, the approach used is descriptive qualitative. In this approach, researchers use secondary data and primary data. In this study using the effectiveness ratio and calculating the contribution of entertainment tax.

3.3. Data Source and Research Sample

- a. In this study, the data sources used are secondary data and primary data.
- b. In this study, researchers took samples using purposive sampling. This purposive sampling aims to take samples with some predetermined standards (Suprianto, 2015). The criteria used in This sample is as follows:
 1. Report on Regional Original Revenue and Regional Taxes of DKI Jakarta province Jakarta period 2018 -2022 which contains local taxes;
 2. Entertainment tax report of DKI Jakarta province for the period 2018 - 2022 which contains details of the target and realization of entertainment tax for that period.

3.4. Data Collection Technique

In collecting data and information, the collecting data and information, the data collection techniques that researchers use must be accurate and factual, so that it will produce the right information. So in this research This researcher uses collection techniques by conducting documentation and interviews.

3.5. Data Validity Technique

Data validity is important in a research because it shows how true the data is research because the validity of this data shows how true the results of the research are and to increase the trustworthiness of the data that has been collected the results of the research and to increase the trustworthiness of the data that has been used. In qualitative research there are validity techniques, the validity techniques used are credibility, transferability, and dependability.

3.6. Data Analysis Technique

Data analysis is the process of searching and compiling data collected from interviews, documentation by classifying into categories and drawing conclusions so that it can be understood by yourself and readers. According to Miles and Huberman (Sugiyono, 2019) data analysis techniques can be processed in the following way, data reduction, data presentation, and conclusions or verification.

4. Result

a. Contribution Analysis

In calculating the contribution of entertainment tax, researchers examined DKI Jakarta Province to find out how much entertainment tax contributes to DKI Jakarta's Regional Original Revenue. Here are the calculation results.

Year	Realization of Local Revenue	Entertainment Tax Realization	Presentation	Criteria
2018	Rp43.327.136.602.811	Rp833.684.983.302	2%	Very Less
2019	Rp45.707.400.003.802	Rp859.061.073.573	2%	Very Less
2020	Rp37.414.754.711.193	Rp220.233.785.282	1%	Very Less
2021	Rp41.606.307.405.630	Rp86.884.095.920	0,21%	Very Less
2022	Rp45.608.404.729.501	Rp399.637.279.558	1%	Very Less

Source: Data processed by researchers (2024)

b. Effectiveness Analysis

In calculating the effectiveness of this entertainment tax, researchers examined five regions in DKI Jakarta, namely East Jakarta, Central Jakarta, South Jakarta, North Jakarta, and West Jakarta.

1) Entertainment Tax Effectiveness of East Jakarta City in 2018-2022

City	Year	Entertainment Tax Realization	Entertainment Tax Target	Effectiveness Ratio (%)	Criteria
East Jakarta	2018	Rp53.032.727.889	Rp60.776.000.000	87%	Effective Enough
	2019	Rp52.655.156.868	Rp58.603.423.000	90%	Effective
	2020	Rp13.761.947.413	Rp13.237.000.000	104%	Highly Effective
	2021	Rp8.795.842.519	Rp7.103.000.000	124%	Highly Effective
	2022	Rp23.257.312.074	Rp44.829.297.000	52%	Ineffective

Source: Data processed by researchers (2024)

2) Entertainment Tax Effectiveness of Central Jakarta City in 2018-2022

City	Year	Entertainment Tax Realization	Entertainment Tax Target	Effectiveness Ratio (%)	Criteria
Central Jakarta	2018	Rp199.499.634.582	Rp210.028.000.000	95%	Effective
	2019	Rp196.918.173.945	Rp189.081.680.000	104%	Highly Effective
	2020	Rp48.494.179.887	Rp46.392.000.000	105%	Highly Effective
	2021	Rp14.599.481.933	Rp11.697.000.000	125%	Highly Effective
	2022	Rp80.912.096.600	Rp190.931.972.000	42%	Ineffective

Source: Data processed by researchers (2024)

3) Entertainment Tax Effectiveness of South Jakarta City in 2018-2022

City	Year	Entertainment Tax Realization	Entertainment Tax Target	Effectiveness Ratio (%)	Criteria
South Jakarta	2018	Rp195.039.949.891	Rp217.129.000.000	90%	Effective
	2019	Rp199.629.106.792	Rp202.243.178.000	99%	Effective
	2020	Rp51.972.800.153	Rp49.281.000.000	105%	Highly Effective
	2021	Rp 21.434.098.385	Rp17.487.000.000	123%	Highly Effective
	2022	Rp81.356.273.693	Rp163.718.343.000	50%	Ineffective

Source: Data processed by researchers (2024)

4) Entertainment Tax Effectiveness of North Jakarta City in 2018-2022

City	Year	Entertainment Tax Realization	Entertainment Tax Target	Effectiveness Ratio (%)	Criteria
North Jakarta	2018	Rp212.223.330.490	Rp223.457.000.000	95%	Effective
	2019	Rp214.014.558.179	Rp215.478.642.000	99%	Effective
	2020	Rp58.160.564.066	Rp58.020.000.000	100%	Highly Effective
	2021	Rp24.884.797.033	Rp19.418.000.000	128%	Highly Effective
	2022	Rp140.511.248.314	Rp202.723.422.000	69%	Ineffective

Source: Data processed by researchers (2024)

5) Entertainment Tax Effectiveness of West Jakarta City in 2018-2022

City	Year	Entertainment Tax Realization	Entertainment Tax Target	Effectiveness Ratio (%)	Criteria
West Jakarta	2018	Rp182.743.875.793	Rp188.610.000.000	97%	Effective
	2019	Rp193.782.548.960	Rp184.593.077.000	105%	Highly Effective
	2020	Rp47.471.961.485	Rp48.070.000.000	99%	Effective
	2021	Rp17.165.507.970	Rp14.295.000.000	120%	Highly Effective
	2022	Rp74.230.244.940	Rp147.796.966.000	50%	Ineffective

Source: Data processed by researchers (2024)

5. Discussion

- a. The results of the contribution of entertainment tax in the Jakarta province from the period 2018 - 2022 ranged from 1%-2%, this shows very insufficient criteria. The reason is that the realization of local revenue of the Jakarta province from 2018 to 2022 has not met the previously set target, and also in 2018 and 2022 the realization of entertainment tax has not met the predetermined target. The results of the effectiveness ratios of the five regions in Jakarta are as follows:
 - 1) The effectiveness of entertainment tax in the city of East Jakarta in 2018 - 2022 has fluctuated. Where in 2018 it has an effectiveness ratio of 87% with fairly effective criteria, in 2019 it increased to 90%, while in 2020 and 2021 it has an effectiveness ratio of 104% and 124%, indicating an increase in the effectiveness ratio with very effective criteria. However, in 2022 the entertainment tax effectiveness ratio only reached 52% with ineffective criteria.
 - 2) Central Jakarta in 2018 has an effectiveness ratio of 95% with effective criteria, while in 2019, 2020, and 2021 it has an effectiveness ratio of 104%, 105%, and 125%, indicating an increase in the effectiveness ratio with very effective criteria. However, in 2022 the effectiveness ratio of entertainment tax in central Jakarta only reached 42% with ineffective criteria.
 - 3) The city of South Jakarta in 2018 has an effectiveness ratio of 90% and 2019 has an effectiveness ratio of 99% with effective criteria, while in 2020 and 2021 it has an effectiveness ratio of 105% and 123% with very effective criteria. However, in 2022 the entertainment tax effectiveness ratio in South Jakarta only reached 50% with ineffective criteria.
 - 4) The city of North Jakarta in 2018 has an effectiveness ratio of 95% and in 2019 has an effectiveness ratio of 99% with effective criteria, while in 2020

and 2021 it has an effectiveness ratio of 100% and 128% with very effective criteria. However, in 2022 the entertainment tax effectiveness ratio in North Jakarta only reached 69%, which is ineffective criteria.

- 5) West Jakarta city in 2018 has an effectiveness ratio of 97% with effective criteria, in 2019 the effectiveness ratio increased to 105% with very effective criteria, while in 2020 it has an effectiveness ratio of 99% the criteria for the effectiveness of entertainment tax in 2020 is effective. In 2021 the entertainment tax effectiveness ratio reached 120% with very effective criteria. However, in 2022 the entertainment tax effectiveness ratio in West Jakarta only reached 50% with ineffective criteria.
- b. DKI Jakarta Province needs a strategy to make entertainment tax contribute more to local revenue. The following are some strategic suggestions from researchers that must be carried out by the DKI Jakarta Provincial Government, namely increasing the level of entertainment tax compliance, strengthening law enforcement and supervision to entertainment tax objects that are reluctant to pay taxes, providing an online platform that is easily accessible and easy to use by entertainment business actors. In addition, there are several strategies that have been carried out by the DKI Jakarta provincial government so that entertainment tax makes a greater contribution to local revenue, including by collecting data and conducting field research on entertainment tax objects that are still active, making extensification efforts in the form of collecting data on new or active entertainment tax objects by each structuring implementing unit at the regional tax service unit office, in addition to the regional tax service unit conducting research on entertainment venues, conducting electronification of prioritized entertainment taxes, and conducting audits of entertainment tax objects that have two service functions such as restaurants and entertainment.

6. Conclusion, Implication, and Recommendation

6.1. Conclusion

- 1) The results of the contribution of entertainment tax in DKI Jakarta province from the period 2018 - 2022 ranged from 1% - 2%, this shows very insufficient criteria. And the results of the effectiveness ratio of the five regions in DKI Jakarta in 2018-2022 averaged 82%-90%, so the criteria are quite effective. This shows that DKI Jakarta is quite successful in managing the entertainment sector.
- 2) In terms of strategy, DKI Jakarta must increase the level of entertainment tax compliance, strengthen legal enforcement and supervision of entertainment tax objects that are reluctant to pay taxes, provide an online platform that is easily accessible and easy to use by entertainment businesses. That way the contribution of entertainment tax will increase.

6.2. Implication

6.2.1. Theory Implication

The contribution of entertainment tax is influential in local revenue in a province or region. If the contribution in entertainment tax is very low,

then something must be addressed so that the entertainment tax yield is higher. Likewise, the effectiveness must also be addressed so that the effectiveness of entertainment tax each year always increases, if it increases every year it means that the entertainment object has been managed properly.

6.2.2. Practical Implication

These results are used for the DKI Jakarta Provincial Government, especially the Regional Revenue Agency, so that it can fix or manage entertainment objects and take decisive action so that entertainment taxpayers do not underestimate paying taxes, the results of which will be for the benefit of the community itself.

6.3. Recommendation

Recommendations for future researchers are suggested to examine more other types of taxes, meaning not only entertainment tax, and examine from the latest years so that comparisons can be seen.

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