LAPORAN PENELITIAN

ASSESSING LOCAL TAX CONTRIBUTIONS TO LOCAL OWN REVENUE: EVIDENCE IN ONE REGION IN INDONESIA

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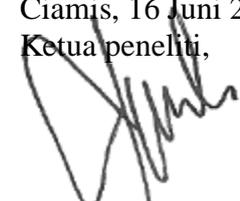
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Abstract

The purpose of this study is to analyze the size of the contribution of local taxes to the Ciamis Regency local own revenue. In this study, the formula for the ratio of local tax contribution to local own revenue was formulated. The research method used is a descriptive method with a quantitative approach. Measurement of contributions of local taxes on local own revenue is drawn from the local own revenue structure which consists of local taxes, regional levies, separated regional wealth results, and other legitimate regional income. The results of the study show that the contribution of local taxes to local own revenue is in the very low and low category, because during the 2013-2015 fiscal year the figure was below 26%, while in the 2016-2017 fiscal year it reached a number of 26% -50%. The low contribution of local taxes to local own revenue is due to restaurant taxes stipulated through regional regulation No. 5 of 2011,namely the imposition of a 10% tax on each transaction with consumers is still a lot of rejection from most restaurant managers, with the reason of fear of a decline in consumers.

Keywords*: Local tax; Local own revenue; Regional autonomy; Decentralization.*

INTRODUCTION

Indonesia as a country that adheres to the principle of decentralization in the administration of the government by issuing regional autonomy policies (Putri &Rahayu, 2015; Rusyiana, 2017; Sujarwoto, 2017). The policy requires independentlocal governments to manage the administration of government by utilizing theresources needed, including sources that can increase regional income. In addition tothe transfer of funds from the central government, local own revenue is one source ofincome for the regional government. Based on the law of the Republic of Indonesianumber 23 of 2014 concerning Regional Governments, one of the sources of local ownrevenue comes from local taxes. Buschman, & Sjoquist (2011) explain that local tax isthe biggest contributor to local own revenue.

With the implementation of the regional autonomy policy, all regions inIndonesia are expected to be able to carry out development and provide services to thepublic to the fullest by relying on local own revenue. Since the *orde lama* eradevelopment has been carried out with a centralized system, where development isregulated by the central government. Now in an effort to support development in the region, the Indonesian government provides opportunities for regional governments toorganize regional autonomy so that there is no development imbalance between thecenter and the regions. This condition requires that welfare is felt not only by some people but felt by all people in Indonesia. Sunanto (2015) states that the purpose of development is to improve all aspects of people's lives.

Independence of development is needed by all regions in Indonesia, including Ciamis Regency. After the release of Pangandaran into the new autonomous region in2012, the development independence of Ciamis Regency has been reduced. After therelease of Pangandaran Sub-district from Ciamis Regency, it caused a reduction in localown revenue of around 12 billion rupiahs per year. Pangandaran is one of the popular Assessing Local Tax Contributions to Local Own Revenue: Evidence in One Region in Indonesia tourist areas in West Java so that the area is one of the biggest contributors to Ciamis

District's local own revenue at that time. With the release of one potential area, now theCiamis District Government must be able to optimize the sources of

local own revenue that are still available, including optimizing revenues from local taxes. Some of the results of research in several regions in Indonesia show that local taxes have a positive effect on local own revenue (Putri & Rahayu, 2015; Sunanto, 2015; Zahari, 2016; Kusuma & Wirawati, 2013). These studies analyze the effect of the local tax on local own revenue, where local taxes are one source of local own revenue. Among other studies stated that the realization of tax revenues that have not yet reached the target is certainly due to various factors, both internal and external factors. One of them is the disobedience of taxpayers who do not report their assets properly and prefer to invest their assets abroad (Putri & Fanani, 2018). From the results of several studies, this research is the development of previous studies. The purpose of this study is to find out and analyze the magnitude of the contribution of local taxes to local own revenue calculated using the contribution ratio formula that will be formulated in this study.

LITERATURE REVIEW

Based on the Law of the Republic of Indonesia number 23 of 2014 concerning Regional Government, it is explained that regional autonomy is the right, authority and obligation of the region as an autonomous region to regulate and manage the administration of the government and the surrounding community in the Unitary State of the Republic of Indonesia Meanwhile the autonomous region is a legal community unit that has regional boundaries and has the authority to manage and regulate the implementation of the government and the interests of the local community according to the park itself based on the aspirations of the people in the Unitary State of the Republic of Indonesia.

Based on the law, it can be concluded that regional autonomy is the right and authority for regional governments to regulate and manage the wheels of government including carrying out development independently based on the aspirations of the people in the system of the Unitary State of the Republic of Indonesia. The regional government carries out its obligations as the executor of the government and strives fully on the interests of the community which is within the boundaries of the jurisdiction by using all the resources they have (Sari, Garvera & Sihabudin, 2018).

Based on the law of the Republic of Indonesia number 23 of 2014 concerning the Regional Government, it is explained that decentralization is the surrender of government affairs by the central government to autonomous regions based on regional autonomy. Grindle in Abrianty (2017) describes decentralization in the broad sense as a shift of responsibility between levels of government by several fiscal, administrative and political instruments that are expected to improve coordination between sectors and encourage public participation. Litvack and Seddon in Abrianty (2017) argue that the basis for decentralization is to improve efficiency, cost effectiveness, and program performance. From some of these explanations, decentralization is the delegation of responsibility for government affairs given by the central government to local governments to be able to improve coordination between sectors and to improve efficiency, cost effectiveness, and program performance.

Regional revenue in the law of the Republic of Indonesia number 23 of 2014 concerning Regional Government constitutes all regional rights recognized as an addition to net worth in the period of the relevant fiscal year. Meanwhile, local own revenue according to the law of the Republic of Indonesia number 33 of 2004 concerning Financial Balance Between the Central Government and Regional Government is income earned by regions collected based on regional regulations and in accordance with laws and regulations.

Local own revenue is a source of income that must always be driven by continuous growth. Therefore, in implementing the regional autonomy policy, regional governments are required to be able to carry out development in the regions and can improve services to the public independently (Mulyani, 2016). Sources of local own revenue in the law of the Republic of Indonesia number 23 the Year 2014 concerning the Government consist of 1) Local taxes; 2) Regional levies; 3) Results of management of separated regional assets, and; 3) Other legitimate regional revenues.

Some of these explanations conclude that Regional Original Income (PAD) is regional income collected based on local regulations and in accordance with laws and regulations and its growth needs to be encouraged continuously so that the independence of development in the region and the quality of services to the public canbe increased.

Based on the law of the Republic of Indonesia number 28 of 2009 local tax is a compulsory contribution to the region owed by an individual or an entity that is a force based on the law, by not getting direct compensation and used for regional needs for the greatest prosperity of the people. According to Pahala in Sunanto (2015) explained that local taxes are determined by local governments through regional regulations in terms of their collection authority and are used to support the implementation of government and development in the region.In the law of the Republic of Indonesia number 28 of 2009 concerning Regional Taxes and Regional Levies, it is stated that the types of regional taxes are as follows: 1) Provincial tax consists of motor vehicle tax, motor vehicle name transfer tax, motor vehicle fuel tax, tax surface water, and cigarette tax; 2) District/city tax consists of hotel tax, restaurant tax, entertainment tax, advertisement tax, street lighting tax, nonmetallic mineral and rock tax, parking tax, groundwater tax, swallow nest tax, land tax,and rural building and urban areas, and fees for the acquisition of land and buildings. On the basis of this explanation, local tax is a tax collected by the regional government based on local tax regulations for the purpose of administering government, development, and service to the public in the region. Increasing revenues from local taxes need to be optimized by the regional government so that it can increase financial independence and development in the region.

RESEARCH METHOD

This study uses a descriptive method with a quantitative approach. The use of this method is to describe the phenomena and characteristics at the time of the research to test and answer research questions. The research was conducted in Ciamis District through the Regional Financial Management Agency as an institution that manages the financial area of Ciamis Regency. This study focused on the effectiveness and the contribution of local taxes on Ciamis District local own revenue for the 2013-2017 Assessing Local Tax Contributions to Local Own Revenue: Evidence in One Region in Indonesia fiscal year, which was the official year of the abandoned District of Ciamis Pangandaran District into the new autonomous region.The measurement of the effectiveness ratio and contribution of local taxes to

local own revenue is taken from the structure of local own revenue which consists of local taxes, regional retributions, separated regional wealth results, and other legitimate regional income.

Operational definition

Local tax effectiveness ratio

To measure the effectiveness of local taxation is done by comparing the target with the realization of local tax revenues, then formulate the following formula:

$$\text{Local Tax Effectiveness Ratio} = \frac{\text{Realization of Local Tax Revenue}}{\text{Local Tax Revenue Targets}}$$

Local own revenue effectiveness ratio

Similarly, in the pursuit of local tax effectiveness ratios, the ratio of the effectiveness of local own revenue is measured by comparing the target with the realization of local own revenue the formula is formulated as follows:

$$\text{Local own revenue Effectiveness Ratio} = \frac{\text{Realization of Local own revenue}}{\text{Local own revenue Targets}}$$

Criteria for the effectiveness of local taxes and local own revenue

The effectiveness of local taxes and local own revenue are summarized in the following table 1:

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Table 1
Effectiveness Criteria

Percentage	Criteria
>100	Very Effective
86-100	Effective
71-85	Quite Effective
56-70	Less Effective
<55	Ineffective

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The ratio of local tax contribution to local own revenue

To measure how much the contribution of a local tax to local own revenue is done by calculating how much the percentage of local tax realization from the total realization of local own revenue, the formula is formulated as follows:

$$\text{The Ratio of Local Tax Contribution to Local own revenue} = \frac{\text{Realization of Local Tax Revenue}}{\text{Realization of Local own revenue}}$$

Level of local tax contribution to local own revenue

To find out the level of local taxes contribution to local own revenue, it will be guided by the following Table 2:

Table 2
Level of Local Tax Contribution to Local own revenue

Level of Contribution	Criteria
0-25	Very Low
26-50	Low
51-75	Medium
76-100	High

**RESULTS AND DISCUSSIONS**

The effectiveness of local tax

Based on the calculation of financial data to determine the effectiveness of local taxation in Ciamis Regency during the 2013-2017 fiscal year, the criteria were very effective (Table 1). These results can be seen in Table 3 below:

Table 3
The Effectiveness of Local Taxes in Ciamis Regency
for the 2013-2017 Budget Year (in million rupiahs)

Year	2013	2014	2015	2016	2017
Realization of Local Tax	28,824	42,117	45,367	54,483	61,723
Local Tax Targets	21,717	33,712	40,521	49,327	53,566
Percentage (%)	133	125	112	110	115
Average (%)			119		
Criteria	Very Effective	Very Effective	Very Effective	Very Effective	Very Effective

Based on Table 3 it is known that the realization of Ciamis Regency local tax during the 2013-2017 fiscal year always exceeds the target. During the fiscal year, the realization of local taxes always exceeded 100%. The highest realization occurred in the 2013 budget year, where the realization reached 133%. Meanwhile, the lowest realization occurred in the 2016 fiscal year which reached 110%. If seen from the achievement of annual realization, starting in the 2013 budget year to 2017 is in a downward trend. However, this is not a problem, because if on average the realization of local taxes during that period reached up to 119%.

Statistically, the effectiveness of local taxation in Ciamis Regency for the 2013-2017 fiscal year can be seen in Figure 1 below: Assessing Local Tax Contributions to Local Own Revenue: Evidence in One Region in Indonesia
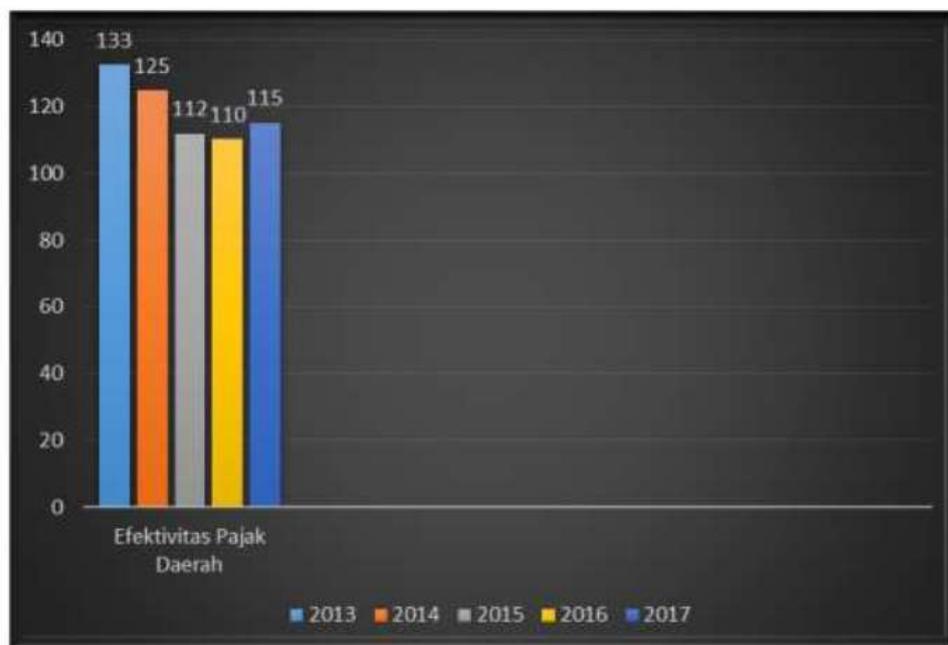
Figure 1
Local Tax Effectiveness of Ciamis Regency for the 2013-2017 Budget Year

For Ciamis Regency, the regional tax is one of the potential components of PAD revenue. The potential for regional tax collection provides more opportunities for regions to be mobilized to the maximum when compared to other PAD revenue components. This is caused by several factors, mainly because the potential of local tax collection has clear characteristics and characteristics, both from the theoretical

level,policy, and at the level of implementation. Based on these data shows that local governments are serious in optimizing local taxes, and succeed in doing so.

Starting from the decentralization carried out in the hope that the regions have the ability to finance their regional development in accordance with the principles of areal autonomous region. The existence of regional autonomy, Ciamis Regency is demanded to be able to prioritize regional independence. The main requirement in the implementation of regional autonomy is the existence of independence in the financial sector. Finance is important in the region because there is no government activity and development that does not require costs. The impact of the existence of regional autonomy is the greater authority and responsibility given to the region to be able to maximize the potential that exists and has the authority to regulate and provide a certain policy.

The success of receipts originating from local taxes depends on the policies issued by officials in the regional government. The success of realizing the amount of regional tax is determined by the mobilization of the government in implementing the tax collection program. In terms of public policy implications, this shows that the composition of the local tax base has a clear impact on related tax decisions. Even though proper compensation was paid to the city government after the reform, the local government took the opportunity to raise their tax rates with a not too mobile tax base.

However, due to ignorance whether the local business tax rate is initially lower or higher than the optimal level, we cannot draw conclusions about the efficiency of reforms (Ly & Paty, 2018). The link between local taxes and tax base mobility was initially debated in the tax competition literature in the form of efficiency problems caused by business capital mobility in all local jurisdictions in the provision of local public goods. This problem has been analyzed by many contributions, such as Wilson (1999), Wilson and Wildasin (2004) and Wellisch (2006) for a comprehensive review of this literature. In the basic tax competition model, it allows jurisdictions to choose a level not only of capital tax but also housing tax leading to the following unavoidable results: all jurisdictions will not impose capital taxes and will impose all tax burden on households. Therefore, it is difficult to

explain the taxation of capital if we want to consider the taxation of capital and housing in the same arrangement.

Another discussion of the tax literature, which began with Wilson (1995), Richter and Wellisch (1996) and Brueckner (2000), considers the mobility of the population and local government in its collection. However, in these models household mobility is still not in line with the characteristics of the city, because the population is assumed to be mobile in all jurisdictions but must work in the jurisdiction where they live. Many observers believe that the financial crisis, triggered by the subprime mortgage default, affects public sector institutions at all levels by putting a lot of pressure on their budgets. Even though the channels are numerous and sometimes indirect, the general perception is that seizures generated from these defaults have a very large and negative impact on local government revenues (Alm & Leguizamon,2018).

Another discussion of the determinants of local tax revenue related to sales using alternative distance measures in states in the United States, which was previously introduced by Thompson and Rohlin (2012). Adequate borders with other states or within a certain distance from the border are unsatisfactory actions for cross-border expenditure. Population areas bordering physical borders, such as lakes or rivers, or borders of larger traffic or limited transportation infrastructure, can cross areas that are closer. We consider cross-border travel to work a better proxy for distance or proximity costs. Commuter workers have already traveled, and there is relatively no cost to divert to any incentives from changes in sales tax. We discuss the different responses among border countries using the share of the population working in other states (Rohlin & Thompson, 2018).

The phenomenon of political and fiscal centralization must get increased attention from development policymakers. In this field, there has been an increased focus on the possible relationship between fiscal variables and development outcomes. In addition, in addition to the extensive public finance literature on taxation, there is little information about taxes in developing country contexts, specifically at the local level. Most speakers in the world accept determinants of tax payments in developed countries from developing countries because of reliable data about developing

countries. What we are discussing is, because of limited information and law enforcement, it is difficult for developing countries to collect land taxes. Therefore, it remains an empirical question about the wide differences in recognized every tax income among local authorities and what are the implications of this (Lavertu & Clair, 2018).

The conclusion is that local taxes are very important in increasing revenues in the regions. Various efforts must be made in increasing the revenue potential, including Assessing Local Tax Contributions to Local Own Revenue: Evidence in One Region in Indonesia the optimization of tax collection to various sectors which are the object of regional taxes. The success of local tax revenues is influenced by government policies in carrying out its programs relating to regional tax management. This condition shows that there is mobility in regional taxes which are sought to be levied as much as possible by regional governments.

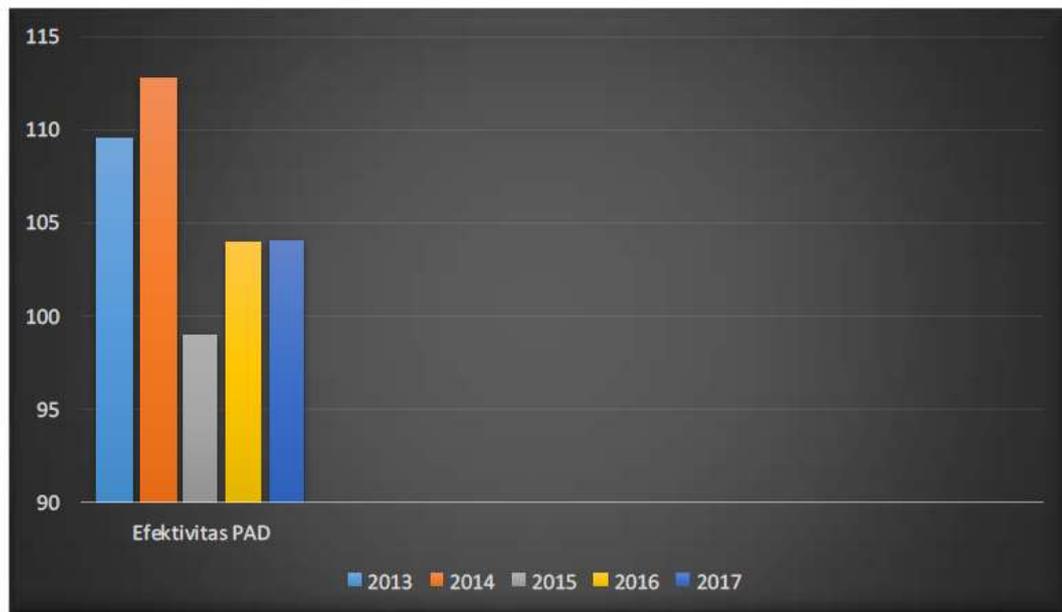**The effectiveness of local own revenue**

Based on the results of the calculation of financial data to find out the effectiveness of Ciamis District local own revenue for the 2013-2017 fiscal year, most of the criteria were very effective, because they reached more than 100% (Table 1). But in 2015 the realization of local own revenue decreased which reached 90% with effective criteria (Table 1). These results can be seen in Table 4 below:

Table 4
The Effectiveness of Ciamis Regency Local Own Revenue
for 2013-2017 Budget Year (in million rupiahs)

Year	2013	2014	2015	2016	2017
Realization of Local Own Revenue	117,475	182,320	180,304	204,749	223,076
Local Own Revenue Targets	107,195	161,636	182,159	196,976	214,380
Percentage (%)	110	113	99	104	104
Average (%)			106		
Criteria	Very Effective	Very Effective	Effective	Very Effective	Very Effective

Based on Table 4, it is known that the highest realization of Ciamis District local own revenue occurred in the 2014 budget year which reached up to 113%. Meanwhile, the lowest realization occurred in the 2015 fiscal year which only reached

99%. Based on the Ciamis District Budget Realization Report in the 2015 fiscal year, it was found that there were two sources of local own revenue whose realization did not reach the target such as derived from regional retribution and other legitimate income. However, if the average realization of the Ciamis District local own revenue in the 2013-2017 fiscal year reaches 106%. Statistically, the effectiveness of Ciamis Regency local own revenue for the 2013-2017 fiscal year can be seen in the following Figures 2:

Figure 2
The Effectiveness of Ciamis District Local Own Revenue for 2013-2017 Budget Year

The local government of Ciamis Regency basically has an allocation function, or more because the local government knows more about the needs, conditions, and situations of the local community. In the framework of implementing regional autonomy and assigning government affairs to the regions, it must be followed by the regulation, distribution, and utilization of resources fairly. While the division of authority in financial management, the regional government is required to be able to maximize the local own revenue. This condition is due to the purpose of realizing development in the region for the welfare of the community. So it takes a lot of funds, for that local tax revenue are needed in the sustainability of regional development. For this reason, the regional revenue is highly relied on by the Ciamis Regency

Government, in realizing development. This is evidenced by the results of this study, where the realization of original own revenue is generally very effective. In some opinions and several research results stated that the higher the contribution is given by local own revenue, the higher the ability of the region to finance governance and regional development, so it will show positive regional financial performance (Sari, Garvera & Sihabudin, 2018; Landiyanto, 2005). The negative impact of the still many conditions in Indonesia which are still dependent on funding originating from the central government is the low motivation of the regional government to be able to optimize the sources of local revenue. They will feel that funding in the regions can still be covered by central government transfers. From the results of studies in other countries, these impacts are similar to those that occur in regions in Indonesia.

The negative impact of the many conditions in Indonesia that are still dependent on funds originating from the central government is the low motivation of the regional government to be able to optimize regional revenue sources (Masaki, 2018). They will feel that funding in the region can still be borne by central government transfers. From Assessing Local Tax Contributions to Local Own Revenue: Evidence in One Region in Indonesia the results of studies in other countries, this impact is similar to that occurring in regions in Indonesia. Empirical evidence from several researchers for the crowding-out effect of the central government. The grant shows that it is not far from conclusive. As an example of the analysis of fiscal data on each city throughout the US for the period between 1972 and 1997, Buettner and Wildasin (2006) found that increasing central government funding led to a reduction in income that increased locally. Zhuravskaya (2000) found a similar pattern in Russia, suggesting intergovernmental transfers functioned as an almost perfect substitute for local income. In contrast, other studies show that intergovernmental transfers are used for public expenditure rather than tax relief, a phenomenon known as the "flypaper effect" (Rosen, 2005; Hines & Thaler, 1995). For example, Dahlberg, Mork, Rattso, and Agren (2008) a study of fiscal data in Sweden and not from local government revenues, but instead increased regional expenditure. In addition, recent research (eg, Brun & Khdari, 2016; Caldeira & Rota-Graziosi, 2014; Zhang, 2013; Skidmore, 1999) found inhibiting the effects of intergovernmental

transfers, such as grants to expand local tax revenues. Local own revenue is the income obtained by the Ciamis Regency area from sources within its own territory which are collected based on regional regulations in accordance with applicable laws and regulations. The regional income sector plays a very important role because through this sector it can be seen how far a region can finance government activities and regional development. By looking at the data on the realization of Ciamis Regency's local own revenue, it can be concluded that the local government has succeeded in optimizing its sources of income, including local taxes.

**The contribution of local taxes to local own revenue**

Based on the results of the calculation of financial data to find out how much the contribution of local taxes to the Ciamis Regency local own revenue in the 2013-2017 fiscal year can be seen in Table 5 below:

Table 5
Local Tax Contribution to Ciamis District Local Own Revenue 2013-2017
(in millions of rupiah)

Year	2013	2014	2015	2016	2017
Realization of Local Tax	28,824	42,117	45,367	54,483	61,723
Realization of Local Own Revenue	117,475	182,320	180,304	204,749	223,076
Percentage (%)	25	23	25	27	28
Criteria	Very Low	Very Low	Very Low	Low	Low

From Table 5, it can be seen that the contribution of local taxes to the Ciamis Regency local own revenue during the 2013-2017 fiscal year is at very low and low criteria (Table 2). During the 2013-2015 fiscal year, it was in the very low category because the contribution of local taxes to local own revenue was still below 26% (Table 2). Meanwhile, in the 2016-2017 fiscal year, it is in a low category, because the contribution of local taxes to local own revenue is in the range of 26% -50% (Table 2).

Statistically, the contribution of local taxes to the Ciamis Regency local own revenue 2013-2017 can be seen in Figure 3 below:
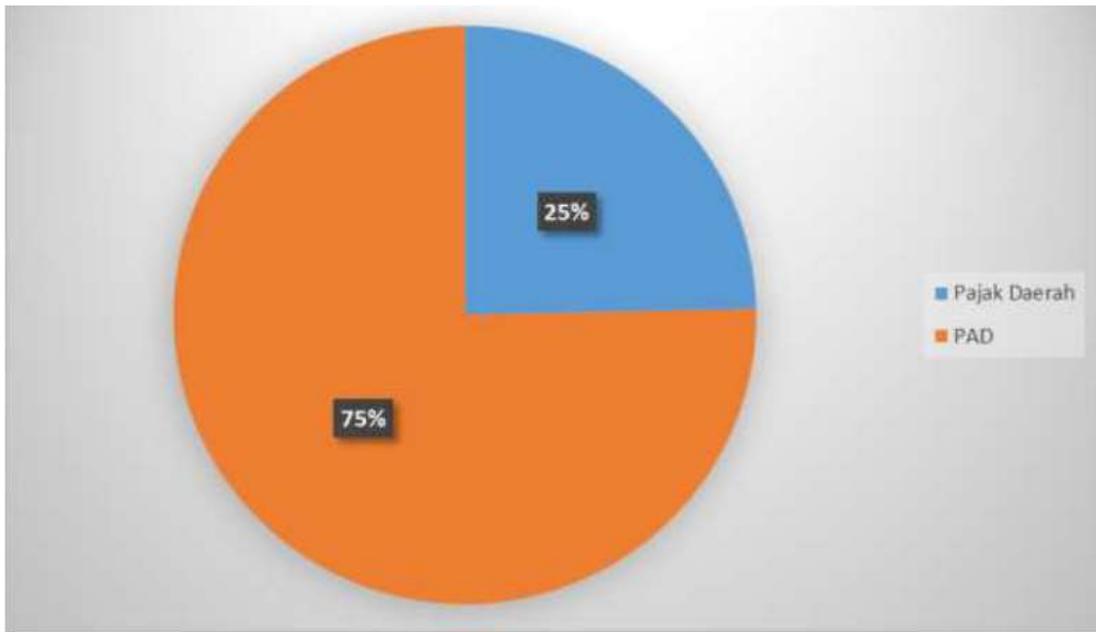
Figure 3
Local Tax Contribution to Ciamis District Local Own Revenue
for the 2013-2017 Budget Year

Regional financial capacity can be improved by efforts to self-reliance on regional revenues and improve the performance of collecting local taxes and retributions. The results of tax revenues will have an impact on local own revenues, as well as the case with the Ciamis Regency government, local tax revenues have a small contribution. Although the annual tax revenue in general generally always exceeds the target, the regional revenue from other sectors is greater. This has caused insignificant contribution of local taxes to local own revenues.

At the international level, several empirical studies have examined local income, but the study focused more on the specific effects of political, fiscal, administrative, geographical and socio-economic factor on regional income. Like Allers, de Haan, and Sterks (2001) and Sole-Olle (2006) who conduct research regional government policies in exploring and optimizing local tax revenues to increase regional income and its relationship with political conditions in elections. De Mello (2002) has measured the effect of local public spending in Brazil on local income growth, one of which comes from local taxes. Tewodaj, Benin, and Cudjoe (2009) evaluated the impact of government transfers on local tax revenues in Ghana, where there was a decrease in the motivation of local governments to increase local tax returns.

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Meanwhile, Fjeldstad (2001) found that the difference in income performance between local authorities was caused by variations in the level of coercion involved in tax enforcement for the purpose of increasing regional revenues. The question of what determines local tax revenue is important for several reasons. First, districts whose territory is mostly agricultural in rural areas are vulnerable to harvest caused by weather or loss of income with direct effects and lagging behind the production. From a public policy perspective, it is important to clarify the magnitude and implications of this loss. In Sub-Saharan Africa, to achieve sustainable levels of social service funding in regions, districts and cities must be able Assessing Local Tax Contributions to Local Own Revenue: Evidence in One Region in Indonesia to increase tax revenues from a growing tax base. Given that the agricultural sector is still the largest employer and contributor to the gross domestic product (GDP) in the region. Increasing tax revenues will depend on the dynamics of the agricultural sector, which in turn means growth in agricultural income or income at the individual and community level. Because a small tax base and low tax compliance limit the capacity of local governments to provide sustainable financing for services, it is important to know the effect of random weather fluctuations on fiscal outcomes. Second, understanding the relationship between agriculture and taxation can help the government to incorporate the weather into a policy plan, which aims to directly stabilize rural agricultural income or indirectly increase the income or capacity of local governments to provide public goods and can increase local own revenue (Sanoh, 2015). In parallel, there has been a surge in empirical evidence that transfers between governments to entities between regions can be explained by several political factors regarding local own revenue management policies, in addition to normative equity and efficiency principles (Barkan & Chege, 1989; Khemani, 2007, 2010; Miguel & Zaidi,2003; Porto & Sanguinetti, 2001). These studies have found that the distribution of local government investment to increase local tax revenues so that regions are able to provide public goods, which are sometimes politically motivated. Recently, Branoah (2011), for example, found that in Ghana there was a tendency to allocate more funds to current districts and that there was an effect of the electoral cycle in government disbursements. Caldeira (2012) found evidence that political

considerations influenced the horizontal allocation of fiscal transfers in Senegal. From all the results of the study, it was explained that transfers from the central government had an impact on the decreasing motivation of local governments to be able to increase their own regional income, including revenues from local taxes. Political content is very thick in financial management in regional government, so the success rate of regional financial independence can be determined by the political policies of the ruling government.

Based on the results of research carried out in regions in several countries, it can be concluded that local own revenue is very important to be improved. This shows that local own revenue can be relied upon in an effort to make development successful in the region. One source of local own revenue comes from local taxes. Local tax is one potential source for the region because the source is clearly the object and its potential can be calculated. Some problems that occur in several countries, of course, there are similarities in conditions in regions in Indonesia. For example, government policies and political conditions also influence the direction of programs to increase local own revenues. In Ciamis Regency the success in realizing local tax revenues is not in line with the amount of its contribution to local own revenue. Local own revenue is generally very effective to be realized by the regional government. However, these conditions are influenced by government policies in deciding programs to support the financial independence of the Ciamis Regency area.

Findings

The lack of contribution of local taxes to local revenue is due to a large number of restaurants in Ciamis district who refuse to pay 10% tax on each transaction with buyers. The tax is determined through the Regional Regulation of Ciamis Regency Number 5 of 2011 concerning Restaurant Taxes. The efforts that have been made by the local government are to spread the tax counting machine to all restaurants. Determination of the tax is a lot of rejection from the managers of restaurants in Ciamis Regency, so they still want payment of restaurant tax with a plate system or payment of taxes according to the ability of the restaurant. The reason for refusing restaurant taxation in accordance with the regional regulation is that the

restaurant is worried that it will experience a decline from the number of consumers. After one of the sources of local own revenue from the tourism sector declined because Pangandaran Sub-district became a new autonomous region in 2012, the effort was carried out as a step to boost local own revenue from the local tax sector to cover one of the missing sources.

CONCLUSIONS, LIMITATIONS, AND SUGGESTIONS

Conclusions

Based on the results of the research and discussion, it can be concluded that the effectiveness of Ciamis Regency local tax in the 2013-2017 budget year is in the very effective criteria. During the fiscal year, the realization of local taxes always exceeded the target, which reached more than 100%. Meanwhile, the effectiveness of local own revenue is in the very effective and effective category. In 2015 the realization of local own revenue reached 99%, while the rest always exceeded the target or exceeded 100%.

Although the realization of local taxes always exceeds the target, the contribution to local own revenue is in the very low and low category. During the 2013 to 2015 fiscal year, the contribution of local taxes was still below 26%, while in the 2016-2017 fiscal year it was in the range of 26%-50%. This condition is due to restaurant taxation based on regional regulation No 5 of 2011 amounting to 10% for each transaction with buyers, getting a rejection from most restaurant managers in Ciamis District.

Limitation

The weakness of this study is that the location of the study is only on a small scale, so the results of this study might be impact on generalization.

Suggestion

For this reason, further researchers are advised to conduct research on a wider scale location, such as the provincial government or at several local government locations.

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