Analysis of effectiveness and contribution of regional tax on original regional income in Kota Kupang

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Abstract
Purpose: This research was conducted at Badan Pendapatan Daerah Kota Kupang, with the aim of determining the contribution of the effectiveness of regional taxes and the contribution of regional taxes in Kota kupang to the regional income of Kupang in 2015-2019.

Research Methodology: The approach used in this research is descriptive quantitative, with data analysis techniques carried out by comparing the realization of local tax revenue against the target of regional taxes at times 100% to determine the contribution of regional tax effectiveness. Furthermore, to calculate the contribution of local taxes to local revenue, we compare the realization of local taxes with the original regional income multiplied by 100%.

Results: The results show that the average contribution of regional tax effectiveness for five years shows the criteria of being effective and even very effective, except for the types of entertainment tax and parking tax, which provide less or even ineffective contributions. Meanwhile, the contribution of local taxes to local revenue shows very good criteria, but the contribution of local levies is less. Therefore, it is hoped that the regional government will be able to explore the tax potential, which is still ineffective, and improve the strategy for optimizing the overall regional original income.

Keywords: *effectiveness, contribution, locally-generated revenue*

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1. Introduction

Regional autonomy in Indonesia has come a long way; since the proclamation of the independence of the Republic of Indonesia on August 17, 1945, the provisions governing Regional Autonomy have been contained in Article 18 of the 1945 Constitution. In this regard, the Government of Indonesia issued laws and regulations governing government administration in the regions, namely Law Number 1 of 1957, which was enhanced by Presidential Decree Number 6 of 1959, then replaced by Presidential Decree Number 2 of 1960, then changed to Presidential Decree Number 7 of 1965, which was enhanced through Law No. 18 of 1965, and changed to Law No. 5 of 1974 concerning the Principles of Government in the Regions, then Law No. 22 of 1999 concerning Regional Government, later replaced by Law No. 32 of 2004, which was later enhanced by Law No. 12 of 2008 concerning the Second Amendment to Law No. 32 of 2004, and the last one is Law No. 23 of 2014 concerning Regional Government. The era of regional autonomy, which officially came into effect in Indonesia on January 1, 2001, requires regions to be creative in finding sources of revenue that can finance regional government expenditures in the context of implementing governance and development. Of the various alternative sources of revenue that may be collected by regions, the law on regional governments stipulates that regional taxes are one of the sources of revenue originating from within a region and can be developed according to the conditions of each region. Lubis (2010) explained that: "To carry out the government, the regions have the right to impose levies on the community. Based on the 1945

Constitution of the Republic of Indonesia, which places taxation as one of the manifestations of statehood, it is emphasized that the placement of burdens on the people, such as compulsory taxes and other levies, is regulated by law. Thus, local tax collection must be based on law".

So far, regional levies in the form of regional taxes have been levied based on Law Number 18 of 1997 concerning Regional Taxes and Regional Levies, as amended by Law Number 34 of 2000, and now it has been enhanced by Law Number 28 of 2009. In accordance with the law, regions are given the authority to collect 16 (sixteen) types of taxes, namely 5 (five) provincial taxes and 11 (eleven) types of regency/city taxes. Apart from that, regencies/municipalities are still given the authority to determine other types of taxes, as long as they meet the criteria stipulated in law. The law also regulates the maximum tax rates for the 11 tax types. Furthermore, to increase the effectiveness of the supervision of regional levies, the supervisory mechanism was changed from repressive to preventive; that is, each regional regulation on taxes and levies before implementation must obtain prior approval from the central government. In addition, regions that stipulate policies in the area of regional taxes that violate the provisions of higher laws and regulations are subject to sanctions in the form of postponement and/or deduction of general allocation funds and/or profit-sharing funds or restitution.

Then, with the enactment of Law Number 28 of 2009, the ability of regions to finance their expenditure needs is increasing because they can easily adjust their income in line with an increase in the regional tax base and discretion in setting rates. On the other hand, not giving authority to regions to determine new types of taxes and levies will provide certainty for the public and business world, which in turn is expected to increase public awareness in fulfilling their tax obligations.

Kota kupang is the only city (municipality) located in the Province of East Nusa Tenggara (NTT). Kota kupang is an area that is directly adjacent to Kupang Regency as well as the capital of East Nusa Tenggara Province, in this case Kota kupang is a strategic city in NTT, because besides being the center of the provincial capital it is also a transit area for all regions in NTT. In its position, Kota kupang plays an important role in the development of Kota kupang as well as the capital city of the province because it is a cross-border area which is also the gateway to the East which in itself provides a very large opportunity for development in Kota kupang. The Kota kupang government, in an effort to develop its region, has made efforts to increase its original regional income sources according to its potential. so that an increase in the target every year can be followed by achieving the realization consistently.

The results of research at the Kota Kupang Regional Revenue Agency show that each year, the realization of the Regional Original Revenue in the City of Kupang increased from 2015 to 2016. The increase in the realization of the Regional Original Revenue is inseparable from the efforts of local governments to increase regional revenue from potential local tax sources. However, from 2017 to 2019, there was a decrease between target and realization. Kota Kupang continues to strive to develop regional development and facilities in the City of Kupang and targets to collect taxes effectively and efficiently in order to achieve regional development goals.

The increase in regional taxes from year to year, which is calculated from the realization of the total revenue, cannot be used as a measure of the success of tax collection carried out by the Kota Kupang government. One measure of the success of local tax collection is its effectiveness of local tax collection. Effectiveness refers to the success or failure of an organization to achieve its goals. The concept of effectiveness, if it is related to tax collection, the effectiveness in question is how much the realization of local tax revenue has succeeded in achieving the target that should have been achieved in a certain period (Putra, Ahadiyat, & Keumalahayati, 2023; Svongoro, Chigora, & Katsande, 2023).

Table 1. Target and Realization of Local Tax Revenues in Kota kupang 2015-2019

Year	Locally-Generated Revenue	
	Target	Realization

2015	57.181.967.900	56.935.865.366
2016	64.675.050.000	75.670.444.391
2017	89.532.997.000	83.286.284.438
2018	92.058.209.000	82.223.587.896
2019	125.607.997.000	108.473.862.346

Source: Badan Pendapatan Daerah (DISPENDA), Kota Kupang 2020

From the table above, it can be seen that every year, the target for achieving local taxes to be collected always increases. This shows that the City of Kupang has quite potential sources that can be utilized as a source of Regional Original Income. In 2015 and 2016, the realization of local taxes exceeded the proclaimed target, although in the last three years, namely, 2017 and 2018 to 2019, the realization has still not met the target. The Kota Kupang government, which is responsible for local tax management, needs to make efforts to optimize the collection in order to obtain a large enough regional income for the development of Kota Kupang, NTT. The amount of local tax revenue depends mainly on the collection mechanism. The realization that did not meet the target became a very interesting problem for researchers to become a research topic in order to determine what was actually happening at that time, which caused the target not to be achieved optimally. Based on this, the researchers are interested in conducting research on "Analysis of the Effectiveness and Contribution of Local Taxes to Local Revenue in Kota kupang."

1.1 Problem Formulations
Based on the introduction above, it can be concluded that
1. How big is the effectiveness of local taxes on the Original Regional Revenue of Kota Kupang in 2015-2019
2. How big is the level of contribution of local taxes to the Original Regional Income of Kota kupang in 2015-2019?

1.2 Research Objective
Based on the elucidation, the objectives of this research are:
1. This is to determine the effectiveness of local taxes on the Regional Original
2. Revenue of Kota kupang from 2015-2019 to.
3. This is to determine the level of contribution of local tax revenues to the Regional Original Income of Kota kupang in 2015-2019.

2. Literature Review
2.1 Regional Autonomy
2.1.1 Regional Autonomy Definition
Etymologically, regional autonomy comes from the Greek language, which is derived from the words auto and namos. Autos refer to themselves, and namos refer to rules or laws. Based on this etymology, autonomy is defined as regulating or governing. Thus, regional autonomy can be interpreted as the transfer of authority and responsibility from the central government to regions.

 Law Number 23 of 2014 concerning Regional Government article 1 point 6, which is meant by "Regional Autonomy is the right, authority and obligation of an autonomous region to regulate and manage government affairs and the interests of local communities in the system of the Unitary State of the Republic of Indonesia." Meanwhile, what is meant by Autonomous Regions (as a general designation for Provinces, Regencies and Cities) according to Law No.23 of 2014, namely: "Autonomous Regions, hereinafter referred to as regions, are legal community units that have territorial boundaries authorized to regulate and manage government affairs and the interests of the local community according to their own initiative based on the aspirations of the community in the system

of the Unitary State of the Republic of Indonesia. " The Republic of Indonesia, as a unitary state, adheres to the principle of decentralization in governance by providing opportunities and flexibility for regions to carry out regional autonomy. Simanjuntak (2007) argues that: "The decentralization policy embodied in the formation of autonomous regions and the implementation of regional autonomy is directed at accelerating the realization of community welfare through improved services, empowerment, and community participation, as well as increasing regional competitiveness, taking into account the principles of democracy, equity, justice, and potential for regional diversity in the US system of the Unitary State of the Republic of Indonesia".

2.1.2 The Purpose of Regional Autonomy

According to Haris (2006), there are two types of regional autonomy: general goals and specific objectives. The general objective of the regional autonomy policy is to improve the quality of justice, democracy, and welfare for all various elements of the nation within the Republic of Indonesia as a whole. The specific objectives of the regional autonomy policy are as follows:

1. Increased community involvement and participation in the decision-making process and its implementation to create a local government that is clean, efficient, transparent, responsive, and accountable.
2. Providing political education to the community on the urgency of their involvement in the local government process and their contribution to the establishment of a strong and legitimate national government.
3. Providing opportunities for people to elect their leaders directly and democratically.
4. Building mutual trust between communities on the one hand and between society and government on the other.

As for Simanjuntak (2007), the purpose of providing regional autonomy is to empower regions in the form of improving services, protection, welfare, initiative, creativity, and community participation, fostering democracy, equity, and justice, as well as unity, integrity, and harmony. national by following the origins of a region, diversity, and characteristics, as well as regional potential, which leads to the improvement of people's welfare in the system of the Unitary State of the Republic of Indonesia".

2.2. Locally-Generated Revenue
2.2.1 Locally-Generated Revenue Definition

Law Number 23 of 2014 Regarding Regional Government Article 1 point 35, what is meant by "Regional Revenue is all regional rights recognized as an addition to net asset value in the period of the fiscal year concerned." Meanwhile, according to Law No.33 of 2004 concerning financial balance between the central and regional governments, Article 1 point 18 states that "Regional Original Revenue is revenue obtained by a region from sources within its own territory, which is collected based on regional regulations in accordance with statutory regulations. -Applicable legislation." Law No. 28 of 2009 also states that the meaning of "Regional Original Income is a source of regional finance excavated from the region concerned, which consists of the results of regional taxes, regional levies, management of separated regional assets, and other legitimate regional income". Locally generated revenue is regional revenue from exploiting the potential of the region. Wahab (2009) states that, in the era of regional autonomy, it is necessary to look for other alternatives that can be used optimally to increase regional income and do not continue to depend on the central government in funding all activities in the region". The Regional Government is expected to be able to run the wheels of the government optimally to carry out regional development by exploring financial sources that take advantage of the potential of the region as LOCALLY-GENERATED REVENUE.

2.2.2 Locally-Generated Revenue Source

The increase in Regional Original Revenue (LOCALLY-GENERATED REVENUE) must be carried out by local governments in order to be able to finance their own needs, so that regional government dependence on the central government decreases and, in the end, the regions can become independent. Based on Law No.32 of 2004 in Chapter VIII concerning Regional Finance, Article 157 of the Regional Original Revenue comes from:

a. Local Tax Results

The results of regional taxes are local levies according to regulations established by regions for household financing as public legal entities. Local taxes are levies imposed by local governments, the results of which are used for general expenditures that are not immediately given back services, although the implementation can be enforced.

b. Result of Regional Retribution

The results of regional levies are fees that have legally become regional levies as payments for usage or for obtaining services or for obtaining services from work, business, or belonging to the relevant regional government. Regional levies have the following characteristics: their implementation is economical, there are direct rewards even though they must meet formal and material requirements, but there are alternatives to whether they want to not pay, which are fees that are not prominent in nature; in certain cases, regional levies are cost returns issued by the local government to meet the demands of community members.

c. The result of separated regional wealth management

The results of the management of separated regional assets are regional revenue derived from the management of separated regional assets. Law number 33 of 2004 classifies proceeds from the management of separated regional assets, specified according to the object of income, which includes the share of profit on equity participation in regionally owned companies/BUMD, the share of profits on equity participation in state-owned companies/BUMN, and the share of profits on investment. Capital in privately owned companies and community groups.

d. Other legal Locally-Generated Revenue

Law No. 33 of 2004 explains that legitimate original regional revenue is provided to budget regional revenues that are not included in the type of tax and the results of separated regional wealth management, which is also a regional revenue that comes from other things belonging to the regional government. Law number 33 of 2004 classifies what is included in legitimate regional original income:
1. Proceeds from the sale of regional assets that are not separated.
2. Current Account Services.
3. Interest income
4. Profit is the exchange rate of the rupiah against the foreign currency.
5. Commissions, discounts, or other forms resulting from the sale and procurement of goods or services by the government.

2.3 Tax
2.3.1 Definition of Tax

Law Number 6 of 1983 regarding General Provisions and Tax Procedures that have been revised several times and most recently contained in Law No. 28 of 2007 (hereinafter referred to as UU KUP) defines taxes as follows: "Taxes are mandatory contributions to the state that are owed by private persons or entities that are compelling under the law, without receiving direct compensation and used for state purposes for the amount of–the great welfare of the people".

The definition of tax according to Siahaan (2005) is as follows: "In general, taxes are levied on the public by the state (government) based on a law that is enforceable and payable for those who are obliged to pay them without getting any return (contra). achievement/remuneration) directly, the results of which are used to finance state expenditures in government administration and development".

Soemahamidjaja in Ilyas and Burton (2008) states that "Taxes are mandatory contributions in the form of money or goods, which are collected by the authorities based on legal norms, in order to cover the costs of producing collective goods and services in achieving general welfare." In addition, Soemitro in MBA Mardiasmo (2016) also states that "Taxes are people's contributions to the State treasury based on law (which can be enforced) without receiving any service-lead (counter-achievement), which can be directly demonstrated and used. to pay for general expenses." From the definition of tax, it can be concluded that five elements are inherent in the definition of tax:
1. Tax payments must be based on law

2. It can be forced
3. There is no counter-achievement (reward) that can be directly felt by tax payer
4. Tax collection is carried out by the state, both by the central government and regions (may not be collected by the private sector), and
5. Taxes are used to finance various government expenditures (routine and development) for the benefit of the public.

Taxes play a very important role in the state's life, especially in the implementation of development, because they are a source of state revenue to finance all expenditures, including development expenditures. Currently, the government is disseminating information to the public to participate in paying taxes obediently. This is done by improving applicable tax laws and regulations and imposing burdensome sanctions if taxpayers are unable to pay their taxes due to the state treasury in a timely manner.

2.3.2 Tax Collection Basic Theory
In the implementation of rights and obligations in taxation, a state is obliged to regulate its implementation under the aegis of law. This provides a sense of justice and protection to the community as taxpayers or payers. Ilyas and Burton (2008) suggests theories underlying tax collection that can be justified by a country:

a. Insurance Theory
Insurance theory is defined as the public interest (someone) that must be protected by the state. It is as if the community is responsible for the safety and security of its souls to the state. Given the interests of the community itself, it must pay a "premium' to the state.

This insurance theory only provides a basis because it is not appropriate to base the existence of tax collection. Premiums are not exactly the same as taxes because premiums in this theory should be the same as levies whose counter-performance can be felt directly by the premium provider. However, this is not the case for the notion of tax. The premium given to the state is not the same as that given to the company in terms of the real premium. If the community experiences a loss, the state cannot provide compensation as appropriate for an insurance company, and the premium given cannot be calculated in equal amounts will be awarded for this statement.

b. Interest Theory
The theory of interest is defined as a state that protects the interests of the assets and lives of its citizens by considering the sharing of the tax burden that must be collected from all its residents. All costs or expenses incurred by the state charged to all citizens are based on the interests of existing citizens. Citizens with many assets pay higher taxes to the state to protect the interests of the citizens concerned. On the other hand, citizens with few assets pay less tax to the state to protect the interests of those citizens.

c. Carrying Power Theory
The basis of this theory is the principle of justice, namely that everyone who is subject to tax must have the same weight. Taxes that must be paid are based on a person's bearing style, the measurement of which is the amount of income and expenditure made. This means that what must be fulfilled in a person's life is not included in the sense of the bearing style. The power (bear style) to pay new taxes occurs after a person's primary needs have been met. The primary need is the minimum principle of a person's life. If it has been fulfilled, then a tax payment will be made. In the context of the Income Tax Law, the minimum principle of life as intended can be referred to as Non-Taxable Income (PTKP). If a person has an income below the PTKP limit, it means that the person does not need to pay taxes, or that his bearing style of paying taxes is nil. On the other hand, if their income is above the PTKP, they will be subjected to a shoulder style to pay taxes in accordance with provisions based on the principle of justice stipulated in the Income Tax Law.

d. Purchasing Theory
This theory emphasizes that tax payments made to the state are intended to maintain the people in the country concerned. The buying style of a household in society is the same as that of the country's

household. Tax payments made to the state emphasize the function of regulating (regular) taxes so that people continue to exist.

e. Service Theory

This theory emphasizes the organische staatsleer notion, which teaches that the nature of the state as an organization (association) of individuals, then arises the absolute right of the state to collect taxes. Considering the history of the formation of a country, this devotion theory can be said to be an agreement in society (each individual) to form a state and hand over part of its power to the state to lead society. Because of the trust given by the community to the state, tax payments made to the state are evidence from society to the state because the state is in charge of administering the interests of its people. This devotion theory is also called the absolute tax liability theory.

2.3.3 Tax Function

Taxes play a very important role in a country because they are a source of state revenue, which can be used as a tool to regulate economic activities and as an equal distribution of people's income. Taxes have four main functions in economic development, namely as follows (Cahyono, 2007: 49)

a. Budgetary Function (Main Source of State Treasury)

Taxes are very relied upon as the main source of government revenue originating from within the country. This can be seen in the APBN because taxes are the largest contributor to state revenue.

b. Allocation Function (Source of Development Financing)

Taxes collected by the state to fill the state treasury (budgeters) are not allowed to settle in the state treasury. However, it must be allocated to financial development in all fields.

c. Distribution Function (Income Equity Tool)

Taxes collected by the government from taxpayers are used to finance development in all the fields. The use of taxes for development costs must be evenly distributed throughout the country so that all citizens, both rich and poor, can enjoy the development results financed from this tax.

d. Regulatory Function (Regulatory Tool for Economic Activities)

The government can regulate economic activities through taxes. Through fiscal policies, the government can set high taxes, for example, to overcome the inflation rate. Similarly, if the government sees that the economy tends to experience a decline (sluggishness), the government can implement a low tax policy. With low taxes, entrepreneurs are motivated to increase their investment. If investment increases, employment opportunities expand, and production increases. Ultimately, high enough economic growth will be achieved, people's prosperity will increase, and the economy will become stable. The tax regulatory function is often referred to as the stabilization function.

2.4 Regional Tax

2.4.1 Definition of Regional Tax

Law Number 34 of 2000 concerning Regional Taxes and Regional Levies which were later revised by Law Number 28 of 2009 defines regional taxes as follows "Local taxes, hereinafter referred to as taxes, are compulsory contributions to the regions owed by individuals or entities of a coercive nature based on law, without receiving direct compensation and used for regional needs for the greatest prosperity of the people."

According to M Mardiasmo (2014), local taxes are defined as follows: local taxes are mandatory contributions made by individuals or entities to regions without a balanced direct compensation, which can be enforced based on the prevailing laws and regulations used to finance the administration of regional governments and regional development.

Based on these definitions, it can be concluded that local taxes have the following characteristics.
1. Local taxes are derived from state taxes submitted to the regions.
2. Submission is based on this law.
3. Local taxes are collected by region based on laws and regulations.

4. The results of the local tax levies are used to finance operations for regional governance and development.

The regional tax collection authority is owned and exercised by the Regional Revenue Service. A good local tax is one that supports the granting of authority to regions in the framework of decentralization financing. For this reason, local governments must still place taxes according to their functions.

2.4.2 Types of Regional Tax
Aligned with the regional administration division, according to Law Number 28 of 2009, regional tax can be categorized into two types:
1. Level I Regional Taxes or Provincial Taxes consisting of
   a. Vehicle tax
   b. Transfer of Motor Vehicle Name
   c. Motor Vehicle Fuel Tax
   d. Surface Water Tax
   e. Cigarette Tax

2. Level II regional taxes or agency/city taxes consisting of
   a. Hotel Tax
   b. Restaurant tax
   c. Entertainment Tax
   d. Advertisement tax
   e. Street Lighting Tax
   f. Non Metal Mineral and Rock Tax
   g. Parking Tax
   h. Groundwater Tax
   i. Swallow's Nest Tax
   j. Rural and Urban Land and Building Tax
   k. Fees for Acquisition of Rights to Land and Buildings

2.4.2 Regional Tax Rate
The local tax rate collected by local governments is regulated in Law no. 28 of 2009, which stipulates that the highest tariff limitation is different for each type of tax:
1. Motor vehicle tax is set at a maximum of 10%
2. The transfer fee for motor vehicles is set at a maximum of 20%
3. Motor vehicle fuel tax is set at a maximum of 10%
4. Surface water tax is set at a maximum of 10%
5. Cigarette tax is determined at the highest to be 10% (ten percent) of cigarette excise
6. Hotel Tax is set at a maximum of 10%
7. Restaurant tax is set at a maximum of 10%
8. Entertainment Tax is set at a maximum of 35%
9. Advertisement Tax is set at a maximum of 25%
10. Street Lighting Tax is set at a maximum of 10%
11. Non-Metal Mineral and Rock Tax is set at a maximum of 25%
12. Parking Tax is set at a maximum of 30%
13. Ground water tax is set at a maximum of 20%
14. The wallet bird's nest tax is set at a maximum of 10%
15. Rural and Urban Land and Building Tax is determined at most high of 0.3%
16. Acquisition Fee for Land and Building Rights is determined at the highest by 5%

Although the limit for the highest tax rate is determined, there are different arrangements regarding the determination of tax rates by local governments between provincial and district/city taxes. Currently, the determination of provincial tax is regulated in Government Regulation No. 65 of 2001 concerning Regional Taxes, stipulating the highest tax rate, which is intended to give freedom to the regional

government concerned with managing their respective finances based on the capabilities and conditions of the region concerned.

2.4.4. Tax Collection Constraints

The following are some of the debilitating obstacles to local tax collection. According to Lisasih in Syah (2014:20), some of the obstacles to collecting local taxes are as follows:

First, the realization of supervision of regional regulations on regional taxes is relatively weak. The provisions of Law Number 34 Year 2000 mandate that regional regulations regarding taxes and levies issued by regional governments must be submitted to the central government, namely, to the Minister of Home Affairs and the Minister of Finance at the latest 15 (15).) days since stipulated. However, not all provinces and districts/cities submit regional regulations to the central government, and many provinces and districts/cities still do not pay attention to mandates in the provisions of the law. Lack of awareness of the province and district/city in fulfilling the mandate of the law certainly weakens the local tax collection. In the absence of these regional regulations, there may be the possibility of issuing regional regulations that later turn out to be problematic because of public interest and/or more legislation high.

Second, centralization of central government power in the supervision of local tax collection. All government implementation activities in the regions are still required to have a system of supervision from the central government, but supervision should no longer leave a gap for the central government to implement centralization of power, which in turn can lead to conflicts between central and regional, or between provinces and distracts/cities, because if that is the meaning of autonomy, the area becomes blurry.

Oversight by the central government, which is too tight, can weaken tax collection because the existence of too tight central government supervision can limit the freedom of the government and local communities, so that local governments cannot independently manage aspects of their lives according to their aspirations, sense of justice, and culture.

Third: The regions are not ready to handle tax disputes
The problem that arises in tax disputes in general is how to determine the appropriate type of local tax to be imposed (directly or indirectly), to whom, and at which level of government (district or city). Tax disputes arise in the field of taxation between taxpayers or tax bearers and authorized tax officials as a result of the issuance of a decision that can be appealed or sued to the tax court based on taxation laws and regulations, including a lawsuit for the implementation of billing based on the Billing Law Tax with a Warrant. The existence of these tax disputes, regulatory disputes, tax assessment disputes, and tax collection disputes automatically weakens tax collection.

Fourth, granting permits, recommendations, and implementation of public services that are insufficient or not in accordance with the scope of their duties, lack of guidance to all official apparatuses, lack of ability to listen to, respond to, and seek solutions to staff complaints, whether they are assigned as data collectors, data analyzers, calculations, SKPD issuance, or billing (Ranasinghe, Kumudulali, & Ranaweera, 2019).

2.5 Effectiveness

The word effective comes from the English language, namely, effective, which means successful or something that is done successfully. The word effective refers to the occurrence of an effect or the desired effect in an action. Effectiveness is a condition that implies the occurrence of a desired effect.

According to M Mardiasmo (2014), effectiveness is a measure of the organization's success or failure to achieve its goals". According to Mahmudi (2015), effectiveness is the relationship between output and objectives. The greater the output contribution to achieving goals, the more effective the organization, program, or activity. An organization, program, or activity is considered effective if the resulting output can meet expected goals, or it is said to be spending wisely".

The effectiveness of the local government is to achieve its objectives according to the planned needs. In accordance with Permendagri No. 13 of 2006, "Effectiveness is the achievement of program results with predetermined targets, namely by comparing outputs with results."

2.6 Contribution

The big Indonesian dictionary means "Contribution is a contribution," whereas according to the economic dictionary (Guritno, 1992:76), it is something that is given together with another party for the purpose of certain or collective costs or losses. Thus, the contribution of regional taxes to original regional income (LOCALLY-GENERATED REVENUE) can be interpreted as the contribution of regional taxes to original regional income.

3. Research Methodology

3.1 Research Approach

The research approach used in this study is quantitative descriptive research using comparative analysis to determine the level of effectiveness and contribution of local taxes to LOCALLY-GENERATED REVENUE in Kota Kupang. This research process begins with data collection, which includes data on the realization of revenue from LOCALLY-GENERATED REVENUE, the target and realization of local taxes, and details of local taxes. The data that have been collected are carried out by the next process, namely, quantitative calculations to determine the effectiveness and contribution of local taxes using the ratio analysis method, presented in tables and graphs. The results of the analysis are then described to explain the contribution and effectiveness of local taxes in Kota Kupang during the observation period.

3.2 Time and Place

This research was conducted at Dinas Pendapatan Daerah Kota Kupang, which is located in the Jalan Timor raya, Kupang Mayor's Office Complex (Kelapa Lima). The time needed for this research is approximately 6 months, starting from June to December 2020.

3.3 Type and Data Source

3.3.1 Data type

The types of data used in this study were as follows:

1. Primary Data

Primary data is data obtained by conducting field research through interviews with related agencies to obtain data and information related to this research.

2. Secondary Data

Secondary data come from related agencies, namely the Regional Revenue Agency, which is directly related to local taxes and local revenue. Sources include:

a. Target and realization of the City of Kupang Regional Original Revenue in 2015-2019

b. The target and realization of local taxes for the City of Kupang in 2015-2019.

3.4 Data Collection Technique

The research methods used were as follows.

1. Library Research

This research was conducted through literature to obtain a theoretical basis for research carried out by reading various studies related to this research topic, namely in the form of notes, books, journals, and so on.

2. Documentation

This was accomplished by collecting historical data or documents relevant to this research. The documentation method involves data collection by seeing, reading, studying, and then recording data related to the object of research.

3. Field observations (Field Research)
The research was conducted to obtain data to support this research, so that field research was carried out by various related agencies that could support this research.

4. Interview Method
The interview is a data collection technique that involves conducting interviews or direct questions and answers with respondents, namely parties related to the problem of the object to be studied. In this case, employees at the Regional Revenue Agency and parties related to the implementation of regional tax revenue in Kota Kupang.

3.5 Data Analysis Technique
3.5.1 Regional Tax Effectiveness Analysis
The effectiveness of local taxes indicates the ability of local governments to collect local taxes according to the targeted amount of local tax revenue. The effectiveness level of local taxes can be calculated using the following formula (Halim, 2001). Meanwhile, to see the effectiveness of different types of regional taxes, we compare the realization of local taxes (types of local taxes) versus the target set at 100%. The criteria used to assess the effectiveness of local taxes are as follows:

Table 2. Classification Criteria for Regional Tax Effectiveness

Achievements(Percentage)	Assessment Criteria
➢ Greater than 100 %	Very effective
➢ 100 %	Effective
➢ 90%-99%	Effective enough
➢ 75%-89%	Less effective
➢ Smaller 75%	Not effective

Source: Mahmudi (2015)

3.5.2 Regional Tax Contribution Analysis
The contribution of local taxes is an indicator used to determine the contribution of local taxes to the total Regional Original Income (LOCALLY-GENERATED REVENUE). The contribution of local taxes to the Regional Original Income is calculated using the following formula: (Halim, 2001)
KPD =   Realization of Regional Tax Revenue x 100%
        Realization of Locally-genderated revenue
The criteria used in assessing the contribution of local taxes to Regional Original Income are as follows.

Table 3. Classification Criteria for Contribution of Percentage of Local Taxes

Achievements (Percentage)	Assessment Criteria
0,00% - 10 %	Very less
10,10%- 20%	Less
20,10%- 30%	Moderate
30,10%- 40%	Pretty good
40,10%- 50%	Good
More than 50%	Very good

Source: Depdagri Nomor 690.900.327 Tahun 1996

4. Results and Discussions

4.1 General description of the object of research

4.1.1. A Brief History of the Regional Revenue Agency of Kota kupang

Badan Pendapatan Daerah Kota Kupang, before being converted into a Regional Financial Agency, was originally established with the nomenclature of the Kota kupang Regional Revenue Service, which is hereinafter abbreviated as Dispenda for Kota kupang, which is the entity for the Coordinator and Manager of Regional Original Revenue (LOCALLY-GENERATED REVENUE) for Kota kupang. This service was originally formed based on the Decree of the Minister of Home Affairs of the Republic of Indonesia Number KUPD. 7/12 / A-101 Year 1978. Initially, the Kota Kupang Regional Revenue Service had the status of the Kota Kupang Administrative City Regional Revenue Service and carried out collection activities for Original Regional Revenue and IPEDA from 1980 to 1992; the name IPEDA was changed to Land and Building Tax (PBB), which is currently still joined by the Regional Revenue Service of Kupang Regency. Subsequently, the status of the Kupang Administrative City Regional Revenue Service changed to the Kota Kupang Administrative City Regional Revenue Service Branch from 1983 to 1996, which handled LOCALLY-GENERATED REVENUE and PBB billing from 1992 to today. The service branch changed its name again to the Kota kupang Government Revenue Service in 1996 to 1998 changed to the Kota kupang Dispenda from 1998 to 2008 and was changed again to Dispenkeu Kota Kupang in 2008 to March 2014 to December 2016 to become Dinas Pendapatan Daerah Kupang and changed the name Dispenda to the Badan Keuangan Daerah Kota Kupang which continues to handle funds for the management of the Regional Budget and Local Revenue, Finance and other assets.

Since the formation of the Administrative City of Kupang to become a Municipal Municipality for the Level II Region of Kupang in accordance with Law Number 5 of 1996, the Regional Revenue Service for the City of Kupang was formed with the Decree of the Governor of the NTT Level I Region No. Kota Kupang Number 34 of 2002 Concerning the Establishment of the Organization and Work Procedures of the Regional Office and Technical Institutions of Kota kupang, amended again by Perda No. 06 of 2008 concerning Organization and Administration of Offices and amended again by Perda No. 04 of 2013 at the same time gives a portion of the responsibility in the collection of Land and Building Tax (PBB) and Regional Original Income in the Kota kupang area in collaboration with the Kupang Pratama Tax Service Office and subsequently in 2013 PBB-P2 was transferred to Regional Taxes of Kota kupang until now.

4.1.1.1 Research Result

This study aims to determine the extent to which the level of effectiveness of local taxes in the city of Kupang and to determine the contribution of local taxes in the city of Kupang to Local Revenue (LOCALLY-GENERATED REVENUE) of Kota Kupang in the period 2015-2019.

4.1.2 The Effectiveness of Local Taxes on Local Revenue in Kota kupang in 2015-2019.

Effectiveness is a measure of the success of an organization, including public sector organizations, in this case, the Local Government, to achieve its goals. The effectiveness of local taxes can be calculated by comparing the realization and target sets. The level of effectiveness of local taxes in the city of Kupang in 2015-2019 can be calculated as follows:

$$\frac{\textit{Regional Tax Realization}}{\text{Regional Tax Target}} \text{ x } 100\%$$

Based on the formula above, the calculation of the effectiveness of local taxes per type of tax in Kota kupang is as follows.

Table 4. Calculation of Regional Tax Effectiveness in Kota Kupang 2015-2019.

No.	Tax Type	Year (in percentage)				
		2015	2016	2017	2018	2019

1	Hotel	140,34	136,53	101,03	102,94	91,45
2	Restaurants	150,43	149,25	100,37	114,54	122,01
3	Entertainment	113,58	222,05	66,6	91,06	78,78
4	Billboard	117,53	94,96	90.41	86,57	95,17
5	Street Lighting	128,51	113,46	106.99	110.42	98,56
6	Excavation C	118,78	108,22	-	-	-
7	Parking	131,43	181,18	116,56	124,99	51,70
8	Groundwater	130,27	82,66	-	-	-
9	PBB	116,63	138,92	112,50	108,45	102,37
10	BPHTB	138,26	134,73	147,16	94,71	109,44
Average		**128,58**	**136,20**	**103,69**	**102,47**	**93,68**

Based on the results of the calculation of the effectiveness of each type of local tax as in table 4.1 above shows the lowest percentage occurred in the type of parking tax, which was 51.70 percent in 2019, then also the other lowest percentage occurred in the type of entertainment tax, namely 66.6 percent in 2017 and 78.78 percent in 2019. In the above data, there is also a blank column on the C excavation tax object and groundwater that was not recorded from 2017 to 2019 because the tax object is no longer the object of the regional tax in Kota Kupang. Meanwhile, data on land and building taxes cannot be found.

Table 5. Criteria for Local Tax Effectiveness in Kota Kupang

No.	Tax Type	Year				
		2015	**2016**	**2017**	**2018**	**2019**
1	Hotel	Very effective	Very effective	Very effective	Very effective	Effective
2	Restaurants	Very effective	Very effective	Very effective	Very effective	Very effective
3	Entertainment	Very effective	Very effective	Less Effective	Effective	Less Effective
4	Billboard	Very effective	Effective	Effective	Effective Enough	Effective
5	Street Lighting	Very effective	Very effective	Very effective	Very effective	Effective
6	Excavation C	Very effective	Very effective	-	-	-
7	Parking	Very effective	Very effective	Very effective	Very effective	Not Effective
8	Underground water	Very effective	Effective	-	-	-
9	PBB	Very effective	Very effective	Very effective	Very effective	Very effective
10	BPHTB	Very effective	Very effective	Very effective	Very effective	Very effective

Table 5 above shows that the overall effectiveness of local taxes in Kota Kupang is very effective for 2015-2019. However, criteria for less effectiveness exist in 2017 and 2019 for the type of entertainment

tax. While ineffective criteria occurred in 2019 for the type of parking tax, this is evidenced by the low average calculation of effectiveness compared to the previous year in this study of 93.68 percent.

4.1.3   Contribution of Regional Taxes to Local Revenue in Kota kupang in 2015-2019
To determine the contribution of local tax revenue to local revenue in Kota Kupang, the following calculations are carried out:
Contribution   = Regional Tax Revenue Realization x 100% Locally-generated revenue Realization

Based on the contribution formula, the street lighting tax contribution to the Kota kupang local tax can be calculated as follows

Table 6. Calculation of the Contribution of Regional taxes and levies against Original regional income of Kota Kupang 2015-2019

	Revenue	Year				
		2015	**2016**	**2017**	**2018**	**2019**
1	Regional Tax	51,24	56,43	87,68	85,27	93,80
2	Regional Retributions	20,17	18,43	11,42	14,01	5,47

Table 7. The criteria for assessing the contribution of local taxes and levies to Original local income of Kota Kupang 2015-2019

No	Revenue	Year				
		2015	**2016**	**2017**	**2018**	**2019**
1	Regional Tax	Very good	Very good	Very good	Very good	Very good
2	Regional Retributions	Moderate	Less	Less	Less	Very less

Table 7 above, it shows that the amount of regional tax contribution to regional original income increased from year to year, with the largest contribution occurring in 2019, amounting to 93.80 percent. This increasing contribution of taxes is not followed by an increase in regional user fees. Regional levies actually show a lower contribution, where the lowest contribution occurred in 2019, where the contribution of local taxes was very good. This shows that if the retribution revenue increases, it will significantly affect the contribution of taxes and other sources of revenue, which are the source of local revenue.

Furthermore, table 4.4 above, it also shows that based on the calculation of contributions in Table 4.3, the criteria for assessing local tax contributions are in a very good category for five years 2015-2019 with very good predicates. This proves that the contribution of tax or revenue from the tax sector is still the primary donna for Kota Kupang in increasing its original regional income coffers. However, local levies actually contributed less, even much less, in 2019, because the contribution was only 5.47 percent.

4.2 Research Result Discussion
4.2.1   Analysis of the Effectiveness of Local Taxes on Regional Income in Kota kupang
In accordance with the regional regulations governing local taxes, the local government of Kota Kupang issued several regional regulations, including Perda No. 02 in 2016, Perda No.05 in 2016, Perda No.05 in 2012, and Perda No.05 in 2011. These regulations regulate 8 (eight) types of regional taxes applied to the city of Kupang. Local taxes are the main source of local revenue, which is very important to finance regional households, in addition to the source of revenue from transfer funds. In this connection,

the central government encourages the acceleration of development and, in the context of autonomy, assigns responsibility to the regions to manage resources derived from taxes so that, in the end, it can realize social justice for all people (Tarigan, Lubis, Rini, & Sembiring, 2020).

Regions as the spearheads of development are expected to be able to generate revenue from the regional tax sector effectively and efficiently so that they can make a large contribution to the region. Judging from the level of effectiveness of the realization of tax revenue from the city of Kupang for five years (2015-2019) the average is very fluctuating, where in 2015 and 2016 there is a tendency to increase both target and realization, but for 2017-2019 the target is increasing but realization is always lower than the realization. This is due to taxpayers' low compliance in paying taxes.

The following describes several types of local taxes that experience fluctuating effectiveness ratios, including hotel taxes, from the calculation of their effectiveness ratios. This can be explained by the fact that the best percentage occurred in 2015 and 2016, even though it decreased in 2016 but was still very effective at 140, 34 percent in 2015, and 135.53 percent in 2016. Then, it drastically decreased in 2017 by 101.03%, and decreased even more in 2019, at 91.45 percent. This is because, in addition to decreasing taxpayer compliance, it is also caused by a decrease in hotel occupancy, which has implications for decreasing hotel revenue. Furthermore, it can be explained that the lack of supervision of related parties in relation to hotel operations and financial reports can reduce the potential tax that must be deducted.

Restaurant taxes showed the best effectiveness ratio in 2015 and 2016. However, after the IRU in 2017, it decreased to 100.37%, and then in 2018 and 2019 had an increasing trend. The decline in 2017 was more due to the low compliance of taxpayers who are in arrears and close the business and then move to another place or change the name of the business with a new owner to avoid taxes (interview with related parties).

The entertainment Tax in 2016 contributed the highest percentage of all types of local taxes, namely 222.05 percent. However, the largest decline also occurred in 2017, contributing only 66.6 percent. This is because of the lack of awareness or negligence of taxpayers. However, the closure of several entertainment venues has a significant impact on entertainment tax revenue.

The advertisement tax generally fluctuates; however, it is still at the normal limit, meaning that the difference is not significant. The average effective contribution was calculated to be 96% and 93 percent with the title effective. Thus, advertising tax has the potential to increase regional revenues. The same happened to the road management tax, where the effective ratio fluctuated, but nevertheless, it was still at an average figure that the difference was not significant and was on average 111.59 percent with the predicate very effective. The parking tax in 2019 provided the lowest effective contribution of all types of local taxes, reaching only 51.70 percent. This shows that parking management in Kota Kupang has not been carried out properly. However, in 2015-2018 the parking tax always contributed more than 100 percent with mussels in 2019 less effective because the government is still focused on other types of taxes that can make a larger contribution (Nugraha & Bayunitri, 2020).

Land and building taxes and BPHTB should be able to provide a large effective contribution, but the calculation results show a fluctuating effectiveness ratio from 2015-2019 to. The low compliance of taxpayers in paying taxes is an inhibiting factor, although in general, the criteria are effective and even very effective. In general, PBB must increase every time with an increase in the selling value of tax objects that occurs in an area, including the city of Kupang.

Overall, if the average regional tax effectiveness is calculated, it is in the effective criteria, even very effective for the five years 2015-2019, however, based on existing data, the best performance occurred in 2015 and 2016. While in 2017-2019 Based, the performance was lower than in 2015 and 2016. This shows that the change in regional heads and positions within the local government have an influence on policies and strategies in managing local taxes, which also have implications for regional revenues, including regional taxes in Kota Kupang. Other data show that the loss of local tax sources in Kota

Kupang, namely the Galian C tax and groundwater tax, also affects the loss of regional income sources. In 2015 and 2016 the contribution of Excavation C tax and groundwater tax in Kota kupang was equal to 2015, the effective contribution was 118.78 percent and 108.22 percent and in 2016 it was 130.27 percent and 82.66. Thus, the average effective contributions of these two types of taxes are 113.5 percent and 106.46%, respectively.

Thus, as stated by Mahmudi (2015), an effectiveness analysis measures the level of achievement of the target set, where we can evaluate the level of operational effectiveness of local government finances by comparing the financial information presented in its operational reports with projections. Furthermore, the range of performance achievement values to measure the level of financial management effectiveness can be determined by the government as a standard, including very effective, effective, moderately effective, less effective, and ineffective. In this regard, it can be explained that the average effective tax contribution for the City of Kupang during 2015-2019 was very effective criteria for 2015-2018 and in 2019, the criteria were effective.

4.2.2   Analysis of the Contribution of Regional Taxes to Local Revenue in Kota kupang in 2015-2019
The contribution rate is the proportion of tax types to the total tax revenue, both before and after the enactment of Law No. 28 of 2009. Contribution in English, which means participation or contribution, can be in the form of material or action, which is done for common interests.

This study aims to determine the contribution of Kota Kupang local taxes to Regional Original Income in 2015-2019. The results of the analysis show that the contribution of regional taxes in Kota kupang in 2015-2019 was very good for five years. However, the lowest percentage occurred in 2015 (51.24%). This is due to the large contribution of retribution, amounting to 20.17 percent. Then in 2019 the amount of local tax contribution was 93.80 percent, where the amount of this contribution was the largest for five years. However, the increase in tax contributions in 2019 was not matched by an increase or a high contribution from regional levies, as shown in Table 4.4. Thus, it can be concluded that an increase in the contribution of local taxes affects the contribution of levies or other sources of regional revenue to local revenue.

Several research results also show that the contribution of local taxes always provides a larger portion than other sources of regional revenue, such as levies and other regional revenues. Therefore, the government must try to optimize the source of local tax and retribution revenue by socializing taxation so that people are more aware and obedient to paying taxes.

5. Conclusion
Based on the results of research and discussion of research results regarding the effectiveness and contribution of local taxes to the regional income of Kota kupang in 2015-2019, it can be drawn:
1. The level of effectiveness of local taxes as a whole showed very effective results in 2015 and 2016, with averages of 128.58 percent and 136.20%, respectively. Meanwhile, in 2017-2019 there were decreases of 103.69, 102.47, and 93.68 %, respectively. This is because the low awareness of taxpayers in paying taxes is also caused by the absence of two types of local taxes that were previously the source of regional tax revenue for Kota Kupang, namely, the Excavation C tax and groundwater tax.
2. The regional tax contribution of Kota kupang during 2015-2019 shows a very good contribution, with an increasing trend from year to year of 51.24 percent, 56.43 percent, 87.68 percent, and 85.27 percent, respectively. 2019 amounted to 93.80 percent. The contribution of local taxes to regional income increases inversely with the realization of tax revenue, which is lower than the target for 2017-2019. The large contribution is also due to the decreasing contribution of regional user fees and other revenues to regional revenue. Changes in regional heads and positions within the city government of Kupang also influence policies and strategies for institutions that manage local taxes, which can lead to lower local taxes received. The next step is the difficulty faced by local tax management officials in finding new potential.

5.1 Suggestion

Based on the research results and conclusions discussed above, the following suggestions are made:
1. For Agencies
   a. As an agency in charge of managing local taxes and levies, the Regional Revenue Agency is expected to continue to provide services that make it easier for taxpayers, as well as to socialize taxes and impose sanctions for taxpayers who are in arrears. In addition, it is also hoped that the government will pay attention to public service facilities that can be felt by the community as remuneration for people who pay taxes fairly and equally. Regional revenue agencies are also expected to periodically conduct field surveys to identify new potential tax revenue sources.
   b. The Regional Revenue Agency is expected to be able to conduct a good study in determining the target of local tax revenue to reflect positive performance. In addition, it is hoped that the regional revenue agency will be able to optimize the revenue from regional user fees which in 2015-2019 contributed less or less.

2. For further researchers

This research can be used as a reference for other researchers to add other variables, such as fees and other sources of local revenue, to calculate the contribution, effectiveness, and performance of local governments in generating local revenue.

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