THE INFLUENCE OF REGIONAL TAX REVENUE ON REGIONAL ORIGINAL INCOME WITH GOOD CORPORATE GIVERNANCE AS A MODERATING VARIABLE

Herlina Theodensia D. Doke[1], Paul Usnmany[2], Johny Aninam[3], Rieneke Ryke Kalalo[4] Eljawati[5]
Universitas Flores, Indonesia[1] Universitas Pattimura, Indonesia[2] Universitas Papua, Indonesia[3] Universitas Kristen Indonesia Tomohon, Indonesia[4] Institut Pemerintahan Dalam Negeri, Indonesia[5]
Correspondensi Author Email : lentyherlina@gmail.com

Abstract

This research is quantitative research with an exploratory approach, namely an approach that uses the five studies above as the main springs for building a new water source center which researchers will design with new variations or what is usually called an element of novelty in each study. The data used in this research is secondary data that researchers obtained from the Central Bureau of Statistics to see the tax revenue of each province in the last 10 years which is published every year on the official website of the Central Bureau of Statistics. These data were analyzed using the smart PLS 4.0 analysis tool. The result in this article show Regional Tax Revenue can have a positive relationship and a significant influence on Regional Original Income. This can be caused because the P-Values value is positive and is below the 0.05 significance level, namely 0.019. Based on these results, it can be concluded that the more tax revenue a region receives can increase its Original Regional Income. What is different from the five studies above, in the next row of the third table of this study shows that the Good Corporate Governance variable can strengthen the influence of the Regional Tax Revenue variable on Regional Original Income. This is because the P-Values value is positive and is below the 0.05 significance level, namely 0.000. Thus the first and second hypotheses in this research can be accepted.

Keywords: *Regional Tax Revenue, Regional Original Income, Good Corporate Givernance.*

1. INTRODUCTION

According to Law no. 18 of 1997 concerning Regional Taxes and Regional Levies as amended by Law no. 34 of 2000 and last amended by Law no. 28 of 2009, what is meant by regional tax: Regional tax, hereinafter referred to as tax, is a mandatory contribution to the region owed by an individual or body which is coercive in nature based on the Law, with no direct compensation and is used for Regional needs for the greatest prosperity of the people(RI 2009a). The types of regional taxes are divided into: a. Types of Provincial Taxes consist of: 1) Motor Vehicle Tax 2) Motor Vehicle Title Transfer Fee 3) Motor Vehicle Fuel Tax 4) Surface Water Tax 5) Cigarette Tax b. Types of District and City Taxes consist of: 1) Hotel Tax 2) Restaurant Tax 3) Entertainment Tax 4) Advertisement Tax 5) Street Lighting Tax 6) Non-Metal Mineral and Rock Tax 7) Parking Tax 8) Ground Water Tax 9) Swallow's Nest Tax (Irwanto et al. 2019).

As mandated by Law 32 of 2004 concerning Financial Balance between the Central Government and Regional Governments, one of the sources of Regional Government funding is Regional Original Income (PAD), which originates from the collection of Regional Taxes and Retributions, the results of the management of separated regional assets, and so on. other valid PAD (RI 2004). Furthermore, the implementation of the collection of Regional Taxes and Levy is regulated by a separate law, which is currently Law 28 of 2009 concerning Regional Taxes and Regional Levy (Vera Indra Sari 2019).

Based on Law 28/2009, several types of provincial taxes must be shared with the Regency/City, namely: a. The proceeds from Motor Vehicle Tax and Motor Vehicle Title Transfer Fees are handed over to the districts and cities in the amount of 30% (thirty percent). b. The proceeds from Motor Vehicle Fuel Tax revenues are handed over to the district or city in the amount of 70% (seventy percent). c. 70% (seventy percent) of the Cigarette Tax revenue is handed over to the districts and cities. d. 50% (fifty percent) of the Surface Water Tax revenue is handed over to the districts and cities (Irwanto et al. 2019). Specifically for Surface Water Tax receipts from different water sources in one district/city area, the proceeds of the Surface Water Tax revenue in question are handed over to the district/city concerned in the amount of 80% (eighty percent) (RI 2009b).

Based on the explanation above, it is certain that Regional Tax Revenue can affect Regional Original Income (Purwanto, Yandri, and Yoga 2022). According to Law no. 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments, what is meant by Original Regional Income PAD: Original Regional Income, hereinafter referred to as PAD, is income obtained by the Region which is collected based on Regional Regulations in accordance with statutory regulations. Meanwhile, what is meant by Regional Income according to Law No. 33 of 2004 is: Regional Income is the right of the Regional Government which is recognized as an addition to the value of net assets in the relevant year period (RI 2004).

According to Article 6 paragraph 1 of Law No. 33 of 2004, PAD can be sourced from: 1. Regional taxes 2. Regional levies 3. Separated regional wealth management results 4. Other legitimate PAD. Other valid PAD as referred to in paragraph 1, include: a. Proceeds from the sale of regional assets that are not separated b. Current account services c. Interest income d. Profit from the difference in the rupiah exchange rate against foreign currencies e. Commissions, discounts, or other forms as a result of the sale and/or procurement of goods and/or services by the region. The House of Representatives of the Republic of Indonesia finally approved and ratified the Draft Law on Regional Taxes and Regional Retributions, the PDRD Bill to become the Regional Taxes and Regional Retributions Law, PDRD Law Number 28 of 2009, as a replacement for Law Number 18 of 1997 and Law Number 34 2000. The ratification of the PDRD Law was very strategic and fundamental in the field of fiscal decentralization, because there were quite fundamental policy changes in restructuring financial relations between the Center and the Regions. This new law came into effect on January 1 2010 (Kurnia Dewi 2023). The PDRD Law has the following objectives: 1. To give greater authority to regions in taxation and levies in line with the increasing responsibility of regions in administering government and services to the community. 2. Increase regional accountability in providing services and administering government and at the same time strengthening regional autonomy. 3. Provide certainty for the business world regarding the types of regional levies and at the same time strengthen the legal basis for collecting regional taxes and regional levies (RI 2009b).

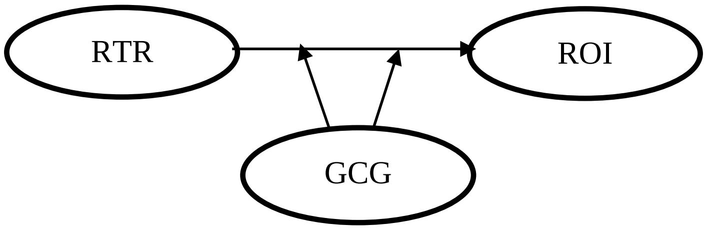
There are several principles for regulating regional taxes and regional levies that were used in drafting this Law, namely: 1. Giving authority to regulate regional taxes and regional levies does not burden the people too much and is relatively neutral towards the national fiscal 2. The types of taxes and levies that can be collected by regions are only stipulated in law 3. Granting authority to regions to determine regional tax rates within the minimum and maximum rates stipulated in law 4. Regional governments may not collect types of taxes and levies listed in law in accordance with regional government policy 5 . Supervision of the collection of regional taxes and regional levies is carried out in a preventive and corrective manner. Draft Regional

Regulations governing taxes and levies must obtain government approval before being adopted as a PERDA (Anggraeni 2016).

A number of previous studies that can strengthen the researcher's arguments (Mahayoga 2023) ; (Maryanti 2018); (Anggraeni 2016); (NURFAHMI 2023) & (UMNIATI 2020) show that the Regional Tax Revenue variable can have a positive relationship and a significant influence on Regional Original Income. In contrast to a number of studies above, this article adds the Good Corporate Governance variable as a moderating variable.

2. RESEARCH METHODS

Figure 1
Model



Noted:
RTR : Regional Tax Revenue
ROI: Regional Original Income
GCG: Good Corporate Governance

The image above implies the same aims and objectives as 5 previous studies, namely (Mahayoga 2023); (Maryanti 2018); (Anggraeni 2016); (NURFAHMI 2023) & (UMNIATI 2020) which has the main objective of analyzing the influence of Regional Tax Revenue on Original Regional Income. Which is a different style from research (Mahayoga 2023); (Maryanti 2018); (Anggraeni 2016); (NURFAHMI 2023) & (UMNIATI 2020) lies in the addition of a moderating variable in this research, namely the Good Corporate Governance variable (Sugiyono 2019). Good Corporate Governance in this research is measured by the amount of tax revenue that is stable and even increases in the years that are the object of research in this article (Jonathan Sarwono 2016). This research is quantitative research with an exploratory approach, namely an approach that uses the five studies above as the main springs for building a new water source center which researchers will design with new variations or what is usually called an element of novelty in each study (Wardhana 2015). The data used in this research is secondary data that researchers obtained from the Central Bureau of Statistics to see the tax revenue of each province in the last 10 years which is published every year on the official website of the Central Bureau of Statistics (Abdurahman 2016). These data were analyzed using the smart PLS 4.0 analysis tool, giving rise to the hypothesis below.

Hypothesis:
H1: The Influence of Regional Tax Revenue on Regional Original Income
H2: Good Corporate Givernance Can Moderates The Influence of Regional Tax Revenue on Regional Original Income

3. RESULT AND DISCUSSION

Validity Test

Validity tests are usually very effective if used in testing raw data that researchers get from questionnaires directly as more convincing material so that the data used can be confident when presented in the form of research. Likewise, with primary data, secondary data also requires validity testing in Smart PLS 4.0, although it is not as aggressive as open testing to validate primary data. The following are the results of the secondary data validity test in this article (Hair 2010):

Tabel 1

Validity Test

Variable	Loading Factor	Noted
Regional Tax Revenue	0.823	Valid
Regional Original Income	0.909	Valid
Good Corporate Governance	0.921	Valid

Valid > 0.70

Reliability Test

Secondary data obtained from credible sources, in this case the Central Statistics Agency, can be declared valid 90% of the time. However, it is not certain that if the data used is valid, it will cause the variables used to be reliable. To ensure this, below are the results of the reliability test in this article (Ghozali 2016):

Table 2

Reliability Test

Variable	Composite Reliability	Cronbach Alfa
Regional Tax Revenue	0.844	0.802
Regional Original Income	0.964	0.925
Good Corporate Governance	0.992	0.951

Reliable > 0.70

Path Coefisien

The perfect secondary data obtained by researchers from the Central Agency for Statistics for 10 years, namely from 2013-2023, has passed the validity and reliability testing stages and the results are satisfactory. To complete this perfection, good Path Coefficient test results must also be followed. Following are the results of the Path Coefficient test in this article (Sarstedt et al. 2014):

Table 3

Path Coeifisien

	Variable	P-Values	Noted
Direct Influence	RTR->ROI	0.019	Accepted
Indirect Influence	GCG*RTR->ROI	0.000	Accepted

Significant Level < 0.05

The third table of Path Coefficients above shows that Regional Tax Revenue can have a positive relationship and a significant influence on Regional Original Income. This can be caused because the P-Values value is positive and is below the 0.05 significance level, namely 0.019. Based on these results, it can be concluded that the more tax revenue a region receives can increase its Original Regional Income. These results are in line with research (Mahayoga 2023); (Maryanti 2018); (Anggraeni 2016); (NURFAHMI 2023) & (UMNIATI 2020) which have the same results and intentions. What is different from the five studies above, in the next row of the third table of this study shows that the Good Corporate Governance variable can strengthen the influence of the Regional Tax Revenue variable on Regional Original Income. This is because the P-Values value is positive and is below the 0.05 significance level, namely 0.000. Thus the first and second hypotheses in this research can be accepted.

4. CONCLUSION

The third table of Path Coefficients above shows that Regional Tax Revenue can have a positive relationship and a significant influence on Regional Original Income. This can be caused because the P-Values value is positive and is below the 0.05 significance level, namely 0.019. Based on these results, it can be concluded that the more tax revenue a region receives can increase its Original Regional Income. These results are in line with research (Mahayoga 2023); (Maryanti 2018); (Anggraeni 2016); (NURFAHMI 2023) & (UMNIATI 2020) which have the same results and intentions. What is different from the five studies above, in the next row of the third table of this study shows that the Good Corporate Governance variable can strengthen the influence of the Regional Tax Revenue variable on Regional Original Income. This is because the P-Values value is positive and is below the 0.05 significance level, namely 0.000. Thus the first and second hypotheses in this research can be accepted.

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