

The Role of Hotel Tax on Bandung City Regional Income

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Abstract. *Reduced dependence on funds from the central government, proving that the receipt of Regional Original Revenue (PAD) is very good for implementing regional government. This is the same as the effectiveness and contribution of local taxes to local revenue, one of which is hotel tax. Hotel tax is a tax on services provided by hotels with payment. Hotel tax is included in the type of local tax that has the large contribution to the receipt of Regional Original Revenue (PAD) of Bandung City. This research aims to calculate the effectiveness and contribution of hotel tax to Bandung City's Regional Original Revenue (PAD). The method used for this research is descriptive quantitative, in the form of explanation and analysis related to numbers which include the target and realization of hotel tax revenue and Regional Original Revenue (PAD) of Bandung City in the period 2019-2022. The results of the study indicate that the effectiveness of hotel tax revenue in Bandung City has fluctuated in the 2019-2022 period, the contribution of hotel tax to PAD is also still considered less than optimal.*

Keywords: *Effectiveness, Contribution, Hotel Tax, Regional Original Revenue*

Abstrak. Berkurangnya ketergantungan terhadap dana dari pemerintah pusat, membuktikan bahwa penerimaan Pendapatan Asli Daerah (PAD) tersebut sudah sangat baik untuk melaksanakan pemerintahan daerah. Hal ini sama dengan, efektivitas dan kontribusi pajak daerah terhadap Pendapatan Asli Daerah (PAD), salah satunya yaitu pajak hotel. Pajak hotel adalah pajak atas pelayanan yang disediakan oleh hotel dengan pembayaran. Pajak hotel masuk dalam jenis pajak daerah yang memiliki kontribusi besar dalam penerimaan Pendapatan Asli Daerah (PAD) Kota Bandung. Penelitian ini memiliki tujuan untuk menghitung efektivitas dan kontribusi pajak hotel terhadap Pendapatan Asli Daerah (PAD) Kota Bandung. Metode yang digunakan untuk penelitian ini yaitu deskriptif kuantitatif, berupa penjelasan dan analisis terkait angka-angka yang meliputi target dan realisasi penerimaan pajak hotel dan Pendapatan Asli Daerah (PAD) Kota Bandung dalam kurun waktu 2019-2022. Hasil dari penelitian menunjukkan bahwa efektivitas penerimaan pajak hotel Kota Bandung mengalami fluktuasi pada periode 2019-2022, kontribusi pajak hotel terhadap PAD juga masih tergolong kurang maksimal.

Kata Kunci: Efektivitas, Kontribusi, Pajak Hotel, Pendapatan Asli Daerah

INTRODUCTION

The city of Bandung is the largest metropolitan city in West Java Province and one of the popular tourist destination cities in Indonesia. This can be seen from the variety of tourism products in various elements such as knowledge, arts and culture, culinary, heritage, and even shopping centers which attract tourists in domestic and foreign. Various existing elements make the Bandung City tourism sector grow rapidly every year. Another interesting thing about the city of Bandung is its unique topological condition. The topology of the city of Bandung is in the form of some highland areas surrounded by mountains so that it has the potential to be used as accommodation or a hotel and as a tourist spot with a forest or mountain feel. Apart from that, the city of Bandung is quite close to the busy Special Capital Region of Jakarta, this makes many people visit the city of Bandung to refresh their minds. With the increase in the

tourism industry, the hotel industry also increases because these two industries are interconnected. The hotel tax percentage in Bandung City is relatively high, this is due to the fact that the hotel industry is one of the supporting facilities for the tourism industry in Bandung City.

According to Puspita and Wicaksono (2017) taxes for regional governments act as the main source of income and also as a regulatory tool used to finance regional government expenses, such as financing government administration, building and repairing infrastructure, providing education and health facilities, and financing activities. local government in providing needs that cannot be provided by the private sector, namely public goods. One of the Bandung City government's efforts to increase Original Regional Income is through regional taxes and one of the sources of regional income for the City of Bandung comes from the tax sector, namely Hotel Tax. According to Law no. 23 of 2014, the definition of Regional Original Income (PAD) is income obtained by the region which is collected based on regional regulations in accordance with statutory regulations. So, Regional Original Income is a component for assessing the financial independence of a region. The higher the PAD revenue of a region, the greater the level of regional independence and shows the higher the success of the region in managing regional revenue sources.

Based on Bandung City Regional Regulation No. 6 of 2016 concerning Regional Taxes, what is meant by a hotel is a facility providing lodging/rest services including other related services for which a fee is charged, which includes motels, inns, tourist huts, tourism guesthouses, guesthouses, lodging houses, and the like, as well as boarding houses with a total of more than 10 (ten) rooms. Bandung City hotel occupancy always increases every year. This shows that the hotel sector is a potential sector that needs to be developed and explored more optimally. With the potential and opportunity to increase hotel tax revenues in Bandung City, it is hoped that the contribution made by the hotel tax sector can result in developments in Bandung City and ultimately improve the welfare of the people of Bandung City.

In 2020, President Joko Widodo announced that the Covid-19 pandemic case had entered Indonesia. As a result of the pandemic, Bandung city's PAD began to decline. One of the things that causes the decline in PAD is government policy, namely efforts to prevent the spread by limiting activities or activities of people who create crowds or involve large numbers of people. Thus, Bandung City's regional income in the hotel industry has decreased. Apart from providing policies that reduce hotel tax revenues, the government is making efforts to ensure the hotel business can survive and hotel taxes will not decrease further. This effort or strategy is to make hotels as accommodation facilities for patients affected by Covid-19 in the

category of People Without Symptoms (OTG). This effort was made to make the hotel industry survive even though tax revenues were not optimal. According to Asmandani et al (2020) the tax sector is the largest revenue for a region. So, if a region experiences a disaster which results in a decrease in regional income, the region must look for efforts or strategies so that regional income does not drop drastically. Furthermore, according to Wicaksono and Puspita (2020), for local governments working capital management is very important, especially that which comes from regional taxes.

The increase in the realization of regional tax revenues from year to year cannot be used as a benchmark to see the success of tax revenues that have been carried out by the Bandung city regional government. By calculating the effectiveness and contribution of hotel taxes to Bandung City Regional Original Income, it can help the Bandung city regional government in measuring the success of tax revenue and determining a policy to increase regional tax revenue targets, especially hotel tax. Apart from that, it is necessary to know the level of hotel tax contribution to Original Regional Income. This is important because regional taxes are one of the largest contributors to Original Regional Income revenue.

This analysis aims to calculate the effectiveness and contribution of hotel taxes to Original Regional Income in the City of Bandung. Several previous studies have reviewed the effectiveness and contribution of local taxes with mixed results. Among them is research by Safitri, Istiqomah, et al., (2022) regarding Yogyakarta City hotel taxes, showing that the level of effectiveness of hotel taxes is fluctuating, while the contribution is at a low level. Ardiansyah, Putra, et al., (2023) regarding hotel tax in Cilacap shows that the level of effectiveness of hotel tax in the category is very effective, while the contribution of hotel tax to PAD is less. Farra Shayrani, Inas Suryani, et al (2023) regarding Badung Regency hotel taxes, shows that the level of effectiveness of hotel taxes has not increased and the contribution of hotel taxes to PAD is less. Wicaksono, et al (2023) regarding hotel taxes in Banyuwangi Regency, shows that the effectiveness of hotel tax revenues is always in the very effective category, because it always meets the targets set, however the contribution of hotel taxes to PAD is always in the very low category because there is no very significant increase in PAD. followed by a significant increase in hotel taxes. Several studies have found the effectiveness of regional taxes in various criteria, with the contribution to Original Regional Income always in the low category. With the results of previous research, it is interesting to analyze the effectiveness and contribution of Bandung City hotel taxes to Regional Original Income.

LITERATURE REVIEW

Effectiveness

According to Beni (2016) effectiveness is the relationship between output and objectives or it can also be said to be a measure of the level of output, policies and procedures of the organization. Apart from that, effectiveness is related to the level of success of a goal, so that the goal can be said to be successful if it has a big influence on the specified target.

Contribution

According to Beni (2016), to measure regional capacity there needs to be a contribution of Original Regional Income, and if in the current year a large amount of Original Regional Income determines the APBD for the following year, this is the true regional capacity.

Local Tax

According to Mardiasmo (2014) regional tax is a mandatory contribution to the region that is owed by an individual or entity that is coercive based on law, without receiving direct compensation and is used for regional needs for the greatest prosperity of the people.

Hotel Tax

Hotel tax is a tax on services provided by hotels or in other words, hotel tax is a tax on services provided by hotels with payment charges. It can be concluded that hotel tax is a tax on services provided by hotels with a payment.

Regional Original Income (PAD)

According to Law no. 23 of 2014 concerning Regional Government, Original Regional Income is income obtained by the region which is collected based on regional regulations in accordance with statutory regulations. Meanwhile, according to Halim (2004), Original Regional Income is all regional revenue originating from original regional economic sources.

RESEARCH METHODS

This research uses a quantitative descriptive type of research, namely in the form of explanation and analysis related to figures in the form of targets and realization of hotel tax revenue and Bandung City Regional Original Income from 2019-2022. The data used in this research is secondary data obtained through the website of the Bandung City Regional Revenue Agency and the Bandung City Information and Documentation Management Officer which was accessed on Friday, August 4 2023. After the data was obtained, the researcher calculated the level of effectiveness and contribution of hotel taxes to the amount of Original Regional Income.

Hotel Tax Effectiveness

Effectiveness represents the level of success or achievement of a target determined in advance. Effectiveness is always related to two parameters, namely the expected target and the results achieved. The greater the results achieved, the greater the level of effectiveness. And conversely, if the results achieved are small, the level of effectiveness will also be smaller. The formula used to calculate the effectiveness of hotel taxes is as follows.

$$\text{Hotel Tax Effectiveness} = \frac{\text{Realization}}{\text{Target}} \times 100\%$$

After calculating the level of effectiveness, then classify it according to the percentage criteria. If the percentage exceeds 100%, then hotel tax revenues fall into the very effective criteria. The following is a table of percentage criteria for hotel tax effectiveness.

Table 1. Effectiveness Criteria

% Effectiveness	Category
$\geq 100\%$	Very Effective
90% - 100%	Effective
80% - 90%	Enough
60% - 80%	Less Effective
$\leq 60\%$	Ineffective

Source: Departemen Dalam Negeri, 1996

Hotel Tax Contribution

The contribution of hotel taxes in the analysis is used to determine the level of contribution made by hotel taxes to Regional Original Income. The contribution of hotel tax revenues to Original Regional Income can be calculated using the following formula.

$$\text{Hotel Tax Contribution} = \frac{\text{Realization of Hotel Tax}}{\text{Realization of PAD}} \times 100\%$$

If already know the percentage contribution of hotel tax to Original Regional Income, then classify it according to the percentage contribution criteria. The criteria percentage table is as follows.

Table 2. Contribution Criteria

% Contribution	Criteria
≥50%	Very Good
40,10% - 50%	Good
30,10% - 40%	Keep
20,10% - 30%	Enough
10,10% - 20%	Less
0% - 10%	Very Less

Source: Tim Litbang Depdagri-Fisipol UGM,1991

RESULT AND DISCUSSION

1. Hotel Tax Effectiveness Level

Table 3. Hotel Tax Effectiveness Level

Year	Target	Realization	%Effectiveness	Category
2019	Rp305.000.000.000	Rp314.143.877.828	103 %	Very Effective
2020	Rp133.300.000.000	Rp154.422.542.379	115 %	Very Effective
2021	Rp124.000.000.000	Rp163.856.465.266	132.1 %	Very Effective
2022	Rp225.000.000.000	Rp327.620.584.537	145,61 %	Very Effective
Average			122%	Very Effective

Source: Data Processed, 2023

After observing the level of effectiveness of Bandung City hotel tax revenues from 2019 to 2022, it experienced fluctuations. It can be seen in the table above, the target for Bandung City hotel tax revenue in 2019 with the highest nominal value is IDR. 305,000,000,000. In 2020, the nominal target for Bandung City hotel tax revenues will decrease to Rp. 133,300,000,000. The decrease in the nominal target was caused by the Covid-19 pandemic which came at the end of 2019. Therefore, the government implemented a policy that prevented people from traveling during the pandemic. The nominal hotel tax target not only decreased in 2020, but the hotel tax target in 2021 also decreased by IDR. 124,000,000. This could happen because the government implemented PPKM (Implementation of Restrictions on Community Activities) level 2, so that people were still restricted from doing activities and traveling, especially outside the city. This is different from what happened in 2022, the Bandung City hotel tax revenue target will increase to IDR. 225,000,000,000. There are many changes that will occur in 2022, especially the easing of the Covid-19 pandemic and

the official lifting of PPKM (Enforcement of Restrictions on Community Activities) so that people can return to their activities and travel outside the city, this could be the main factor in the target for Bandung City's hotel tax revenue to increase again. in 2022.

The realization of Bandung City hotel tax revenue in the last 4 years has always been in very effective criteria. In 2019 the effectiveness level of Bandung City hotel taxes was 103% with a nominal realization of IDR. 314.143.877.828. Then in 2020 the effectiveness level of Bandung City hotel taxes was 115% and continued to rise in 2021 to 132.1%. The level of effectiveness of Bandung City hotel taxes is increasing every year, this is because the realization of hotel tax revenues can exceed the planned targets. Even though the realization of Bandung City hotel tax can always exceed the target, the realization of hotel tax in 2020-2021 is still said to have decreased from 2019. In 2022 the effectiveness level of Bandung City hotel tax will be 145.6% with a nominal realization of IDR. 327,620,584,537, where this nominal could exceed the realization in 2019. This could be caused by the Covid-19 pandemic which has subsided in 2022, people have been freed from PPKM (Implementation of Restrictions on Community Activities) so they can carry out activities and travel outside the city.

If we look at the average effectiveness of Bandung City Hotel Tax realization, it is also included in the very effective criteria at 122%. This is very good in building an image, especially for the Bandung City Bapenda in providing services to the community in the form of collections that are included in regional revenues and taxpayer compliance which makes a lot of contribution to regional taxation, which will later be very influential in maintaining the tax ratio of the City of Bandung.

2. Contribution of Hotel Tax to PAD

Table 4. Contribution of Hotel Tax to PAD

Year	Realization of PAD	Realization of Hotel Tax	Contribution	Criteria
2019	Rp2.548.258.990.275	Rp314.143.877.828	12,3 %	Less
2020	Rp2.063.783.773.735	Rp154.422.542.379	7,5 %	Very Less
2021	Rp2.195.971.884.100	Rp163.856.465.266	7,5 %	Very Less
2022	Rp2.759.323.397.868	Rp327.620.584.537	11,9%	Less
Average			10 %	Very Less

Source: Data Processed, 2023

Looking at the table above, the level of Hotel Tax contribution to Bandung City's PAD fluctuates from year to year. In 2019 the hotel tax contribution rate was 12.3%. Then, in 2020-2021 there was a similar decline, namely 7.5%. The decline in contribution levels was caused

by the Covid-19 pandemic which hit various countries, including Indonesia. This has caused many sectors throughout Indonesia to experience a drastic decline, one of which is the tourism sector. So the contribution of hotel taxes in 2020-2021 will decrease because hotels are one aspect of the tourism sector. In this case, the government has made efforts to make the hotel business survive in the era of the Covid-19 pandemic, namely by making hotels into accommodation facilities for patients affected by Covid-19 in the category of People Without Symptoms (OTG). In 2022, hotel tax contributions will grow by 4.4%, bringing the hotel tax contribution percentage to 11.9%. This percentage increase was caused by the large number of tourists visiting the city of Bandung throughout 2022. This made the tourism sector in the city of Bandung increase again after being hit by the Covid-19 pandemic in the previous 2 years. Even though in 2022 there will be an increase, the level of hotel tax contribution is still within the criteria of being less than the PAD of Bandung City, but this growth has a good impact on maintaining the tax ratio in Bandung City.

If we look at the average contribution of Hotel Tax to the PAD of the City of Bandung in the 2019-2022 period which is still within the criteria of being very less at 10% and it can also be seen from this data that the level of hotel tax contribution in the City of Bandung is experiencing fluctuations caused by several factors, one of which is the lack of effort to find ways to prevent the tourism sector from experiencing a drastic decline due to the Covid-19 pandemic. Of course, the contribution to Original Regional Income does not only come from hotel tax revenues, but also comes from various other types of regional taxes such as restaurant tax and entertainment tax. Regional levies and other income that are considered legitimate are also sources of original regional income. Judging from the data obtained in this research, Bandung City hotel taxes in the 2019-2022 period experienced fluctuations, including in terms of contribution to local revenue. This contribution will increase if the factors causing the decline in contribution can be resolved properly. This will make the hotel tax contribution to Regional Original Income reach very good criteria.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Based on the results and discussion, it can be seen that the level of hotel tax effectiveness over the last 4 years has not been stable. Judging from the average over this period, it is classified as very effective, because every year the hotel tax realization always exceeds the target. What makes this target achieved is the government's strategy in designing targets when a disaster occurs. As for the contribution of hotel taxes to Bandung City's Original

Regional Income, if seen from the average, it is still in the very low category. Even though the level of contribution is less, there will be an increase in contributions in 2022, this is due to people's enthusiasm for going on holiday after being held back from traveling for the previous 2 years, due to the Covid-19 pandemic. The Covid-19 pandemic has caused hotel tax contributions to decrease, causing these criteria to be very deficient.

Recommendation

Based on the research results, the researcher recommends to the local government of Bandung City to redesign the strategy, improve the management system and supervision of hotel tax revenue so that it can optimize hotel tax revenue. Apart from that, the government also needs to improve facilities and infrastructure, public facilities, and make easy access for tourists coming to Bandung City. This will attract tourists to visit Bandung City for a holiday and stay at a Bandung City hotel. Apart from that, it can indirectly boost regional tax revenues, especially hotel taxes.

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