

Analysing the Effectiveness of Hotel, Restaurant, and Advertising Taxes Revenue in Enhancing the Regional Original Revenue of DKI Jakarta Province



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ABSTRACT: This study analysis the effectiveness of Hotel Tax, Restaurant Tax, and Advertising Tax in enhancing the Regional Original Revenue (PAD) of DKI Jakarta Province. The study examines local tax revenues from the fiscal years 2020 to 2022, focusing on the constant growth of Restaurant and Advertising Taxes. It looks at how the regional government of DKI Jakarta has explored the potential of these local taxes through policies and regulations, resulting in a significant increase in local tax revenue. The study underlines that the annual increase in local tax revenue from Restaurant Tax, Hotel Tax, and Advertising Tax should not be the sole measure of success in harnessing their potential. The effectiveness of these local taxes serves as a gauge of how far the achievement target will be reached, with higher percentages indicating higher effectiveness. This study found that Hotel Tax, Restaurant Tax, and Advertising Tax have been highly effective in meeting the revenue targets set by the regional government, with effectiveness rates ranging from 99.1% to 108.7%. However, the contribution of these local taxes to the regional original revenue is categorized as very low, indicating variations in contribution amounts based on differences in tax rates. Despite the low contribution, the effectiveness of tax revenue in meeting targets remains high. To increase the regional original revenue, the focus should be on expanding the scope of local tax objects rather than setting excessively high targets, as optimizing the potential of local taxes is crucial for enhancing the regional original revenue of DKI Jakarta Province.

KEYWORDS: Hotel Tax, Restaurant Tax, Advertising Tax, Regional Original Revenue, DKI Jakarta Province, effectiveness, local taxes.

I. INTRODUCTION

The Jakarta Provincial Government has detailed local tax receipts for the fiscal years 2020-2022. Regional autonomy allows local governments to handle Pendapatan Asli Daerah/PAD (Regional Original Revenues) generated by local taxes, regional levies, and the administration of regional assets. Law Number 28 of 2009 concerning Regional Taxes and Regional Levies divides local taxes into two types: provincial taxes and district/city taxes.

Provincial Taxes consist of five types, including Motor Vehicle Tax, Motor Vehicle Transfer Fee, Motor Vehicle Fuel Tax, Settlement Water Tax, and Cigarette Tax. District/City Taxes encompass eleven types, such as Hotel Tax, Restaurant Tax, Entertainment Tax, Advertising Tax, Non-Metallic Mineral and Rocks Tax, Parking Tax, Groundwater Tax, Rural and Urban Land and Building Tax, and Land and Building Acquisition Fee.

Regional Original Revenue (PAD) is a source of income for local governments, which is utilized to fund regional expenditures and development in their territories. Regional autonomy empowers local governments to control governance and serve the community in accordance with their goals, hence boosting services and usefulness. The Jakarta Provincial Government has compiled a report on the summary of local tax revenue, comparing targets and actual receipts for the fiscal years 2020 to 2022 as follows:

Table 1. Recapitulation Local Tax Revenue Fiscal Year 2020-2022

Year	Target	Realization	%
2020	32.480.000.000.000	31.895.263.277.623	98.20
2021	37.215.000.000.000	34.575.563.219.175	92.91
2022	45.700.000.000.000	40.340.449.088.359	88.27

Source: Regional Revenue Agency (BAPENDA) DKI Jakarta Province

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Based on the chart above (table 1), it is possible to conclude that there has been a large growth in local tax revenue each year for the past three years (2020 - 2022). In 2020, the realization of local taxes was Rp. 31,895,263,277,623, which grew by 8.40% in 2021 to Rp. 34,575,563,219,175, and by 16.67% in 2022 to Rp. 40,340,449,088,359. According to the overview of Local Tax Revenue for the fiscal years 2020-2022, numerous district/city local taxes, including the Hotel Tax, Restaurant Tax, and Advertising Tax, have constantly increased.

Table 2. Growth of Hotel, Entertainment, and Advertising Tax Realization Fiscal Years 2020-2022

Types of Tax	Realization			Average %
	2020	2021	2022	
Hotel Tax	753.139.389.954	870.899.836.459	1.490.370.176.104	43,39
Restaurant Tax	1.935.159.453.084	2.160.496.071.557	3.387.621.341.844	34,21
Advertising Tax	819.413.729.352	938.142.139.511	1.096.007.922.733	15,68

Source: Regional Revenue Agency (BAPENDA) DKI Jakarta Province

The constant growth of Restaurant and Advertising Taxes annually necessitates an evaluation of their effectiveness in enhancing the Regional Original Revenue (PAD) of DKI Jakarta. The large growth in local tax revenue can be attributed to the regional government's ongoing investigation of the potential of these local taxes through policies and regulations enacted by the DKI Jakarta local government. Local tax revenue continues to rise annually as the DKI Jakarta regional government raises taxpayer awareness and implements a selective sampling mechanism for tax collection.

The annual increase in local tax revenue from Restaurant Tax, Hotel Tax, and advertising tax cannot be solely used as a measure of success in harnessing the potential of these local taxes. The effectiveness of local taxes serves as a gauge of how far the achievement target will be reached; the higher the percentage of the target achieved, the higher its effectiveness.

According to the aforementioned phenomenon, Restaurant Tax, Hotel Tax, and Advertising Tax are examples of local taxes that have exhibited impressive growth in the Regional Original Revenue of DKI Jakarta Province. As a result, this research is prompted to look into the issue "Analysis of the Effectiveness of Hotel Tax, Restaurant Tax, and Advertising Tax Revenue in Enhancing the Regional Original Revenue of DKI Jakarta Province." The purpose of this study is to look into how Restaurant Tax, Hotel Tax, and Advertising Tax affect regional original revenue. To accomplish this, the research has laid forth the following objectives: firstly, to assess the efficacy of these taxes in DKI Jakarta Province; and secondly, to determine the extent of their contribution to the Regional Original Revenue (PAD) of DKI Jakarta Province.

II. LITERATURE REVIEW

Local taxes as part of regional autonomy are inextricably linked to the concept of decentralization, because autonomy is an expression of decentralization. Autonomy is derived from the Greek words *auto*, meaning self, and *nomos*, meaning law or control. Sumaryadi (2005) defines regional autonomy as "the legal self-sufficiency and actual independence" in the Encyclopaedia of Social Sciences. Nonetheless, the implementation of autonomy remains within the corridor that does not exceed the authority of the central government, which has assigned matters to the regions.

In addition to devolving governance authority, the central government delegated financial responsibility to regions. The central government allows regions to maximize Regional Original Revenue (PAD) by growing local tax bases and collecting taxes that the central government does not collect. Furthermore, in accordance with the idea of "money follows function," regions receive central government balancing funds from the national budget (APBN) that are assigned to them.

Therefore, based on the principle of regional autonomy grounded in decentralization, local revenue becomes a source of income to finance all the needs of regional governance and development. Local revenue comprises all rights acknowledged as additions to the net wealth within the relevant fiscal year. The creation of rules governing the financial balance between the central government and regional governments is designed to help fund the transfer of duties to regional governments. This funding adheres to the notion of "money follows function," which suggests that funding follows the governance functions that each level of government has obligations and responsibilities for. According to Kadjatmiko (in Halim, 2007), within the framework of governance and community service provision based on the decentralization principle, regions are given authority to collect

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taxes and levies (tax assignment) as well as financial assistance (grant transfer) known as balancing funds. As a result, it is possible to deduce that local revenue is derived from two sources: i) local own-source revenue and ii) balance funds.

Regional Original Revenue (PAD) is classified as a revenue component in a region's Annual Plan for Budget Development. PAD is income that demonstrates a region's ability to raise finances for both everyday activities and development projects within the region. PAD is money received by the region depending on local norms and legislative regulations (Yani, 2013).

The sources of regional original revenue received by regional governments aim to provide flexibility to regions in sourcing funds for the implementation of regional autonomy as a manifestation of the principle of decentralization. According to Siahaan (2013), the sources of regional original revenue consist of:

- Local Taxes. Local taxes are mandatory contributions imposed by individuals or entities to the region without directly balanced compensation, which can be enforced based on applicable laws and regulations.
- Regional Levies. Regional levies are local charges as payments for certain services or permits specifically provided and/or granted by the regional government for the benefit of individuals or entities.
- Income from the Management of Separated Regional Assets. Income from the management of separated regional assets refers to the proceeds obtained from the management of assets separated from the management of the Regional Budget (APBD). If profit is generated from this management, it can be included as one of the sources of regional original revenue.
- Other Legitimate Regional Own-source Revenues. Other legitimate regional own-source revenues are regional receipts not included in the types of local taxes, regional levies, and income from the management of separated regional assets.

Review of Related Studies

Regional autonomy and fiscal decentralization are increasingly important concepts in Indonesia, with the goal of promoting effective resource allocation and improving public service delivery. Local taxes are an important source of regional revenue, as they fund regional development projects and public services (Putra & Arman, 2013). In DKI Jakarta Province, three primary local taxes - hotel tax, restaurant tax, and advertising tax - make considerable contributions to regional original revenue (PAD).

Several studies have examined the efficacy of these levies in increasing regional revenue. Pratama (2019) investigated the contribution of hotel, restaurant, and advertising taxes to the PAD of DKI Jakarta Province from 2013 to 2017. The study found that these taxes collectively accounted for a substantial portion of the PAD, highlighting their importance in supporting regional development initiatives. However, the research also identified challenges in tax administration and compliance, which could potentially undermine the effectiveness of these revenue sources.

Nugraha and Ambarwati (2021) conducted a similar analysis, focusing on the effectiveness of hotel tax, restaurant tax, and advertising tax in DKI Jakarta Province from 2015 to 2019. Their findings revealed a positive trend in the revenue generated from these taxes, indicating their growing significance in the PAD. The researchers also highlighted the need for continuous efforts in improving tax administration, enforcement, and public awareness to maximize the potential of these revenue sources.

In a broader context, Bandiyono and Aliamin (2018) explored the relationship between regional tax revenue and regional expenditure in several Indonesian provinces. Their research discovered a positive relationship between these two factors, implying that an increase in regional tax revenue may lead to higher levels of regional expenditure, resulting in improved public service delivery and regional growth. Furthermore, Putra and Arman (2013) stressed the role of municipal taxation in encouraging regional development. Their study, carried out in Jambi Province, emphasized the importance of local taxes in generating revenue for regional governments, as well as the necessity for effective tax administration and policy reforms to maximize the potential of these revenue sources.

While these studies provide valuable insights into the effectiveness of local taxes in enhancing regional revenue, there is a need for more specific research focused on the context of DKI Jakarta Province. Additional factors, such as the impact of economic conditions, tourism trends, and changes in tax policies, should also be considered to gain a comprehensive understanding of the effectiveness of hotel tax, restaurant tax, and advertising tax in contributing to the PAD of DKI Jakarta Province.

Suciadi R (2014) conducted a study examining the contribution and effectiveness of Hotel and Restaurant Taxes to Regional Revenue (PAD). Using data from the period 2009 to 2013, the study focused on the case of Malang Regency, East Java. The results indicated an increase in the effectiveness ratio of achieving the target and realization of Hotel and Restaurant Taxes in Malang Regency. This increase saw the target and realization reaching the applied target. The Hotel and Restaurant Taxes in Malang Regency were categorized as highly effective, with an effectiveness ratio of <100 %. Additionally, the contribution level experienced an increase, where the realization exceeded the target, thus categorizing it as highly effective due to achieving the intended goal of the contribution of Hotel and Restaurant Taxes to Malang Regency, being < 4 %.

Ardhiansyah, et.al (2014) examined the analysis of the potential of Hotel and Restaurant Taxes and their contribution to Regional Original Revenue. The study, covering the period from 2011 to 2013, focused on the case of the Regional Revenue Agency

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of Batu City. The research findings revealed a significant potential for Hotel and Restaurant Taxes, with the potential for Hotel Tax extraction being 32.48 %, indicating inefficiency compared to the 2011 realization. Similarly, the potential extraction for Restaurant Tax was 77.22%, signifying less efficiency compared to the 2011 realization. The growth rate calculation for Hotel Tax in 2012 was 55.85 % (quite successful), while for Restaurant Tax, it was 33.78 % (less successful) in the same year. The contribution calculation of Hotel Tax to PAD was 11.19 percent (insufficient) in 2011, whereas for Restaurant Tax, it was 6.54 % (very insufficient) in the same year.

Tobing (2016) conducted a study to assess the potential and effectiveness of Hotel Tax collection in increasing Regional Original Revenue. The study ran from 2011 to 2014 and focused on Palangka Raya City. According to the findings, the potential for Hotel Tax increased between 2011 and 2014. However, during the period, the target and actual Hotel Tax collection never exceeded the Real Potential of Hotel Tax revenue. There was even a large gap between the Palangka Raya City government's projected revenue and the calculated possible revenue from the Hotel Tax in Palangka Raya City. Meanwhile, the effectiveness of Hotel Tax in Palangka Raya City during the research period was considered effective.

Lumintang et al. (2015) investigated the efficacy of Restaurant Tax and Entertainment Tax income using the Tax Determination System and their contribution to PAD. The study, which ran from 2010 to 2014, focused on the instance of Manado City. The results showed that the Entertainment Tax satisfied the criterion for being very effective in 2010, 2012, and 2013, as well as being effective in 2011 and 2014. However, the contribution of Restaurant Tax and Entertainment Tax as sources of PAD over the last five years was deemed insufficient.

III. RESEARCH METHODOLOGY

In this study, a quantitative descriptive analysis method known as ratio analysis was used. Descriptive research is non-hypothesis research, therefore there is no need to develop hypotheses during the steps. According to Arikunto (2006), the descriptive analysis method describes or provides an overview of the researched object without undertaking analysis or drawing broad conclusions. Meanwhile, quantitative descriptive analysis is a data analysis method that uses numerical statistics to draw conclusions about quantifiable events. In this case, it means comparing the findings of the research computations. In this study, the quantitative descriptive analysis approach is utilized to determine the contribution of Restaurant Tax, Hotel Tax, and Advertising Tax to DKI Jakarta's Regional Original Revenue. It's also used to measure the effectiveness of receiving Restaurant Tax, Hotel Tax, and Advertising Tax in DKI Jakarta.

The ratio analysis implemented in this study includes the effectiveness ratio of local taxes and the contribution ratio of local taxes. This study focuses on three types of local taxes to measure the effectiveness of Restaurant Tax, Hotel Tax, and Advertising Tax revenue, as well as their contribution to increasing the Regional Original Revenue (PAD) of DKI Jakarta from 2020 to 2022. The research was conducted at the Regional Revenue Agency (BAPENDA) of DKI Jakarta.

Data collecting is critical in research to ensure the scientific validity. This method collects quantitative data in accordance with the specified topics and formulations, and the data acquired comprises of numerical numbers and interview results with relevant agencies. The data to be analysed using this method include information on the rise of Restaurant Tax, Hotel Tax, Advertising Tax, and DKI Jakarta's regional original revenue. The data consists of time series data during a three-year period (2020-2022), processed using the Microsoft Excel tool.

Efficiency is a measure indicating how far the target (quantity, quality, and time) has been achieved. The larger the percentage of the target achieved, the higher the efficiency. The effectiveness indicator is the ratio between the tax collection of a tax and the tax target, assuming that all taxpayers pay their due taxes. The calculation formula for effectiveness according to Hanif (2007) is as follows:

$$\text{Effectivity} = \frac{\text{Realization of Regional Tax Revenue}}{\text{Target of Regional Tax Revenue}} \times 100\%$$

If the achieved value is at least one or 100%, then the effectiveness ratio is better, indicating that the revenue collection is more efficient. Conversely, the smaller the percentage, the less effective the revenue collection. To measure the effectiveness value in more detail, criteria based on the Ministry of Home Affairs Regulation No. 690.900.327 of 1996 regarding guidelines for effectiveness criteria are utilized, as outlined in the following table:

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Table 3. Classification of Effectiveness Criteria for Local Tax Percentage

Percentage	Criteria
> 100%	Very Effective
90,00 % - 100 %	Effective
80,00 % - 90 %	Sufficiently effective
60,00 % - 80 %	Less Effective
< 60 %	Not Effective

Then, the Analysis of Local Tax Contribution is used as an analytical tool to determine the extent of contribution that can be provided by the revenue from Restaurant Tax, Hotel Tax, and Advertising Tax to the Regional Original Revenue of DKI Jakarta. The formula used to calculate the contribution of local taxes is:

$$P_n = \frac{QX_n}{QY_n} \times 100\%$$

Description:

P_n = Contribution of Local Tax Revenue to PAD (in Rupiah)

Q_Y = Total Revenue of PAD (in Rupiah)

Q_X = Total Revenue of Local Taxes (in Rupiah)

N = Year

Based on the target and realization data of Hotel Tax revenue in DKI Jakarta Province for the years 2020-2022 as in table 4, it can be observed that in 2020, the realization of Hotel Tax in DKI Jakarta Province exceeded the target by approximately Rp. 78,139,389,954, or an increase of about 11.1%. In 2021, the realization of Hotel Tax also surpassed the target with an amount of Rp. 70,899,836,459, representing an increase of about 8.7%. Then, in 2022, the realization of Hotel Tax in DKI Jakarta Province exceeded the target by approximately Rp. 90,370,176,104, or experienced an increase of about 6.4%.

Table 4. Target and Realization of Hotel Tax in DKI Jakarta Province

Year	Target	Realization
2020	675.000.000.000	753.139.389.954
2021	800.000.000.000	870.899.836.459
2022	1.400.000.000.000	1.490.370.176.104

While to determine the level of effectiveness in achieving the target of Hotel Tax in DKI Jakarta Province from 2020 to 2022, it can be calculated as follow:

- Calculation of Hotel Tax effectiveness in 2020: $753,139,389,954 \times 100\% = 111.1\%$ 675,000,000,000
- Calculation of Hotel Tax effectiveness in 2021: $870,899,836,459 \times 100\% = 108.7\%$ 800,000,000,000
- Calculation of Hotel Tax effectiveness in 2022: $1,490,370,176,104 \times 100\% = 106.4\%$ 1,400,000,000,000

Based on these calculations, the effectiveness of Hotel Tax in DKI Jakarta Province from 2020 to 2022 are seen in table as follows:

Table 5. Effectivity of Hotel Tax in DKI Jakarta Province 2020-2022 Period

Year	Target (Rp)	Realization (Rp)	Percentage	Criteria
2020	675.000.000.000	753.139.389.954	111,1%	Very Effective
2021	800.000.000.000	870.899.836.459	108,7%	Very Effective
2022	1.400.000.000.000	1.490.370.176.104	106,4%	Very Effective
Effectivity average			108,7%	Very Effective

From the table above, it can be observed that Hotel Tax revenue in DKI Jakarta Province consistently experiences an increase. In 2020, it achieved a percentage of 111.1% because the realization of Hotel Tax exceeded the target set by the government, thus meeting the criteria of being highly effective. Similarly, in 2021, it attained a percentage of 108.7%, also surpassing the target and

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meeting the criteria of being highly effective. Moreover, in 2022, it reached a percentage of 106.4%, exceeding the set target and meeting the criteria of being highly effective as well.

Subsequently, to determine the contribution of Hotel Tax in the DKI Jakarta Province towards the Regional Original Revenue, it can be calculate based on the data from the appendix of the DKI Jakarta Provincial Budget Realization, the target and realization data of the Regional Original Revenue of DKI Jakarta Province for the years 2020-2022 are presented in the following table:

Table 6. Target and Realization of Regional Original Revenue of DKI Jakarta

Year	Target	Realization
2020	Rp. 38.085.985.616.631	Rp. 37.414.754.711.193
2021	Rp. 45.182.087.250.967	Rp. 41.606.307.405.630
2022	Rp. 55.662.834.753.592	Rp. 45.608.404.729.501

Source: Official Financial report of DKI Jakarta Province

From the table above, it can be observed that in 2020, the realization of the regional original revenue in the DKI Jakarta province did not reach the target of approximately Rp. 671,230,905,438 set by the local government. Similarly, in 2021, the realization of the regional original revenue in the DKI Jakarta province also did not meet its target of about rp. 3,575,779,845,337 set by the local government. Furthermore, in 2022, the realization of the regional original revenue decreased and did not meet the target of approximately Rp. 10,054,430,024,091 set by the DKI Jakarta regional government. Hence the contribution of hotel tax calculated as below:

- Calculation of Hotel Tax contribution in 2020: $753,139,389,954 \times 100\% = 2.01\%$ 37,414,754,711,193
- Calculation of Hotel Tax contribution in 2021: $870,899,836,459 \times 100\% = 2.09\%$ 41,606,307,405,630
- Calculation of Hotel Tax contribution in 2022: $1,490,370,176,104 \times 100\% = 3.26\%$ 45,608,404,729,501

From the calculation, it can be seen that in 2020, the contribution of Hotel Tax only accounted for 2.01%, falling into the category of "very low" contribution to Regional Original Revenue. This indicates that 97.99% of the Regional Original Revenue is derived from other local taxes, revenue from separated regional wealth management, and other legitimate Regional Original Revenue sources. Similarly, in 2021, where the contribution of Hotel Tax amounted to only 2.09%, it falls into the category of "very low" contribution to Regional Original Revenue. This suggests that 97.91% of the Regional Original Revenue is derived from other local taxes, local levies, revenue from separated regional wealth management, and other legitimate Regional Original Revenue sources. Likewise, in 2022, the contribution of Hotel Tax only amounted to 3.26%, falling into the category of "very low" contribution to Regional Original Revenue. This indicates that 96.74% of the Regional Original Revenue is derived from other local taxes, local levies, revenue from separated regional wealth management, and other legitimate Regional Original Revenue sources.

With the same analysis technique and calculation method, we can assess the effectiveness and contribution of advertisement tax as follows:

- In 2020, the contribution of Restaurant Tax only accounted for 5.17%, falling into the category of very low contribution to the Regional Original Income. This indicates that 94.83% of the Regional Original Income comes from other local taxes, revenue from separated regional wealth management, and other legitimate Regional Original Income. Similarly, in 2021, the contribution of Restaurant Tax amounted to only 5.19%, categorized as very low contribution to the Regional Original Income. This demonstrates that 94.81% of the Regional Original Income is derived from other local taxes, regional levies, revenue from separated regional wealth management, and other legitimate Regional Original Income. Likewise, in 2022, the contribution of Restaurant Tax was only 7.43%, falling into the category of very low contribution to the Regional Original Income. This indicates that 92.57% of the Regional Original Income comes from other local taxes, regional levies, revenue from separated regional wealth management, and other legitimate Regional Original Income.
- Meanwhile, in 2020, the contribution of Advertisement Tax only amounted to 2.19%, falling into the category of very low contribution to the Regional Original Income. This indicates that 97.81% of the Regional Original Income comes from other local taxes, revenue from separated regional wealth management, and other legitimate Regional Original Income. Similarly, in 2021, the contribution of Advertisement Tax was only 2.23%, categorized as very low contribution to the Regional Original Income. This demonstrates that 97.77% of the Regional Original Income is derived from other local taxes, regional levies, revenue from separated regional wealth management, and other legitimate Regional Original Income. Likewise, in 2022, the contribution of Advertisement Tax amounted to only 2.61%, falling into the category of very low contribution to the Regional

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Original Income. This indicates that 97.29% of the Regional Original Income comes from other local taxes, regional levies, revenue from separated regional wealth management, and other legitimate Regional Original Income.

IV. RESULTS AND DISCUSSION

Based on the analysis and discussion results earlier, the author draws the following conclusions from the research on the Analysis of the Effectiveness of Hotel Tax, Restaurant Tax, and Advertisement Tax Revenue in Increasing the Regional Original Revenue of DKI Jakarta Province for the years 2020-2022:

- The effectiveness level of Hotel Tax, Restaurant Tax, and Advertisement Tax during the period 2020-2022 is classified as highly effective. This is because the target for local tax revenue set by the regional government has been achieved. The average effectiveness rate of Hotel Tax for the years 2020-2022 is 108.7%, which is considered highly effective. Meanwhile, the average effectiveness rate of Restaurant Tax for the years 2020-2022 is 99.1%, which is effective. The average effectiveness rate of Advertisement Tax for the years 2020-2022 is 99.8%, which is also effective. This is attributed to the substantial potential from local taxes, the government's involvement in exploring local tax potential, and careful calculations leading to the consistent achievement of the revenue targets set by the DKI Jakarta Provincial Government.
- Throughout the years 2020-2022, the level of contribution of local taxes to the regional original revenue of DKI Jakarta Province has undergone significant changes. The analysis results of the contribution of Hotel Tax to the Regional Original Revenue of DKI Jakarta Province for the years 2020-2022 yield an average contribution of 2.45%, categorized as very low. Similarly, the analysis results of the contribution of Restaurant Tax to the Regional Original Revenue of DKI Jakarta Province for the years 2020-2022 yield an average contribution of 5.93%, also categorized as very low. Furthermore, the analysis results of the contribution of Advertisement Tax to the Regional Original Revenue of DKI Jakarta Province for the years 2020-2022 yield an average contribution of 2.61%, also categorized as very low. This demonstrates that differences in basic tax rates can result in variations in the contribution amounts of each local tax to the regional original revenue of DKI Jakarta Province.
- The effectiveness level of each local tax always meets its target with a highly effective category. However, the contribution results from Hotel Tax, Restaurant Tax, and Advertisement Tax are categorized as low. This indicates that even with a low contribution, the effectiveness level of tax revenue in meeting its target can be fulfilled. Therefore, to increase the regional original revenue, the DKI Jakarta Provincial Government does not need to set excessively high targets; instead, the focus should be on expanding the scope of local tax objects to optimize the regional original revenue.

Implication and Recommendation

The implications of this conclusion are significant for the DKI Jakarta Provincial Government and its efforts to enhance the regional original revenue. The high effectiveness of Hotel Tax, Restaurant Tax, and Advertising Tax in meeting revenue targets indicates the success of government policies and regulations in optimizing these local taxes. However, the low contribution of these taxes to the regional original revenue suggests the need for a strategic approach. To increase revenue, the government should focus on expanding the scope of local tax objects and exploring new taxable areas. Additionally, adjusting tax rates could incentivize higher contributions. By taking these steps, the government can maximize the potential of local taxes, increase the regional original revenue, and support regional development and improved services for the local community.

Hence, based on the results of the analysis and conclusions that have been discussed in this study, then can be given the recommendation as follows:

- The Government of the province of DKI Jakarta in particular related services need to regulate clear provisions in the setting of targets of receipt of Regional Tax.
- In an effort to increase the reception of Hotel Tax, Restaurant Tax, and Advertising Tax of the Province of Jakarta DKI in particular the Regional Revenue Agency (BAPENDA) of Jakarta, in setting the basic rate of tax should always make socialization the meaning of the importance of tax to the development of the region.

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