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ANALYSIS OF THE IMPACT OF RESTAURANT AND PARKING TAXES ON LOCAL REVENUE IN MAKASSAR (2013–2022)

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ABSTRACT

This study aims to analyze the influence of restaurant tax and parking tax on the local revenue of Makassar City. The financial balance between the Central Government and the Local Government, where local government administration is carried out by granting extensive authority to the regions, accompanied by the rights and obligations to implement regional autonomy. Local taxes and regional levies are essential sources of local revenue to finance local government implementation. This study employs a quantitative research approach and secondary data in the form of time series from 2013 to 2022 obtained from the Regional Revenue Agency (BAPENDA) of Makassar City. The population of this study consists of the annual financial reports of Makassar City. The analytical methods used include tests for normality, multicollinearity, heteroscedasticity, multiple linear regression analysis, coefficient of determination, partial tests, and simultaneous tests. The results of the study, which are both significant and enlightening, indicate that both partially and simultaneously, restaurant tax and parking tax have a positive and significant effect on the original revenue of Makassar City. This research provides a crucial contribution by highlighting the pivotal role of restaurant tax and parking tax in Makassar City's financial landscape. These findings not only deepen our understanding but also have practical implications, serving as a solid foundation for decision-making by the government in conducting outreach and socialization of local regulations to taxpayers, fostering a deeper understanding and appreciation of tax payment. The results of the study indicate that both partially and simultaneously, restaurant tax and parking tax have a positive and significant effect on the original revenue of Makassar City. This research provides an essential contribution by highlighting the role of restaurants and parking tax in Makassar City. Thus, these findings can serve as a basis for government decision-making in conducting outreach and socializing local regulations to taxpayers to cultivate awareness of tax payments.

KEYWORDS: Restaurant taxes, parking taxes, local original government revenue.

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1. INTRODUCTION

The relationship among the central government, provinces, and localities in Indonesia has undergone transformation, with local governments now responsible for their own household affairs. Law Number 32 of 2004 regarding the financial balance from the central government to local regions stipulates that the central government must provide sources of revenue or financial receipts to support fair and equitable development. Local Original Revenue (PAD) is one of the pillars of local revenue, encompassing local taxes, local levies, proceeds from asset management, and legitimate local income. PAD is measured as a region's potential reflecting the extent of explored wealth. PAD is interpreted as an increase in net wealth value during the fiscal year according to Law Number 23 of 2014 concerning Regional Governments. Self-generated revenue from PAD and other approved activities by local governments are significant contributors to realistic, dynamic, and accountable regional autonomy development (Pulungan, 2020).

The capital city of South Sulawesi Province, Makassar City, lies between 59° East Longitude and 58° South Latitude, known as a metropolitan area with supporting infrastructure such as Sultan Hasanuddin International Airport and Soekarno Hatta Port. The city has experienced rapid economic growth and infrastructure development, including seaports, Hasanuddin Airport, toll roads, as well as industrial and trade sectors. In addition to its traditional culinary wealth, dances, and traditional attire, Makassar also offers attractive tourist destinations such as Losari Beach, Dutch historical museums, Akkarena Beach, Tanjung Bayang, and other maritime tourist attractions. Makassar City's Local Original Revenue (PAD) over the past 10 years, from 2013 to 2022, reflects variations between targets and realizations, including revenue projections from diverse sources under the authority of local governments. The percentage of PAD realization reflects the extent to which revenue targets are achieved (Pulungan, 2020).

Data indicates significant fluctuations in revenue target achievement in Makassar City over recent years, with PAD realization surpassing the target in 2013 and falling below it from 2014 to 2017, averaging around 86.92%. These fluctuations provide insights into the performance of local revenue collection and can be utilized for evaluation and budget planning. The notable impact on local revenue, particularly in 2020 and 2021, is attributed to the COVID-19 pandemic. Although revenue realization in 2020 exceeded the target, the pandemic's effects likely hindered growth that should have been higher. To achieve consistent targets, vigilant economic monitoring, enhanced financial management efficiency, and effective post-pandemic recovery strategies are essential (Pulungan, 2020).

Overall, monitoring the trend data of target and realization depicts the variation and fluctuation in Makassar City's local revenue realization over the past 15 years. Factors such as tax policy changes, economic conditions, and the presence of the COVID-19 pandemic can influence local revenue. Efforts to enhance revenue realization include more effective financial management, meticulous economic monitoring, and efficient post-pandemic recovery strategies.

Tax revenue from restaurants and parking fees are expected to make a significant contribution to the local revenue of Makassar City. Restaurant tax applies to restaurant and food-related businesses, including cafeterias, canteens, food stalls, bars, and catering services. This tax is levied on the services provided by restaurants, covering space rental, facilities, food, and beverages. With the growing popularity of Makassar City's culinary scene and the increasing number of culinary businesses, especially with the influx of both local and international visitors enjoying a variety of menus, it is anticipated that restaurant tax revenue will be adequate and positively contribute to the Local Original Revenue. Data from the Central Statistics Agency estimates that Makassar City had a total of 715 restaurants in 2020, reflecting the significant investment made by culinary entrepreneurs (Pulungan, 2020).

The Makassar City Revenue Agency incurred a revenue loss of approximately Six hundred million rupia's due to several restaurants and eateries being dishonest in tax remittance and revenue reporting to the Makassar City Government. This phenomenon highlights the challenges in meeting local revenue targets. Previous research by Siregar&Kusmilawaty (2022) on the impact of parking and restaurant taxes on the Local Original Revenue (PAD) of Medan City found that restaurant tax had a positive and significant effect on PAD, providing strategic guidance for the Medan City Government. Similar research by Alamsyah (2021) affirmed that the Local Original Revenue of Makassar City from restaurant taxes from 2016 to 2020 was categorized as a highly significant contribution (Tempo.co; Pulungan, 2020).

The problem of illegal parking in Makassar City, which needs to be registered with the Regional Revenue Office, requires serious attention. The existence of illegal parking attendants not only creates inconvenience and security disturbances but also does not contribute to local revenue and can even cause conflicts with parking users. To address this problem, the Makassar City government needs to take concrete steps, such as officially registering parking attendants, providing training on service ethics, and closely monitoring their activities. These steps are expected to create better parking governance, reduce conflicts, and increase local revenue (PAD) while providing better and safer parking services for the community.

The importance of this research is underscored by the urgency of addressing the problem of illegal parking that can disrupt public comfort and safety, while increasing much-needed local revenue for better urban development. The findings of previous research by Landeng et al. (2021) are enlightening, showing that although the proportion changed, parking tax made a significant annual contribution to Manado City's local revenue, and local development could be better optimized by Manado City's BP2RD (Tempo.co; Landeng et al., 2021). This knowledge equips us with a deeper understanding of the issue and its potential solutions.

This research focuses on the influence of restaurant tax, parking tax, and local revenue, which has broad implications for sustainable economic development. Understanding the complex relationships between these variables can provide valuable insights for economic policymakers in designing effective policies and strategies to boost local revenue while improving the community's quality of life and security.

2. METHODS

This research was conducted at the Makassar City Regional Revenue Agency (BAPENDA) office located at Jl. UripSumoharjo No. 8, MacciniBaru, Kec. Panakkukang, Makassar City, South Sulawesi 90232. In carrying out this research, a quantitative approach is used to explore data relevant to the research objectives. The type of data that is the focus of research is secondary data, which comes from documentation and previous studies relevant to the topic being studied. The

population that is the focus of this research is the annual financial report data of Makassar City, which is available at the Makassar City BAPENDA office. By utilizing this financial report data, the study aims to analyze the effect of restaurant tax and parking tax on Makassar City's Local Revenue within the specified time frame. The data analysis of this research involves various statistical methods, including the Classical Assumption Test, Hypothesis Test, Partial Test, and Simultaneous Test. Through this analysis process, a deeper understanding of the impact and contribution of restaurant tax and parking tax to local revenue can be obtained, as its implications in the context of economic development and local finance in Makassar City. Thus, this research has practical relevance in understanding and managing local finances and contributes valuable knowledge in formulating sustainable development policies and strategies for Makassar City.

3. RESULT'S AND DISCUSSION

	N	Minimum	Maximum	Mean	St. Deviation
Restaurant taxes	10	66.86	122.27	101.5920	15.09703
Parking taxes	10	13.68	141.62	60.3750	41.26648
Local Original Revenues	10	73.73	111.92	86.9220	12.24564
Valid N(listwise)	10				

Based on Table 1 descriptive statistics, it can be concluded that the Restaurant Tax Variable, which was sampled, had a minimum value of 66.86 and a maximum value of 122.27, with an average value of 10 data samples of 101.5920. This shows that the average total Restaurant Tax obtained by local governments is 101.5920. In addition, the standard deviation value of Restaurant Tax is 15.09703 (below the average), indicating that Restaurant Tax has a low level of data variation. The Parking Tax variable, which is sampled, spans a range from a minimum value of 13.68 to a maximum value of 141.62. The average value, calculated from 10 data samples, was 60.3750. This suggests that the average total Parking Tax obtained by local governments is 60.3750. Additionally, the standard deviation value of Parking Tax is 41.26648, indicating a low level of data variation. The Regional Original Revenue variable sampled has a minimum value of 73.73 and a maximum value of 111.92, with an average value of the 10 data samples of 86.9220. This shows that the average total local revenue of local governments is 86.9220. In addition, the standard deviation value of Local Revenue is 12.24564 (below the average), indicating that Local Revenue also has a low level of data variation.

One-Sample Kolmogorov – Smirnov Test

		Unstandardized Residual
N		10
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	6.29064877
Most Extreme Differences	Absolute	.178
	Positive	.178
	Negative	-.140
Test Statistic		.178
Asymp. Sig. (2-tailed)		.200 ^{c,d}
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance		

Residuals are considered normally distributed if the significance value of Kolmogorov-Smirnov is > 0.05 or 5%. Based on the normality test results using the Kolmogorov-Smirnov method, the Asymp.Sig. (2-tailed) the value indicated is 0.200 ($\rho = 0.200$). Since $\rho = 0.200 > 0.05$, it follows that according to the Kolmogorov-Smirnov test, the data in this study are normally distributed, and thus, the regression model is deemed suitable for this research. The Kolmogorov-Smirnov test results reinforce the normality test findings with distribution graphs, both indicating that the data are normally distributed.

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constan)		
	Restaurant Taxes (X1)	1.000	1.000
	Parking Taxes (X2)	1.000	1.000

a. Dependent Variabel: Local Original Revenues

Based on the results above, it can be concluded that in this study there is no multicollinearity problem because the Tolerance value is more than 0.10 and the variance Inflating Factor (VIF) value is less than 10.

Coefficients ^a				
Model		Unstandardized Coefficients		Standardized
		B	Std. Error	Coefficients
1	(Constant)	26.088	16.509	
	Restaurant Taxes (X1)	.493	.157	.607
	Parking Taxes (X2)	.179	.058	.603

a. Dependent Variable: Local Original Revenues

Based on the table above, the multiple regression results are as follows:

$$Y = 26.088 + 0.493X1 + 0.179X2 + e$$

The equation can be interpreted as follows:

The constant value of 26.088 indicates that when the variables Restaurant Tax (X1) and Parking Tax (X2) do not change, the Local Original Revenue (Y) is 26.088. The regression coefficient for Restaurant Tax of 0.493 indicates that when Restaurant Tax increases by 1 unit, the Local Original Revenue increases by 0.493 units, and vice versa. A positive value in the regression coefficient indicates a direct relationship between X1 and Y. This means that if Restaurant Tax increases, the Local Original Revenue will increase, and vice versa. The regression coefficient for Parking Tax of 0.179 indicates that when Parking Tax increases by 1 unit, the Local Original Revenue increases by 0.179 units, and vice versa. A positive value in the regression coefficient indicates a direct relationship between X2 and Y. This means that if Parking Tax increases, the Local Original Revenue will increase, and vice versa.

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.858 ^a	.736	.661	7.13293

a. Predictors: (Constant), Restaurant Taxes (X1), Parking Taxes (X2)
 b. Dependent Variable: Local Original Revenues

The value of R measures the extent of the relationship between the dependent and independent variables. Based on the results of this study, an R value of 0.858 or 85.8% is obtained, indicating that Restaurant Tax (X1) and Parking Tax (X2) have a relationship with Local Original Revenue (Y).

Meanwhile, the value of R Square (R^2) or the coefficient of determination essentially measures how well the model explains the variation in the dependent variable. The value of R^2 ranges between zero and one. A small R^2 value means that the ability of the independent variables to explain the variation in the dependent variable is very limited. A value approaching one means that the independent variables provide the necessary information to predict all the dependent variables. The R Square (R^2) value used in this study is 0.736 or 73.6%. This indicates that the variation in the independent variables used in the model is limited in explaining Local Original Revenue (Y), influenced by Restaurant Tax (X1) and Parking Tax (X2). This means that 26.4% of the Local Original Revenue (Y) is influenced by factors outside of this research model.

Coefficients^a

Model		Unstandardized Coefficients		Standardized	Sig.
		B	Std. Error	Coefficients	
1	(Constant)	26.088	16.509		.158
	Restaurant Taxes (X1)	.493	.157	.607	.017
	Parking Taxes (X2)	.179	.058	.603	.017

a. Dependent Variable: Local Original Revenues

The basis for decision-making:

If sig < 0.05, H0 is rejected, and Ha is accepted.

If sig > 0.05, H0 is accepted, and Ha is rejected.

By examining the partial test results from the table above, we can discern the impact of each independent variable, specifically the Restaurant Tax (X1) and Parking Tax (X2), on the dependent variable Local Revenue (Y). Here's a breakdown of the findings:

Our first hypothesis (H1), which posits that the Restaurant Tax (X1) has a positive and significant influence on Local Revenue (Y), is indeed accepted. This is substantiated by the regression analysis results, where the significance value of X1 is 0.017 < 0.05 (at the 5% significance level). Therefore, we can confidently conclude that the Restaurant Tax (X1) does have a partially positive and significant effect on Local Revenue (Y), or in other words, H1 is accepted. Meanwhile, Hypothesis 2 (H2), which states that parking tax (X2) has a positive and significant effect on local revenue (Y), is also accepted. This is supported by the regression analysis results, where the significance value of X2 is 0.017 < 0.05 (at the 5% significance level). Thus, parking tax (X2) partially has a positive and significant effect on local revenue (Y); in other words, H2 is accepted.

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	993.451	2	496.726	9.763	.009 ^b
	Residual	356.150	7	50.879		
	Total	1349.602	9			

a. Dependent Variable: Local Original Revenues

b. Predictors: (Constant), Restaurant Taxes, Parking Taxes

From the table above, the calculated F value is 9.763 with a probability of 0.009, which is smaller than the significance value of 0.05 or at the real level of 5%. Because the sig value. $0.009 < 0.05$, it can be concluded that variable X consisting of Restaurant Tax (X1) and Parking Tax (X2) together (simultaneously) affects Local Revenue (Y) in this study.

3.1 DISCUSSION

Impact of Restaurant Tax on Local Original Revenue, Based on the hypothesis testing results, the restaurant tax significantly influences local revenue. The significance value of 0.017, which is smaller than the alpha used, namely 0.05, indicates that the Restaurant Tax significantly affects Local Revenue. The realization of restaurant tax revenue during the fiscal years 2013-2022 continues to increase. This is due to the numerous developments of large malls that house various restaurants within them, attracting many people to dine in the restaurants in Makassar. Additionally, the culinary sector attracts investors due to Makassar's tendency to focus on its food needs. The restaurant tax is one of the types of local taxes contributing to the increase in local revenue. Restaurant taxpayers tend to be compliant in paying taxes, following the principle that the relationship between citizens and their country forms the basis of tax collection justice. Responsible restaurant taxpayers know their obligation to pay taxes according to local regulations. Furthermore, the growth of restaurants in Makassar is also a key factor driving the increase in restaurant tax. These findings are expected to draw the Makassar city government's attention to monitoring the development of restaurant construction. These testing results are consistent with previous research conducted by Siregar&Kusmilawaty (2022), which showed that the Restaurant Tax has a positive and significant effect on Local Revenue.

Impact of Parking Tax on Local Revenue, Based on the results of the hypothesis testing, the parking tax significantly influences local revenue. The significance value of 0.017, which is smaller than the alpha used, namely 0.05, indicates that the Parking Tax significantly affects Local Revenue. This implies that if the parking tax increases, local revenue also increases, and vice versa; if the parking tax decreases, then local revenue decreases. Therefore, the Parking Tax has a significant impact on Local Revenue. The realization of parking tax revenue during the fiscal years 2013-2022 continues to increase. This is because of the increasing provision of parking spaces, both public and private, leading to a high level of taxpayer awareness in registration and tax payment. Additionally, the parking tax is a potential source of revenue for development in Makassar. Our research findings stand in stark contrast to previous studies, such as the one conducted by Widiyati, S. M (2010), which found that Parking Tax has insignificant effect on Local Revenue. This contradiction underscores the novelty and importance of our research, which has uncovered a different perspective on the influence of the parking tax on local revenue.

4. CONCLUSION& RECOMMENDATIONS

The research findings demonstrate the significant influence of both restaurant tax and parking tax on local revenue in Makassar. The analysis revealed that both taxes positively contribute to local revenue, indicating their importance as potential sources of income for the city. The increasing realization of tax revenue over the years underscores the effectiveness of tax collection efforts and highlights the potential for further development and optimization of tax policies. In conclusion, the study emphasizes the critical role of local taxes, particularly restaurant and parking taxes, in bolstering local revenue streams. As such, the following recommendations are proposed:

1. Enhance Tax Compliance: Authorities should continue efforts to encourage tax compliance among restaurant and parking facility owners through effective enforcement measures, taxpayer education programs, and simplified tax reporting processes.
2. Improve Infrastructure: Given the correlation between parking tax revenue and the provision of parking spaces, the city should invest in infrastructure development to increase the availability

- of parking facilities. This can include constructing new parking lots, improving existing facilities, and implementing smart parking solutions to optimize revenue generation.
3. Review Tax Policies: Periodic reviews of tax policies should be conducted to ensure their alignment with economic trends, development goals, and the needs of taxpayers. Flexibility in adjusting tax rates and regulations in response to changing circumstances can enhance the effectiveness and fairness of the tax system.
 4. Collaboration and Information Sharing: Collaborative efforts between government agencies, businesses, and community stakeholders are essential for addressing tax-related challenges effectively. Establishing platforms for information sharing and dialogue can facilitate cooperation and foster a conducive environment for sustainable revenue generation.

By implementing these recommendations, the city of Makassar can strengthen its revenue base, promote economic growth, and enhance the overall well-being of its residents.

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