Optimization of Restaurant Tax Revenue in Increasing Local Original Income of Gowa Regency

Muhammad Khaedar Sahib[1], Muhaimin[2] and Andi Mifta Putri Wulansari[3]
Diploma III Taxation Study Program, Faculty of Economics and Business, Muhammadiyah University of Makassar
Email: andimiftahputriwulansari@gmail.com

Keywords:	Abstract
Optimization, Contribution, Realization, Restaurant Tax, Regional Original Revenue	The purpose of this research is to find out the optimization of restaurant tax revenue in increasing the original income of Gowa Regency and to find out the contribution of restaurant tax in the original income of Gowa Regency. The object of this final project research is "Restaurant Tax in 2021-2023". The data used in this final project research is in the form of data sourced from the Gowa Regency Regional Revenue Agency, namely the restaurant tax target, the realization of restaurant tax and the realization of the original regional revenue. The method used in this assignment research is a qualitative method. The data collection technique used is by using interview, observation, field research and documentation studies with the data analysis technique used is applied qualitative data analysis technique. The results of research and discussion of the optimization of restaurant tax revenue and the contribution of restaurant taxes to the original revenue of the Gowa Regency region show that the Optimization of Restaurant Tax Revenue in Gowa Regency has been optimal from 2021 to 2023. However, the percentage has fluctuated in the 3 (three) years. The contribution of Restaurant Tax to Regional Original Revenue is still in the criteria of very low with a percentage figure in 2021 to 2023 below 10%. Nevertheless, restaurant taxes still play an important role in the original revenue of Gowa Regency in supporting optimal regional development.

1. Introduction

The Indonesian government comprises numerous departments, each with distinct duties and functions aimed at achieving national prosperity and development. National development is fundamentally a collaborative effort between the government and society. Therefore, fostering public awareness to enhance tax compliance is essential. Taxes play a crucial role in the state treasury, representing a highly potential revenue source. Indonesia imposes various types of taxes, including central taxes, regional taxes, local levies, customs duties, and non-tax state revenues.

Regional taxes are one of the primary sources of local revenue collected based on laws enacted by local governments. These taxes contribute to regional income and can be developed according to the specific conditions of each region. The fiscal capacity of each region serves as an indicator of its readiness for regional autonomy, which requires significant financial resources. To support regional autonomy, local governments rely on various sources of Regional Original Revenue (PAD) as stipulated in Law No. 33 of 2004 (Febro Febrian et al., 2021).

Achieving maximum regional autonomy necessitates the availability of both resources and financial accountability. Therefore, local governance must be supported by fiscal balance between central and regional governments. Regional taxes play a pivotal role in financing local governance and development to ensure efficiency, self-reliance, and a robust local income structure. As a result, the contribution of PAD to the regional budget (APBD) must be increased to maximize regional progress (Astriwati Biringkanae & Rahma Gusmawati Tammu, 2021).

South Sulawesi Province is one of Indonesia's regions that contributes significantly through regional taxes, as evidenced by the tax growth over the last three years (2019–2021), detailed in the following table:

Table 1.1 Regional Tax Growth in South Sulawesi

No	Regency/City	Year	Realization (IDR)	Growth (%)
1	Takalar	2019	18,230,000,000	-
		2020	34,950,000,000	48%
		2021	24,785,643,749	-41%
2	Gowa	2019	112,450,000,000	-
		2020	115,540,000,000	3%
		2021	133,952,261,486	14%
3	Bulukumba	2019	31,860,000,000	-
		2020	54,740,000,000	42%
		2021	37,864,015,321	-45%
4	Bone	2019	54,780,000,000	-
		2020	31,140,000,000	-76%
		2021	60,489,214,171	49%
5	Maros	2019	134,890,000,000	-
		2020	110,720,000,000	-22%
		2021	125,378,606,166	12%

Source: Badan Pusat Statistik and Ministry of Finance (https://djpk.kemenkeu.go.id)

It can be observed that Takalar recorded the highest growth in 2020 (48%), while Gowa experienced significant growth in 2021 (14%). Despite fluctuations, the management of regional taxes needs to be professional and transparent, particularly in sectors like restaurant taxes, which are critical to local revenue.

Restaurant tax is a local tax collected by regencies or cities, calculated using a self-assessment system where taxpayers determine their tax liability. According to Law No. 28 of 2009, the imposition of restaurant tax plays a vital role in regional fiscal independence, stimulating economic development and regional progress. Effective management of restaurant taxes is essential for maximizing PAD contributions and supporting local governance. This study aims to explore the role and optimization of restaurant tax collection by the Gowa Regency Revenue Agency (BAPENDA), titled "Optimizing Restaurant Tax Revenue to Increase Regional Original Income in Gowa Regency."

2. Theoretical Review

Optimization is the process, method, or action of achieving the best or maximum results. Its goal is to find the best solution from a set of available alternatives (Asep Hidayat & M. Irvanda, 2022). According to Winardi (1999), optimization is a measure that leads to achieving goals in an endeavor. Singiresu S. Rao and John Wiley (2017) define optimization as the process of obtaining the maximum or minimum value of a function. From these definitions, optimization can be summarized as the process of maximizing an objective function without violating certain constraints. Through optimization, systems can enhance effectiveness, such as maximizing profits or minimizing process time.

Tax is a compulsory contribution to the state regulated by law, coercive in nature, and does not provide direct compensation. According to Law No. 28 of 2007 concerning General Provisions and Tax Procedures, tax is a mandatory contribution from individuals or entities to the state for the welfare of the people. Soemitro, as cited in Mardiasmo (2013), defines tax as a contribution from the people to the state without direct compensation. Ray M. Sommerfeld (1981) describes tax as the transfer of resources from the private sector to the government for economic and social purposes. Djajadiningrat,

cited in Resmi (2014), defines tax as an obligation to transfer part of one's wealth to the state due to specific conditions. Taxes encompass elements such as society, law, government, taxpayers, and taxable objects. Taxes are collected based on law, without direct compensation, and their revenues are used for government expenditures. Taxes serve two functions: the revenue function (budgetary), which provides government funding, and the regulatory function (regulatory), which guides socio-economic policies.

Adam Smith proposed four principles of tax collection: Equality Principle, where taxes are paid in proportion to one's ability; Certainty Principle, which emphasizes legal certainty in taxation; Convenience Principle, suggesting taxes be paid at a convenient time; and Economy Principle, which aims to minimize the burden on taxpayers. The legal basis for tax collection in Indonesia is stated in Article 23 of the 1945 Constitution and various tax laws. Taxes are classified by their nature into direct and indirect taxes and by the collecting authority into national and local taxes.

Local Taxes are a significant source of revenue for local governments to fund administration and development. According to Law No. 28 of 2009, local taxes are mandatory contributions that are coercive, with no direct compensation, and are used for public welfare. Local taxes finance routine expenditures, regulate economic growth, stabilize prices, and create new jobs. The legal basis for local taxes is set out in Law No. 28 of 2009 and Government Regulation No. 65 of 2001. Local taxes are divided into provincial taxes and regency/municipal taxes. Examples of provincial taxes include Motor Vehicle Tax and Tobacco Tax, while regency/municipal taxes include Hotel Tax, Restaurant Tax, and Property Tax (PBB). Local tax rates vary, such as a 10% Hotel Tax, a 35% Entertainment Tax, and a 10% Motor Vehicle Tax.

3. Research Methodology

This study uses a descriptive qualitative research method, focusing on issues based on observed facts through observation, interviews, and document analysis. The descriptive qualitative method presents an assessment process that produces descriptive data in the form of written or spoken words from people and observed behaviors. In this context, the researcher interprets and explains the data obtained from interviews, observations, and documentation in a clear and detailed manner to provide comprehensive answers to the research problem. The purpose of this descriptive research method is to illustrate how the optimization of restaurant tax revenue contributes to the Regional Original Revenue (PAD) of Gowa Regency.

The research was conducted in Gowa Regency, specifically at the Regional Revenue Office of Gowa Regency. The location was selected based on assumptions and observations that it would help gather clear information for the research. The study was carried out from May 2024 to July 2024.

The data collection techniques used in this study include interviews, observation, field research, and document study. Interviews were conducted to obtain in-depth information on the issues raised in the research. Observation involved using the senses—sight, hearing, and smell—to collect the necessary information to answer the research questions. Field research was conducted by intensively studying the current background and the social interactions of individuals, groups, institutions, and communities. Document study involved collecting and analyzing documents such as written records, images, works of art, and electronic data, which were then analyzed, compared, and combined to form a systematic review.

Data sources for this study consist of primary data and secondary data. Primary data were obtained directly from the first source through interviews with staff at the Regional Revenue Office of Gowa Regency. Secondary data included information from pre-existing sources such as essential documents, websites, and books. These data were collected to determine the target and realization of

restaurant tax revenue in Gowa Regency, the number of restaurants and taxpayers, the cost of collecting restaurant tax, and the contribution of restaurant tax to the Regional Original Revenue.

The data analysis technique used in this study is applied qualitative data analysis. This approach is aimed at solving practical problems in society, industry, and government as an extension of basic research. It focuses on addressing practical problems in the real world and generating specific solutions to improve these situations.

4. Research and Discussion
4.1 Research Findings
a. Restaurant Tax Revenue in Gowa Regency

Gowa Regency, located in South Sulawesi, is an economically growing region where the government consistently explores and manages its resources to optimize regional development and enhance community welfare.

According to data from the Central Statistics Agency, Gowa's economic growth reached 4.59% in 2022 and increased to 5.82% in 2023. The region's revenue potential is further enhanced by its tourism appeal, particularly in areas like Malino, known for its natural beauty and culinary attractions. This has led to the establishment of numerous dining businesses, providing a significant opportunity for local government revenue through restaurant tax collection.

Restaurant tax serves as a key component of Local Own-Source Revenue (Pendapatan Asli Daerah or PAD) used to support community development via the Regional Budget (APBD). Effective management of this tax is essential for planning and ensuring revenue targets are met. As stated by Law No. 33 of 2004 on the Financial Balance between the Central Government and Regional Governments, local governments are empowered to fund regional autonomy according to their potential.

In 2023, Gowa Regency had five main sources of regional tax revenue

No	Regional Tax	Target (IDR)	Realization (IDR)	%
1	Parking Tax	100,000,000	190,427,119	190.47%
2	Tax on Acquisition of Land and Building	61,400,000,000	68,177,419,196	111.04%
3	Restaurant Tax	11,850,000,000	13,026,534,539	109.93%
4	Advertising Tax	2,390,946,000	2,574,439,735	107.67%
5	Street Lighting Tax	52,600,000,000	54,952,716,810	104.47%

Source: Gowa Regional Revenue Agency, 2024

As shown in the table, parking tax had the highest realization rate at 190.47%, followed by the tax on acquisition of land and buildings (111.04%), and restaurant tax (109.93%). Despite its lower realization compared to parking tax, the restaurant tax remains a priority for optimization, with efforts including outreach to restaurant owners and raising taxpayer awareness, which currently stands at about 50%.

b. Contribution of Restaurant Tax to Local Own-Source Revenue (PAD)

The local government of Gowa continues to explore sustainable revenue sources, particularly taxes that contribute to PAD. Over the past three years (2021-2023), PAD realization has consistently increased, though with fluctuating percentages:

Year	Target (IDR)	Realization (IDR)	%
2021	232,504,180,420	260,885,833,358.48	112.21%
2022	250,890,698,571	265,326,827,151.69	105.75%
2023	310,544,039,802	323,808,781,505.66	104.27%

Source: Gowa Regional Revenue Agency, 2024

Although targets and realizations have both increased, the percentage growth rate has declined slightly due to higher target thresholds set by the Regional Revenue Agency. The following table illustrates the contribution of restaurant tax to PAD during this period:

Year	Restaurant Tax Realization (IDR)	PAD Realization (IDR)	% Contribution	Category
2021	8,729,509,320	260,885,833,358.48	3%	Very Low
2022	9,852,408,195	265,326,827,151.69	4%	Very Low
2023	13,026,534,539	323,808,781,505.66	4%	Very Low

Source: Processed Data, 2024

Based on the classification from the Ministry of Home Affairs (Kepmendagri No. 690.900.327, 1996), the contribution of restaurant tax to PAD remains categorized as "Very Low," reaching only 3% to 4% from 2021 to 2023. This highlights the need for continuous optimization efforts to maximize the revenue potential from restaurant taxes in Gowa Regency.

4.2 Discussion

The results of this study indicate that restaurant tax revenues in Gowa Regency from 2021 to 2023 fluctuated. Although there was an increase in realization in 2022, the achievement percentage declined due to a significantly higher target increase compared to the previous year's realization. However, the realization of restaurant tax revenue remained effective as it exceeded 100%.

The contribution of restaurant taxes to Gowa Regency's Regional Original Revenue (PAD) is still relatively low, influenced by the annual target increase set by the Regional Revenue Agency (BAPENDA). This policy aligns with Presidential Regulation No. 75 of 2023, which regulates the detailed state revenue budget, including tax revenue targets and Non-Tax State Revenue (PNBP). The increased targets were based on the potential rise in taxable entities and the growing potential of restaurant tax revenue.

The purpose of increasing restaurant tax targets is to support regional development financing, as greater tax revenue enhances the financial capacity of a region to implement regional autonomy. However, the fluctuating realization shows that the increase is not always significant. Additionally, revenues from other sources, such as Parking Tax and BPHTB, demonstrate substantial potential contributions to PAD.

Another factor contributing to the low contribution of restaurant taxes is the lack of taxpayer compliance, influenced by:
a. Ineffective socialization efforts in raising taxpayer awareness.
b. Data security issues in the self-assessment system, which still experiences errors.
c. Insufficient tax education provided through socialization programs.

To address these issues, BAPENDA Gowa Regency continues to conduct socialization and education for taxpayers through data collection and tax database updates. Taxpayers who fail to pay their taxes are subject to sanctions in accordance with Regional Regulation No. 9 of 2011, ranging from warning letters to asset seizures if obligations are not met. According to the Head of Assessment, Billing, and Accounting, Mr. Badaruddin, SE, M.Si., restaurant taxes play a significant role in PAD, contributing over 12 billion IDR in 2023. These taxes are allocated for financing development, health, and education sectors. He emphasized the importance of continuous education to optimize restaurant tax revenue. In conclusion, although restaurant tax contributions have not been fully optimized, a consistent and significant increase in realization will positively

impact regional finances, ultimately supporting sustainable regional development.

5. Conclusion

5.1 Conclusion

Based on the results of the research conducted, the following conclusions can be drawn:

a. From 2021 to 2023, the realization of restaurant tax revenues fluctuated. In 2021, the percentage reached 116.39%, decreased to 108.87% in 2022, and increased slightly to 109.93% in 2023.

b. The contribution of restaurant taxes to Gowa Regency's Regional Original Revenue (PAD) remains very low, with percentages of 3% in 2021, 4% in 2022, and 4% in 2023. This indicates that the contribution is not yet optimal.

c. Greater potential contributions to PAD come from Parking Tax, BPHTB Tax, and other regional revenue sources such as Regional Taxes, Regional Levies, Management of Regional Wealth, and other legitimate PAD sources.

d. Although the collection of restaurant taxes has been effective, the increase in revenue has not been significant, as evidenced by the declining percentage figures despite being categorized as effective.

5.2 Recommendations

Based on the analysis and conclusions derived from the research, the following recommendations are offered as input for the Gowa Regency Government, particularly the Regional Revenue Agency (BAPENDA):

a. Optimizing Tax Collection: BAPENDA Gowa should enhance the effectiveness of tax collection to ensure that restaurant tax revenues are maximized and optimized to support regional financial needs.

b. Enforcing Legal Sanctions: The government should enforce stricter legal sanctions on non-compliant taxpayers to create a deterrent effect. Collaboration between the government and the community is essential to ensure the success of regional development.

c. Enhancing PAD Contribution: BAPENDA Gowa should pay closer attention to optimizing the contribution of restaurant tax revenues to increase the Regional Original Revenue of Gowa Regency.

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