



Analysis of the Effectiveness, Efficiency and Contribution of Regional Taxes to Regional Original Income in Sub-Regional Provinces Riau Period 2019-2023

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Abstract. The aim of this research is to analyze the level of effectiveness, efficiency and contribution of regional taxes to Original Regional Income in the sub-region of Riau province for the 2019-2023 period. The data collection technique used is secondary data in the form of financial reports for the 2019-2023 period at the financial djpk. The sample in this study was taken from financial reports registered on the website <https://djpk.kemenkeu.go.id/portal/data/apbd>. So the data obtained was 12 sub-regions x 5 years = 120 data. The data will be analyzed using quantitative methods. The research results show that the level of effectiveness in the sub-region of Riau province is classified as effective with a percentage of 93%. The level of efficiency in the sub-region of Riau province is classified as inefficient with a percentage of 102%. The level of regional tax contribution in the sub-region of Riau province is quite good with a percentage of 43%.

Keywords: Effectiveness, Efficiency, Regional Tax Contribution, Original Regional Income

1. INTRODUCTION

Source of Original Regional Income (PAD) is a type of income obtained by the region where Original Regional Income (PAD) can come from balancing funds, regional income and other income. Financing of Regional Original Income (PAD) comes from sources remaining from regional budget calculations, regional loan recipients, and regional reserves. The role of original regional income (PAD) is indeed small in the structure of the regional income and expenditure budget (APBD), but original regional income (PAD) is an important component because it is the main source of finance.

The Regional Revenue and Expenditure Budget (APBD) is a Regional Government (PEMDA) financial plan determined by regional regulations with a period of one year. The Regional Revenue and Expenditure Budget (APBD) can be used as a means of communication between regional government and the community. Regional Revenue and Expenditure Budget (APBD) Regional Government (Pemda) can plan a deficit or surplus in the Regional Revenue and Expenditure Budget (APBD). In fact, in the Regional Revenue and Expenditure Budget (APBD) documents, regional deficits often occur. Regional financing can be used to cover

regional deficits which tend to be referred to as excess budget calculations (SiLPA). There are two posts in regional financing, namely financing receipts and financing expenditures. Funding receipts can be obtained from the previous year's budget or by making regional loans or regional bonds. The financing expenditure post is divided into two main components which are widely used by Regional Governments (PEMDA), namely capital participation (regional investment) and principal debt payments. (Ministry of Finance of the Republic of Indonesia, 2017). The following is the level of achievement or realization of the Regional Original Income (PAD) target for the Riau region during the 2019-2023 period.

Table 1. PAD target achievement level

No	Sub Region	Year	Regional Original Income (PAD)
1.	Dumai	2019	93%
		2020	78%
		2021	94%
		2022	85%
		2023	104%
2.	New Week	2019	140%
		2020	161%
		2021	139%
		2022	116%
		2023	118%
3.	Meranti Islands District	2019	105%
		2020	154%
		2021	211%
		2022	239%
		2023	222%
4.	Bengkalis District	2019	177%
		2020	159%
		2021	115%
		2022	83%
		2023	126%
5.	Downstream Indragilir District	2019	117%
		2020	100%

		2021	85%
		2022	118%
		2023	104%
6.	Upstream Indragilir District	2019	93%
		2020	101%
		2021	107%
		2022	99%
		2023	95%
7.	Kampar District	2019	82%
		2020	97%
		2021	94%
		2022	104%
		2023	93%
8.	Kuantan Singingi District	2019	111%
		2020	138%
		2021	127%
		2022	138%
		2023	126%
9.	Pelalawan District	2019	85%
		2020	110%
		2021	97%
		2022	107%
		2023	189%
10.	Rokan Hilir District	2019	109%
		2020	120%
		2021	100%
		2022	141%
		2023	135%
11.	Rokan Hulu Regency	2019	93%
		2020	143%
		2021	89%
		2022	126%

		2023	115%
12.	Siak Regency	2019	90%
		2020	90%
		2021	77%
		2022	98%
		2023	44%

Source: Financial Report, Data processed 2024

Based on table 1.1, it can be explained that in the Dumai sub-region in 2019-2022 the realization of PAD has not been achieved. Meanwhile, in 2023 the budget in the city of Dumai has reached the planned PAD budget, while in the Pekanbaru sub-region, Meranti Islands, Kuantan Singingi district, Rokan Hilir from 2019-2023 it has reached the planned PAD budget and in the sub-region of the District Bengkalis in 2019, 2020, 2021 and 2023 has achieved the planned PAD budget while in 2022 the realization of PAD has not been achieved while in the Indragilir Hilir sub region in 2019, 2020, 2022 and 2023 it has reached the planned PAD budget whereas in In 2021, the realization of PAD has not been achieved.

In the Indragilir Hulu sub-region in 2019 the realization of PAD has not been achieved while in 2020-2023 the budget in the city of Indragilir Hulu has reached the planned PAD budget while in the Kampar sub-region in 2019, 2020, 2021 and 2023 the realization of PAD has not been achieved while in 2022 the budget in Kampar city has reached the planned PAD budget and in the Pelalawan, Rokan Hulu sub-regions in 2019 and 2021 the realization of PAD has not been achieved while in 2020, 2022 and 2023 the budget in Pelalawan has reached the planned PAD budget while in the sub-region Siak District in 2019-2023 the realization of PAD has not been achieved.

One efficiency measure can be used to manage Regional Original Income (PAD) where efficiency is carried out by maximizing existing structures in the correct way so that planned activities and targets can be implemented. To measure efficiency in finance, you can use the efficiency ratio. Not only efficiency, effectiveness is also a factor in maximizing Original Regional Income (PAD). To find out the results of the Regional Original Income (PAD) output whose contribution has achieved its objectives or not, we must measure the level of effectiveness. In order to know whether collection activities are effective or ineffective, the Regional Government (PEMDA) must calculate how much costs must be incurred in order to realize all the income that will be received. Apart from the Regional Government (PEMDA) having to calculate the costs incurred in order to know whether the Regional Original Income

(PAD) is effective or not, effectiveness can also be measured by collecting regional taxes. One of the effectiveness in contributing taxes to Original Regional Income (PAD) is by optimizing tax collection through existing potential. Taxes are collected and obtained by the Regional Government (PEMDA) based on regional regulations (Handayani, 2019).

The effectiveness of collection can be said to be an effort to maximize existing potential as well as new potential sources from which tax fees can be collected. We can use the effectiveness of collection as a measuring tool for the success of local tax collection during a fiscal year by looking at the comparison between the predetermined target percentage and its realization. Then the results of the effectiveness of collection can be seen through the size of the regional tax contribution to Regional Original Income (PAD). (Syarifudin et al, 2018).

Based on the background explained above, researchers are interested in conducting research on "Analysis of the Effectiveness, Efficiency and Contribution of Regional Taxes to Original Regional Income in the sub-region of Riau province for the period 2019-2023".

Based on the background described above, the research that will be discussed is

1. What is the level of effectiveness of regional taxes on Original Regional Income in the sub-region of Riau province for the 2019-2023 period?
2. What is the level of efficiency of regional taxes on Original Regional Income in the sub-region of Riau province for the 2019-2023 period?
3. What is the Contribution Level of regional taxes to Original Regional Income in the sub-region of Riau province for the 2019-2023 period?

Based on the problem formulation described above, this research aims to analyze:

1. To analyze the level of effectiveness of regional taxes on Original Regional Income in the sub-region of Riau province for the 2019-2023 period.
2. To analyze the level of regional tax efficiency on Original Regional Income in the sub-region of Riau province for the 2019-2023 period.
3. To analyze the level of Regional Tax Contribution to Original Regional Income in the sub-region of Riau province for the 2019-2023 period.

Based on the stated research objectives, the expected benefits of this research are:

1. For the Riau Regional Government

This research can be used as information so that the Riau provincial government can find out the level of efficiency, effectiveness and contribution of regional taxes to Original Regional Income in the sub-region of Riau province.

2. For STMB MULTISMART

It is hoped that this research can be used as further reference material related to the Efficiency, Effectiveness and Contribution of Regional Taxes to Original Regional Income in the sub-region of Riau Province.

3. For Researchers

This research is expected to increase knowledge regarding the efficiency, effectiveness and contribution of local taxes to Original Regional Income in the sub-region of Riau province as one of the requirements for obtaining a bachelor's degree at STMB MULTISMART.

2. LITERATURE REVIEW

Effectiveness

Effectiveness is an achievement that can be made by a person or a group to achieve a desire or a job in accordance with what was planned or expected, so it can be said that the level of effectiveness is higher.

Efficiency

Efficiency is a reduction in the use of costs, time and energy to carry out an activity or activities.

Local tax

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

Locally-generated revenue

Original Regional Income is a regional financial resource extracted from the relevant regional area consisting of tax proceeds, regional levy proceeds, results of separated regional wealth management and other legitimate Regional Original Income.

Framework of thinking

Based on the theory that has been explained regarding Effectiveness, Efficiency, Regional Tax Contribution and Original Regional Income. So the framework of thinking can be described as follows:

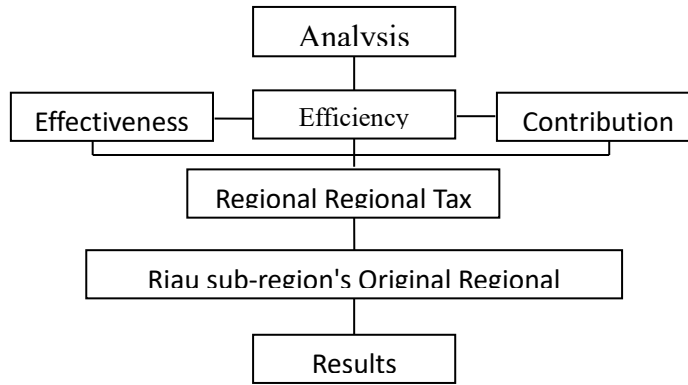


Figure 2.1 Framework for Thinking

3. RESEARCH METHODS

Types of research

The type of research used is qualitative research. According to Arikunto (2019:27) qualitative research is research that uses methods, steps and procedures that involve more data and information obtained through respondents as subjects who can express their own answers and feelings to get a holistic general picture of the thing being researched (Craswell, 2017).

Research sites

This research was obtained from financial reports recorded on the website <https://djpk.kemenkeu.go.id/portal/data/apbd>

Data Types and Sources

The type of data in this research uses Qualitative Data. Qualitative Method is research that uses methods, steps and procedures that use data and information to get a general picture of the thing being researched..

Population and Sample

The population in this study is all sub-regions in Riau Province. The total number of samples used in this research is 12 sub-regions x 5 years = 120 data.

4. RESULTS AND DISCUSSION

Level of effectiveness of the Riau subregion

Table 1. Level of Effectiveness

Sub Region	Year	Effectiveness
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		Mark	Category
DUMAI	2019	108%	Very effective
	2020	127%	Very effective
	2021	106%	Very effective
	2022	118%	Very effective
	2023	97%	Effective
NEW WEEKEND	2019	72%	Less effective
	2020	62%	Less effective
	2021	72%	Less effective
	2022	86%	Effective enough
	2023	85%	Effective enough
REGENCY. MERANTI ISLANDS	2019	95%	Effective
	2020	65%	Less effective
	2021	47%	Ineffective
	2022	42%	Ineffective
	2023	45%	Ineffective
REGENCY. BENGKALIS	2019	56%	Ineffective
	2020	63%	Less effective
	2021	87%	Effective enough
	2022	121%	Very effective
	2023	79%	Less effective
REGENCY. LOWER INDRAGIRI	2019	85%	Effective enough
	2020	100%	Very effective
	2021	118%	Very effective
	2022	84%	Effective enough
	2023	96%	Effective
REGENCY. UPPER INDRAGIRI	2019	107%	Very effective
	2020	99%	Effective
	2021	93%	Effective
	2022	101%	Very effective
	2023	105%	Very effective
REGENCY. CAMPAR	2019	122%	Very effective

	2020	103%	Very effective
	2021	106%	Very effective
	2022	96%	Effective
	2023	107%	Very effective
REGENCY. KUANTAN SINGINGI	2019	90%	Effective
	2020	73%	Less effective
	2021	79%	Less effective
	2022	73%	Less effective
	2023	79%	Less effective
REGEN CY. TRAVELER	2019	117%	Very effective
	2020	91%	Effective
	2021	103%	Very effective
	2022	94%	Effective
	2023	53%	Ineffective
REGENCY. LOWER ROKAN	2019	92%	Effective
	2020	83%	Effective enough
	2021	100%	Very effective
	2022	71%	Less effective
	2023	74%	Less effective
REGENCY. ROKAN UPPER	2019	108%	Very effective
	2020	70%	Less effective
	2021	112%	Very effective
	2022	79%	Less effective
	2023	87%	Effective enough
REGENCY. SIAK	2019	111%	Very effective
	2020	111%	Very effective
	2021	130%	Very effective
	2022	102%	Very effective
	2023	226%	Very effective
Average Effectiveness of Riau Province Sub-Regions for the 2019-2023 Period		93%	Effective

Based on the results of the effectiveness ratio calculation above, it can be concluded that the level of effectiveness in Riau province is classified as effective

Efficiency Level of Riau subregion

Table 2 Efficiency Levels

Sub Region	Year	Efficiency	
		Mark	Category
DUMAI	2019	99%	Less efficient
	2020	97%	Less efficient
	2021	102%	Not efficient
	2022	110%	Not efficient
	2023	102%	Not efficient
NEW WEEKEND	2019	173%	Not efficient
	2020	100%	Not efficient
	2021	99%	Less efficient
	2022	101%	Not efficient
	2023	98%	Less efficient
REGENCY. MERANTI ISLANDS	2019	102%	Not efficient
	2020	100%	Not efficient
	2021	97%	Less efficient
	2022	107%	Not efficient
	2023	95%	Less efficient
REGENCY. BENGKALIS	2019	100%	Not efficient
	2020	102%	Not efficient
	2021	76%	Efficient
	2022	127%	Not efficient
	2023	117%	Not efficient
REGENCY. LOWER INDRAGIRI	2019	99%	Less efficient
	2020	99%	Less efficient
	2021	95%	Less efficient
	2022	102%	Not efficient
	2023	100%	Not efficient
REGENCY. UPPER INDRAGIRI	2019	98%	Less efficient
	2020	97%	Less efficient
	2021	100%	Not efficient

	2022	103%	Not efficient
	2023	105%	Not efficient
REGENCY. CAMPAR	2019	99%	Less efficient
	2020	106%	Not efficient
	2021	101%	Not efficient
	2022	102%	Not efficient
	2023	96%	Less efficient
REGENCY. KUANTAN SINGINGI	2019	102%	Not efficient
	2020	98%	Less efficient
	2021	95%	Less efficient
	2022	96%	Less efficient
	2023	98%	Less efficient
REGENCY. TRAVELER	2019	89%	Quite Efficient
	2020	112%	Not efficient
	2021	103%	Not efficient
	2022	107%	Not efficient
	2023	123%	Not efficient
REGENCY. LOWER ROKAN	2019	97%	Less efficient
	2020	107%	Not efficient
	2021	93%	Less efficient
	2022	110%	Not efficient
	2023	99%	Less efficient
REGENCY. ROKAN UPPER	2019	100%	Not efficient
	2020	100%	Not efficient
	2021	95%	Less efficient
	2022	102%	Not efficient
	2023	101%	Not efficient
REGENCY. SIAK	2019	94%	Less efficient
	2020	108%	Not efficient
	2021	90%	Less efficient
	2022	114%	Not efficient
	2023	97%	Less efficient

Average Efficiency for Sub-Regions of Riau Province for the 2019-2023 Period	102%	Not efficient
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Based on the results of the efficiency ratio calculation above, it can be concluded that the level of efficiency in Riau province is classified as inefficient

Riau subregion Regional Tax Contribution Level

Table 3. Level of Regional Tax Contribution

Sub Region	Year	Regional Tax Contribution	
		Mark	Category
DUMAI	2019	48.40%	Pretty good
	2020	43.63%	Pretty good
	2021	50.72%	Very good
	2022	48.78%	Pretty good
	2023	63.34%	Very good
NEW WEEKEND	2019	87.44%	Very good
	2020	87.01%	Very good
	2021	85.81%	Very good
	2022	90.04%	Very good
	2023	88.02%	Very good
REGENCY. MERANTI ISLANDS	2019	17.26%	Quite Less
	2020	17.46%	Quite Less
	2021	14.03%	Quite Less
	2022	17.32%	Quite Less
	2023	8.44%	Very less
REGENCY. BENGKALIS	2019	29.64%	Not good
	2020	25.27%	Not good
	2021	28.98%	Not good
	2022	26.95%	Not good
	2023	38.22%	Good
REGENCY. LOWER INDRAGIRI	2019	23.10%	Not good
	2020	30.67%	Good
	2021	19.43%	Quite Less

	2022	24.96%	Not good
	2023	25.02%	Not good
REGENCY. UPPER INDRAGIRI	2019	31.02%	Good
	2020	29.84%	Not good
	2021	33.24%	Good
	2022	42.77%	Pretty good
	2023	47.74%	Pretty good
REGENCY. CAMPAR	2019	47.78%	Pretty good
	2020	46.40%	Pretty good
	2021	54.59%	Very good
	2022	54.67%	Very good
	2023	51.50%	Very good
REGENCY. KUANTAN SINGINGI	2019	36.27%	Good
	2020	37.46%	Good
	2021	31.66%	Good
	2022	38.15%	Good
	2023	36.58%	Good
REGENCY. TRAVELER	2019	53.67%	Very good
	2020	46.68%	Pretty good
	2021	48.34%	Pretty good
	2022	58.51%	Very good
	2023	64.97%	Very good
REGENCY. LOWER ROKAN	2019	41.78%	Pretty good
	2020	37.47%	Good
	2021	41.69%	Pretty good
	2022	50.33%	Very good
	2023	47.01%	Pretty good
REGENCY. ROKAN UPPER	2019	59.22%	Very good
	2020	38.15%	Good
	2021	54.95%	Very good
	2022	43.99%	Pretty good
	2023	41.62%	Pretty good

REGENCY. SIAK	2019	43.99%	Pretty good
	2020	42.44%	Pretty good
	2021	43.11%	Pretty good
	2022	42.81%	Pretty good
	2023	16.76%	Quite Less
Average Regional Tax Contribution for Sub-Regions of Riau Province for the 2019-2023 Period		43%	Pretty good

Based on the results of calculating the regional tax contribution ratio above, it can be concluded that the level of regional tax contribution in Riau province is quite good.

DISCUSSION

Analysis of the Level of Effectiveness of Riau Province Sub-Regions for the 2019-2023 Period

The level of effectiveness is related to the level of success that can be achieved from a particular method or effort in accordance with the goals to be achieved (Yusri, 2020). Based on the analysis results, the level of effectiveness in the Riau Province Sub-Region is on average in the Effective category with a percentage of 93%. This shows that the performance of the Riau Province sub-region during the observation year for budget targets and achievements was appropriate.

Analysis of Efficiency Levels in Sub-Regions of Riau Province for the 2019-2023 Period

The level of efficiency is determined by the ability to do something without spending time, money and energy. Based on the results of the analysis. The level of effectiveness in the Riau Province Sub-Region on average is in the inefficient category with a percentage of 102%, this shows that the performance of the Riau Province government has not been efficient from 2019-2023.

Analysis of Regional Tax Contribution Levels for Sub-Regional Riau Province for the 2019-2023 Period

The level of regional tax contribution is determined by the amount of Regional Tax revenue received by the government which is paid by the community. Based on the results of the analysis of the Regional Tax Contribution Level in the Sub-Region of Riau Province, the average is in the quite good category with a percentage of 43%. This shows that the Regional Taxes paid by the Community from 2019-2023 are quite good.

5. CONCLUSIONS AND SUGGESTIONS

Based on the results of research on the effectiveness, efficiency and contribution of regional taxes to original regional income in the sub-region of Riau province in 2019-2023, it can be concluded

1. The level of effectiveness of regional taxes on Original Regional Income in the sub-region of Riau province in the 2019-2023 period is on average effective.
2. The level of efficiency of regional taxes on Original Regional Income in the sub-region of Riau province in the 2019-2023 period is on average not yet efficient.
3. The level of regional tax contribution to Original Regional Income in the sub-region of Riau province in the 2019-2023 period is quite good.

Based on the research that has been carried out, the researchers put forward several suggestions, namely:

1. For the Riau Regional Government

It is hoped that more attention will be paid to regional budgets where the percentage effectiveness ratio is still below 100%. And to pay more attention to regional expenditure in order to achieve an efficiency percentage below 100%.

2. For Further Researchers

Drecommend to future researchers to increase accuracy, both in terms of data completeness and the information search process.

3. For STMB MultiSmart

From the results of this research, it is recommended that it can be used as a scientific study so that it can be studied by STMB MultiSmart students.

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