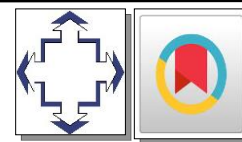


# Analysis of Local Tax Efforts in Supporting Increasing Ponorogo Regency's Original Local Government Revenue



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## ARTICLE INFO

### Article history

Received 29/06/2021

Revised 20/09/2021

Accepted 22/09/2021

### Keywords

Elasticity

Contribution

Effectiveness

Tax Effort

Local Tax

Local Revenue

## ABSTRACT

This research was conducted at the Agency for Revenue, Financial Management, and Regional Assets of Ponorogo Regency, which aims to make an analysis of local tax efforts (tax effort) in supporting the increase in Ponorogo Regency's Original Local Government Revenue. This study uses analysis methods of local tax elasticity, analysis of local tax contributions, analysis of local tax effectiveness, and analysis of local tax efforts. The final results of this study showed that the average elasticity of local taxes during 2014-2020 is 2.30, meaning that the elasticity of local taxes in Ponorogo Regency falls within the elastic criteria. This shows the elasticity relationship between the growth rate of local taxes and the growth of GDP towards Local Revenue. The average rate of local tax contributions during 2013-2020 was 26.91% with moderate criteria. This means that local tax receipts during 2013-2020 are not the largest source of Local Revenue, as it only provides income to Local Revenue of 26.91% on average during the research year. The average rate of effectiveness of local taxes during 2013-2020 was 116.84% with very effective criteria. This means that local tax receipts during 2013-2020 illustrate the ability of local governments in realizing local revenues with targets set based on the potential of the regional rill. The average tax effort for 7 years (2014-2020) is 1.89%. This shows that the level of local tax efforts in Ponorogo regency has decreased over the last 7 years. The decrease in the level of tax effort occurs due to the decrease in GDP. Based on the results of the analysis, the Regional Government of Ponorogo Regency through the Original Local Government Revenue, Financial and Asset Management Agency can continue to improve the local tax collection mechanism because it is proven to be able to provide a large contribution to Original Local Government Revenue.

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## 1. Introduction

Original Local Government Revenue (PAD) is a source of Original Local Government Revenue that has a large proportion in addition to development revenues. Original Local Government Revenue is one indicator to assess the level of local government independence in finance (Fawaidurrohman et al., 2019). Original Local Government Revenue consists of regional taxes, levies, other legitimate income, and the results of regional wealth management. Local taxes are taxes that must be paid by taxpayers to local governments. Regional taxes are one of the mainstays of Original Local Government Revenue in addition to regional levies, the results of regionally owned companies, and the results of other separated regional wealth management (Lohonauman, 2016).

One of the most potent sources of revenue used by the government as a source of financing in implementing autonomous regional management is local taxes. Local governments are encouraged to look for sources of regional income that can support the financing of regional expenditures. The development of regional autonomy is carried out by taking into account the principles of democracy, the role of the community, equity and justice, potential, and regional diversity. Regions are currently given the authority to plan, implement, supervise and control and evaluate regional policies. The main purpose of the existence of regional autonomy (otoda) is to improve the quality of public services, public welfare, development of democratic life, justice, equity, and maintenance of harmonious relations between the center and the regions in the context of regional development (Mardiasmo, 2016).

Regional autonomy poses new challenges for local governments to act creatively and innovatively in managing the economy and the welfare of their people. Local governments are required to be able to provide more quality, efficient, effective, and responsible services (Halim, 2004). The main capital in regional development as a form of regional autonomy is an important role in the administration of regional government. Regional financial sources determine the financial capacity of a region. The source of regional finance is always related between the central government and regional governments, namely, the source of funds obtained by regencies/cities does not only depend on funds that have been designed and provided by the center but also comes from PAD.

Policies in utilizing regional finance are carried out in the Original Local Government Revenue container whose main source is local taxes. Local taxes consist of hotel tax, restaurant tax, parking tax, entertainment tax, street lighting tax, advertisement tax, rural and urban land and building tax, underground water tax, and Land and Building Rights Acquisition Fee (BPHTB). One of the implementing elements of the Regional Government which is part and complement in assisting the implementation of the tasks of the Regional Government in regional autonomy in the Ponorogo Regency is the Regional Financial and Asset Management Revenue Agency (BPPKAD) of the Ponorogo Regency. The duties and responsibilities in the field of collecting, collecting, and managing local tax revenues as a source of Regional Original Income are in the hands of the Ponorogo Regency BPPKAD ([dppkad.ponorogo.go.id](http://dppkad.ponorogo.go.id) accessed on 26/11/2020).

As a source of Original Local Government Revenue originating from within the region, regional tax revenues must be increased as optimally as possible. Based on the results of this study, it is hoped that the local government will be able to identify all potential sources of local revenue owned by Ponorogo Regency to be improved. Local governments still pay less attention to the potential of existing local taxes. This is evident from the absence of data on the analysis of local tax revenue problems. So far, local governments have not analyzed the effectiveness of local taxes, which has led to a lack of understanding of their allocations. So that it has an impact on the problem of the effectiveness of local tax collection and contribution to PAD which has not been maximized. Local governments are still managing local taxes which are very potential with less effective management. So that it has the potential to harm the local government itself as a collector and also the community, because local taxes cannot hit the target and realization of optimal Original Local Government

Revenues. This condition was proven in the statement of the Regent of Ponorogo in the Regional Tax Gathering which was held on Thursday, February 20, 2020, at the Pendopo Agung, Ponorogo Regency. The Regent of Ponorogo said that he was not satisfied with the current achievement of local tax revenues. It is hoped that

BPPKAD can work together with the Pratama Tax Office in Ponorogo, looking for strategies to explore new tax sources and intensify existing taxes so that their revenues can increase (<https://ponorogo.go.id/> accessed November 22, 2020).

Tax compliance and awareness in Ponorogo still need to be improved, to become the spearhead of Original Local Government Revenue. It seems that every tax apparatus needs to gradually change the tax paradigm that looks coercive and scary into a habit that is carried out with full awareness. Taxpayers still feel that they do not get a meaningful return for what they have paid. Tax compliance still has to be enforced because for now, it is not possible to rely on public tax awareness. These constraints in this study will be analyzed using 4 (four) analyzes. The first is by analyzing the elasticity of local taxes which aims to determine the role of local tax growth on PDRB growth. The second is to analyze the contribution of local taxes which aims to determine the extent to which local taxes contribute to PAD revenue. Third, look at the analysis of the effectiveness of regional taxes which aims to determine the extent to which the realization of Original Local Government Revenues has succeeded in achieving the targets set in a certain period. Fourth, make an analysis of local tax efforts which aims to determine the results of the tax system compared to the ability to pay taxes in a region.

This study uses report data on the realization of regional income and PDRB report data for 2013-2020, using long-term data for the last 8 years, it will be known how the growth of regional taxes and PDRB growth is in real terms. The data is processed and analyzed using local tax elasticity analysis which aims to determine the role of local tax growth on PDRB growth, local tax contribution analysis which aims to determine the extent to which local taxes contribute to PAD revenue, local tax effectiveness analysis which aims to determine to what extent the realization of Original Local Government Revenues has succeeded in achieving the set targets and analysis of regional tax efforts which aims to determine the results of a tax system compared to the ability to pay taxes in a region.

The research gap between this study and previous research lies in the analysis used. Previous research used descriptive statistics and analytical hierarchical process (AHP) data analysis methods, while this study used elasticity analysis, contribution analysis, effectiveness analysis, and tax effort analysis. This research gap is expected to further develop and focus research on tax effort, elasticity, effectiveness, and contribution of local taxes in supporting the increase in PAD in Ponorogo Regency.

## **2. Literature Review**

### **Original Local Government Revenue**

Revenue is an inflow or other increase in the assets of a unit or the settlement of its obligations during a period from the delivery or production of goods, the provision of services, or other activities that constitute the main continuous operation of the unit (Bastian, 2011). Regional original income as all Original Local Government Revenues originating from regional original economic sources, this income comes from four types of income, such as regional taxes, regional levies, separated wealth management, and other legitimate income (Halim, 2014). Regional income sourced from regional taxes, regional levies, separated regional wealth management results, and other legitimate regional original income, which aims to provide flexibility to regions to explore funding in the implementation of regional autonomy as a manifestation of decentralization (Laws No.33 of 2004 concerning Financial Balance between the Central Government and Regional Governments).

**Local Tax**

According to the Law on Regional Taxes and Regional Levies No. 28 of 2009 local taxes are mandatory contributions for regions owed by individuals or entities that are coercive under the law without receiving direct compensation and are used for regional purposes for the greatest prosperity of the people. The types of local taxes regulated in Law Article 1 Number 28 of 2009 are hotel tax, restaurant tax, entertainment tax, advertisement tax, street lighting tax, non-metallic mineral and rock tax, parking tax, groundwater tax, swallow nest tax, land and building taxes in rural and urban areas, fees for acquiring land and building rights.

**Local Tax Elasticity**

The calculation of elasticity can be done by comparing the tax base per capita in real terms (taking into account the inflation rate). Elasticity is one of the important concepts in understanding various problems in the economic field. The elasticity approach can be used to understand the impact of a policy by measuring how much change a variable changes to changes in other variables (Halim, 2004). Elasticity is a method to determine the level of sensitivity of changes in a type of tax revenue if there is a change in the factors that influence it (Mahi, 2005). The formulation of the calculation of local tax elasticity according to Mahmudi (2010) is as follows:

$$\text{Local Tax Growth} = \frac{X_2 - X_1}{X_1} \times 100 \dots \dots \dots (1)$$

Information:

- X1 = Total local tax for the previous year
- X2 = Total local tax for the current year

$$\text{PDRB Growth} = \frac{Y_2 - Y_1}{Y_1} \times 100 \dots \dots \dots (2)$$

Information:

- Y1 = PDRB Total for the previous year
- Y2 = PDRB Total for the current year

$$\text{Local Tax Elasticity} = \frac{\text{Local Tax Growth}}{\text{PDRB Growth}} \dots \dots \dots (3)$$

The criteria for measuring the elasticity relationship between local tax growth rates and PDRB growth are indicators  $E > 1$  (Elastic),  $E = 1$  (Unitary Elastic), and  $E < 1$  (In elastic).

**Local Tax Contribution**

Mahmudi (2010) states that Contribution is used to determine the extent to which local taxes contribute to the receipt of Regional Original Income. Contribution is something that is given together with other parties for certain or joint costs or losses (Guritno 1992). Thus, the purpose of the contribution in this context is the contribution given by local taxes in its collection to increase Original Local Government Revenue (PAD). According to Handoko (2013) the contribution of local taxes is an analysis used to find out how much contribution can be contributed from tax revenues to local revenue, then the comparison between the realization of local tax receipts and local revenue. The formulation of the calculation of regional tax contributions according to Mahmudi (2010) is as follows:

$$\text{Local Tax Contribution} = \frac{\text{Local Tax Realization}}{\text{PAD Realization}} \times 100\% \dots \dots \dots (4)$$

Classification of Regional Tax Contribution Value Criteria as follows (Indonesian Ministry of Home Affairs No. 690,900,327, 2006):

Table 1. Classification of Regional Tax Contribution Value Criteria

Percentage	Criteria
0,00% - 10%	very less
10,00% - 20%	less
20,00% - 30%	medium
30,00% - 40%	pretty good
40,00% - 50%	good
More than 50%	very good

Source: Indonesian Ministry of Home Affairs No. 690,900,327 (2006)

### Local Tax Effectiveness

Mahmudi (2016) states that the effectiveness of local taxes is the ability of local governments to collect local taxes by the amount of targeted local tax revenues. Tax effectiveness is the local government's ability to realize planned tax revenues with a set target (Halim 2007). The effectiveness of local taxes describes the ability of local governments to realize the planned Original Local Government Revenue (PAD) compared to the targets set based on the real potential of the region (Djumhana, 2007). The formulation for calculating the effectiveness of local taxes according to Halim (2014) is as follows:

$$\text{Local Tax Effectiveness} = \frac{\text{Local Tax Realization}}{\text{Local Tax Target}} \times 100\% \dots \dots \dots (5)$$

Classification of Regional Tax Effectiveness Value Criteria as follows (Indonesian Ministry of Home Affairs No. 690,900,327 the Year 2006):

Table 2. Classification of Regional Tax Effectiveness Value Criteria

Level of Achievement	Criteria
under 60%	ineffective
60% - 80%	less effective
80% - 90%	effective enough
90% - 100%	effective
above 100%	very effective

Source: Indonesian Ministry of Home Affairs No. 690,900,327 (2006)

### Local Tax Effort

According to Asmawnati et al. (2016) Tax effort is an analysis used to find out the results of a tax system compared to the ability to pay taxes in a region. Tax effort is the ratio between tax revenue and fiscal capacity or the ability of the community to pay taxes in an area (Mulyanto, 2007). According to Yunanto (2010), Tax Effort shows the comparison between the results of a tax system and the ability to pay taxes in a region. The ability to pay taxes in a region is usually measured by the Gross Regional Domestic Product. The formulation for calculating tax efforts according to Asmawanti (2016) is as follows:

$$\text{PAD Growth} = \frac{P2-P1}{P1} \times 100 \dots \dots \dots (6)$$

Information:

- P1 = PAD Total of the previous year
- P2 = PAD Total for the current year

$$\text{PDRB Growth} = \frac{Y2-Y1}{Y1} \times 100 \dots \dots \dots (7)$$

Information:

- Y1 = PDRB Total for the previous year
- Y2 = PDRB Total for the current year

$$\text{Tax Effort} = \frac{\text{PAD Growth}}{\text{PDRB Growth}} \times 100 \% \dots\dots\dots(8)$$

### 3. Research Method

#### The Scope of Research

This research was conducted at the Regional Financial and Asset Management Revenue Agency, Ponorogo Regency, which is located at Jl. North Square No. 3, Ponorogo, East Java. The data used in this study are PAD growth data for 2013-2020, PDRB growth data for 2013-2020, local tax growth data for 2013-2020, data on the realization of local tax revenues in 2013-2020, and data on the realization of PAD receipts for 2013-2020. 2020 and data on local tax revenue targets for 2013-2020.

#### Types and Methods of Data Collection

The type of data used in this research is secondary data. According to Sugiyono (2015), secondary data is in the form of documentation data or report data that has been processed by those who collect and use data (researchers) and are already available. The data used in this study include: (1) PAD growth data for 2013-2020, (2) PDRB growth data for 2013-2020, (3) Regional tax growth data for 2013-2020, (4) Region Tax revenue realization data for 2013-2020, (6) PAD revenue realization data for 2013-2020, (7) Local tax revenue target data for 2013-2020.

The method used in this research is the documentation method. According to Sugiyono (2015), documentation is in the form of writing, pictures, or monumental works of someone. The process of data documentation by collecting data on targets and realization of local taxes for 2013-2020 from BPPKAD Ponorogo Regency and PDRB growth data for 2013-2020 from BPS Ponorogo.

#### Research Data Calculation Method

##### 1) Local Tax Elasticity

Elasticity analysis is a method to determine the level of sensitivity of changes in a type of tax revenue if there is a change in the factors that influence it (Mahi, 2005). The formulation of the calculation of local tax elasticity according to Mahmudi (2010) is as follows:

$$\text{Local Tax Growth} = \frac{X_2 - X_1}{X_1} \times 100 \dots\dots\dots (1)$$

Information:

X1 = Total local tax for the previous year

X2 = Total local tax for the current year

$$\text{PDRB Growth} = \frac{Y_2 - Y_1}{Y_1} \times 100 \dots\dots\dots (2)$$

Information:

Y1 = PDRB Total for the previous year

Y2 = PDRB Total for the current year

$$\text{Local Tax Elasticity} = \frac{\text{Local Tax Growth}}{\text{PDRB Growth}} \dots\dots\dots(3)$$

##### 2) Local Tax Contribution

Regional Tax Contribution Analysis is used to find out how much contribution can be contributed from tax revenue to local revenue, then the comparison between the realization of local tax revenue and local revenue (Mahmudi, 2016). The formulation for calculating local tax contributions according to Mahmudi (2010) is as follows:

$$\text{Local Tax Contribution} = \frac{\text{Local Tax Realization}}{\text{PAD Realization}} \times 100 \% \dots\dots\dots(4)$$

##### 3) Local Tax Effectiveness

The effectiveness analysis describes the ability of local governments to realize the planned local revenue compared to the target set based on the real potential of the area (Mahmudi, 2016). The

formulation for calculating the effectiveness of regional taxes according to Halim, et al (2014) is as follows:

$$\text{Local Tax Effectiveness} = \frac{\text{Local Tax Realization}}{\text{Local Tax Target}} \times 100\% \dots\dots\dots(5)$$

4) Tax Effort Analysis Method

Tax Effort shows the comparison between the results of a tax system and the ability to pay taxes in a region. The ability to pay taxes in a region is usually measured by the Gross Regional Domestic Product (PDRB). If PDRB increases, the ability of local taxpayers to pay taxes will increase and vice versa (Karyawan, 2002). The formulation of the calculation of tax effort according to Asmawanti et al. (2016) are as follows:

$$\text{PAD Growth} = \frac{P2-P1}{P1} \times 100 \dots\dots\dots(6)$$

Information:

P1 = PAD Total of the previous year

P2 = PAD Total for the current year

$$\text{PDRB Growth} = \frac{Y2-Y1}{Y1} \times 100 \dots\dots\dots(7)$$

Information:

Y1 = PDRB Total for the previous year

Y2 = PDRB Total for the current year

$$\text{Tax Effort} = \frac{\text{PAD Growth}}{\text{PDRB Growth}} \times 100 \% \dots\dots\dots(8)$$

**4. Result and Discussion**

**Local Tax Elasticity**

Based on data obtained from BPPKAD Ponorogo Regency and BPS Ponorogo Regency, the results of local tax elasticity are as follows:

Table 3. Local Tax Elasticity

Year	Total of Regional Taxes	Regional Tax Growth	PDRB Growth	Regional Tax Elasticity
		( c )	( b )	( c/b )
2013	Rp 39.533.040.335	-	-	-
2014	Rp 44.956.557.768	13,72%	5,21%	2,63
2015	Rp 50.895.226.786	13,21%	5,25%	2,52
2016	Rp 63.159.109.745	24,10%	5,29%	4,56
2017	Rp 72.556.475.110	14,88%	5,10%	2,92
2018	Rp 80.468.332.986	10,90%	5,31%	2,05
2019	Rp 89.698.759.477	11,47%	5,01%	2,29
2020	Rp 90.424.462.672	0,81%	-0,93%	-0,87
Average		12,73%	4,32%	2,30

Source: Data Processed (2021)

Based on table 3, it can be seen that the highest level of elasticity of local taxes occurred in 2016 and the lowest in 2020. The high elasticity of local taxes in 2016 occurred due to an increase in the economy that year. The low elasticity of local taxes in 2020 occurred due to the decline in local tax growth caused by the COVID-19 pandemic. The average elasticity of local taxes during 2014-2020 is 2.30, meaning that the elasticity of local taxes in the Ponorogo Regency is included in the elastic criteria. This shows an elastic relationship between the growth rate of local taxes and PDRB growth on PAD revenues. Economic development will give positive results to the increase in local revenue. The better the economy or the increasing added value generated by each sector in the economy, the ability or potential of the community to pay local taxes will increase. This will cause the ability of the public to pay higher taxes so that it becomes additional potential in local tax revenues. The local government only needs to optimize the method of collecting local taxes so that there is an

increase in revenue due to the high level of elasticity of local taxes in the Ponorogo Regency. The results of this study then strengthen several previous studies such as Patra (2016) who found that the greater the PDRB of an area, the higher the PAD of the area concerned.

### Local Tax Contribution

Based on data obtained from BPPKAD Ponorogo Regency, the results of regional tax contributions are as follows:

Table 4. Local Tax Contribution Rate

Year	Local Tax Realization		Realization of Regional Original Income		Local Tax Contribution	Contribution Criteria
	(y)		(z)		(y/z*100%)	
2013	Rp	39.533.040.335	Rp	134.057.473.992	29,49%	Moderate
2014	Rp	44.956.557.768	Rp	198.730.421.479	22,62%	Moderate
2015	Rp	50.895.226.786	Rp	210.712.616.265	24,15%	Moderate
2016	Rp	63.159.109.745	Rp	234.690.055.157	26,91%	Moderate
2017	Rp	72.556.475.110	Rp	307.476.478.525	23,60%	Moderate
2018	Rp	80.468.332.986	Rp	288.352.801.326	27,91%	Moderate
2019	Rp	89.698.759.477	Rp	291.227.369.256	30,80%	Pretty good
2020	Rp	90.424.462.672	Rp	303.331.015.448	29,81%	Moderate
Average					26,91%	Moderate

Source: Data Processed (2021)

Table 4 shows that the level of regional tax contributions collected by the Original Local Government Revenue, Financial and Asset Management Agency of Ponorogo Regency during the last eight years, namely in 2013-2020. The average level of local tax contribution during 2013-2020 is 26.91% with moderate criteria, meaning that local tax revenues during 2013-2020 are not the largest source of PAD, because PAD sources have 4 (four) components. The components of the PAD source are local taxes, regional levies, the results of separated regional wealth management, and other legitimate PAD.

The largest local tax contribution rate was in 2019 reaching 30.80% while the lowest local tax contribution was in 2014 at 22.62%. The description shows that the low level of local tax contributions is since in that year the realization of local tax revenues could not be met following the targets set by the government. But that does not mean that in that year the contribution of local taxes was considered insignificant because it was still in the moderate category and quite good. Regional Tax itself is the main source of revenue for Ponorogo Regency

The Ponorogo Regency Government should further increase the source of PAD, especially local tax revenues, namely through intensification and extensification of local tax revenues. Intensification efforts can be in the form of increasing the supervision of taxpayers, increasing human resources for regional tax managers, such as conducting training, counseling, and socializing on changes in regulations or regional regulations related to regional taxes. Extensification efforts can be carried out by intensifying data collection on objects and subjects of local taxes and if necessary, there must be changes to expired regional regulations/rules to become new regional regulations by the economic development of people's income as taxpayers.

The results of this study are different from the research conducted by Asmawanti et al. (2016) in Bengkulu Regency. Based on the calculation of the contribution of local taxes in the city of Bengkulu for 4 years, it can be seen that the city of Bengkulu has increased every year.



### Local Tax Effectiveness

Based on data obtained from BPPKAD Ponorogo Regency, the results of the effectiveness of local taxes are as follows:

Table 5. Regional Tax Effectiveness Level 2013-2020

Year	Local Tax Target		Local Tax Realization		Local Tax Effectiveness	Effectiveness Criteria
	(x)		(y)		(y/x*100%)	
2013	Rp	33.355.000.000	Rp	39.533.040.335	118,52%	Very Effective
2014	Rp	37.999.700.000	Rp	44.956.557.768	118,31%	Very Effective
2015	Rp	43.604.700.000	Rp	50.895.226.786	116,72%	Very Effective
2016	Rp	53.832.060.000	Rp	63.159.109.745	117,33%	Very Effective
2017	Rp	60.362.060.000	Rp	72.556.475.110	120,20%	Very Effective
2018	Rp	70.754.318.004	Rp	80.468.332.986	113,67%	Very Effective
2019	Rp	78.000.000.000	Rp	89.698.759.477	115,00%	Very Effective
2020	Rp	78.644.045.000	Rp	90.424.462.672	114,98%	Very Effective
Everage					116,84%	Very Effective

Source: Data Processed (2021)

Table 5 shows that the level of effectiveness of local taxes collected by the Original Local Government Revenue, Financial and Asset Management Agency of Ponorogo Regency for the last eight years, namely in 2013-2020 showed very effective results because in those seven years the realization of local tax revenues collected by the Revenue Agency, Financial Management and Regional Assets of Ponorogo Regency can meet and achieve the targets that have been set. The average level of effectiveness of local taxes during 2013-2020 is 116.84% with very effective criteria, meaning that local tax revenues during 2013-2020 describe the ability of local governments to realize local revenue with targets set based on the real potential of the region. The highest level of local tax effectiveness was in 2017 reaching 120.20% while the lowest was in 2018 at 113.67%.

The Ponorogo district government should optimize the effectiveness of local taxes every year by exploring the potential for new local taxes and new taxpayers. The Ponorogo Regency Government is expected to increase local tax revenues from each type of regional tax that has the potential and which has not been fully utilized by the local government to increase the percentage of the effectiveness of local taxes.

### Local Tax Effort

Based on the data obtained from the Ponorogo Regency BPPKAD and Ponorogo Regency BPS, the results of the tax effort are as follows:

Table 6. Tax Effort Level

No	Year	PAD Total		PAD Growth	PDRB Growth	Tax Effort
				(a)	(b)	(a/b*100%)
1	2013	Rp	134.057.473.992	-	-	-
2	2014	Rp	198.730.421.479	48,24%	5,21%	9,26%
3	2015	Rp	210.712.616.265	6,03%	5,25%	1,15%
4	2016	Rp	234.690.055.157	11,38%	5,29%	2,15%
5	2017	Rp	307.476.478.525	31,01%	5,10%	6,08%
6	2018	Rp	288.352.801.326	-6,22%	5,31%	-1,17%
7	2019	Rp	291.227.369.256	1,00%	5,01%	0,20%
8	2020	Rp	303.331.015.448	4,16%	-0,93%	-4,47%
Tax Effort Average						1,89%

Source: Data Processed (2021)

Based on table 6, it can be seen that the tax effort in 2014 was 9.26%, in 2015 it was 1.15%, in 2016 it was 2.15%, in 2017 it was 6.08%, in 2018 it was -1, 17%, in 2019 it was 0.20% and in 2020 it was -4.47%. The average tax effort for 7 years (2014-2020) is 1.89%. This shows that the level of tax effort in the Ponorogo Regency has decreased for the last 7 years. The decline in the level of tax effort occurred due to a decrease in PDRB. The government is aware of the decline in PDRB on average, thereby reducing the intensity of tax efforts. This resulted in a decrease in the contribution of local taxes to PAD. Regions with a high intensity of economic activity every year will contribute to the Gross Regional Domestic Product (PDRB). PDRB is an important indicator to determine the economic conditions in a region in a certain period. Economic growth reflects the economic performance of a region, where economic growth indicates the success of a region's development, this is seen from the magnitude of the PDRB value.

## 5. Conclusion

The average elasticity of local taxes during 2014-2020 in Ponorogo Regency is included in the elastic criteria. This shows the elastic relationship between local tax growth and GRDP growth on PAD revenue. Economic development will give positive results towards increasing local revenue. The Ponorogo Regency Government should be able to improve the regional economy because regional economic development will provide positive results for increasing PAD. As the economy increases, the ability or potential of the community to pay local taxes will also increase. The average level of local tax contributions in 2013-2020 is in the medium criteria. This means that local tax revenues during 2013-2020 are not the largest source of PAD, because other components of PAD sources that provide input are the results of separated regional wealth management, regional levies, and other legitimate PAD results.

The level of local tax contributions during 2013-2020 is in the medium criteria. The Ponorogo Regency Government should increase the source of PAD, especially local taxes through efforts to intensify and intensify local tax revenues. Extensification efforts are carried out by intensifying data collection on objects and subjects of local taxes, and if necessary, changes in regional regulations into new regional regulations by economic development. Intensification efforts are in the form of increasing the supervision of taxpayers, increasing human resources for managing local taxes, such as conducting training, counseling, and socializing changes to regional regulations related to regional taxes.

The average effectiveness of local taxes during 2013-2020 is included in the very effective criteria. This means that local tax revenues during 2013-2020 show the ability of local governments in realizing local revenue with targets that have been set based on the real potential of the region. The average tax effort years (2014-2020) show that the level of tax effort (tax effort) in Ponorogo Regency has decreased for the last 7 years. The decline in the level of tax effort (tax effort) occurred due to a decrease in PDRB. The government is aware of the decline in PDRB on average, thereby reducing the intensity of tax efforts. This resulted in a decrease in the contribution of local taxes to PAD. Regions with a high focus on the economic activity each year will increase their contribution to Gross Regional Domestic Product (PDRB). PDRB is a significant marker to determine the economic condition of a region in a certain period. Economic development reflects the presence of the economy of a region, where economic development shows the achievement of the development progress of a region as seen from the size of the PDRB. The Ponorogo Regency Government should increase the effectiveness of local taxes every year by exploring the potential for new local taxes and new taxpayers. The Ponorogo Regency Government is expected to optimize the potential for local tax

revenues from each type of local tax and from local taxes that have not been fully utilized by the local government so that the percentage of the effectiveness of local taxes continues to increase.

Several limitations exist in this study, including the use of data in this study which only uses Ponorogo Regency local tax data during 2013-2019. In addition, this study only uses local tax data from BPPKAD Ponorogo Regency so it cannot compare between Ponorogo Regency and other Regencies. Based on these limitations, it is hoped that future researchers to conduct similar research will collect more references that support and increase the number of districts to be studied so that they can be compared with other regencies.

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