



# THE INFLUENCE OF REGIONAL TAXES, REGIONAL LEVIES AND REGIONAL COMPANY PROFITS ON ORIGINAL INCOME OF BOJONEGORO DISTRICT GOVERNMENT

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## Abstract

This research was conducted with the aim of analyzing the influence of Regional Taxes, Regional Levies and Regional Company Profits on Regional Original Income. This type of research is quantitative research with data analysis techniques used, namely multiple linear regression analysis and hypothesis testing using the SPSS Version 26 software program. This research uses secondary data sourced from the District Regional Revenue Agency. Bojonegoro with time series data collection over a period of five years, namely 2018 to 2022. The method for determining the sample in this research is purposive sampling. The results of this research are that local taxes have no effect on local original income; regional levies influence regional original income; and the regional company profit variable has an effect on regional original income. It can be concluded that this research highlights that in the observed situation, the contribution of regional taxes, regional levies and regional company profits to the regional original income variable cannot be considered as the main factor, but further analysis is needed to understand the context and other variables that may influence the relationship between regional taxes, regional levies, regional company profits, and regional original income.

**Keywords:** Regional Taxes, Regional Levies, Regional Company Profits, Regional Original Income

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## INTRODUCTION

Based on Law of the Republic of Indonesia no. 23 of 2014, Indonesia is a country that adheres to the principle of regional autonomy. In the principle of regional autonomy, the region is given full rights and freedom to be able to manage the goals and development of the region (Olga, 2021). By implementing the regional autonomy principle policy, regions have full authority to explore the potential of a region so that it can be used as a source of regional income in order to support the implementation of development of a region (Wahed & Ayu P, 2022). The implementation of this policy aims to ensure that a region can develop by managing and utilizing sources of income according to its own capabilities. The ability of a region to utilize revenue can be measured by the amount of tax and its contribution to regional income as well as its function as a source of funds or burden for a region's spending needs (Prasetyaningtyas & Ratnawati, 2022).

One source of funds that can support the function of regional government is local original income. This regional original income is income originating from a region which is collected based on regional regulations and in accordance with applicable laws and regulations. The sources of regional revenue obtained consist of regional taxes, regional levies, regional management results and other legitimate income (Casroni et al., 2022).

Bojonegoro is one of the districts that has enormous potential for Natural Resources (SDA), namely in the MIGAS (Oil and Gas) sector. However, there are other sectors that need to be developed and optimized in order to encourage economic growth and accelerate development in the Bojonegoro

area itself. One effort to encourage this is by increasing regional revenues through the collection of regional taxes, regional levies and regional company profits. With an increase in regional taxes, regional levies and regional company profits, this can encourage economic progress in Bojonegoro Regency through infrastructure development that supports the economy. It is hoped that this development can continue to grow the economy, with the ultimate goal being the welfare of the local community.

The following is the receipt of regional tax revenues, regional levies and profits of regional companies in Bojonegoro Regency for 2018-2022 which can be presented in table form below:

Table 1 Report on district revenue receipts. Bojonegoro 2018-2022

Year	Tax Area	Regional Levy	Regional Company Profits	PAD
2018	94.161.050.795	19.803.178.603	20.224.733.534	424.019.658.906
2019	109.262.437.448	28.747.131.076	16.816.223.663	558.959.871.222
2020	116.294.020.878	28.250.253.965	143.501.369.939	720.841.696.545
2021	138.625.430.954	31.679.855.503	398.273.820.075	955.627.986.619
2022	160.469.314.344	33.311.190.535	137.641.553.852	804.004.973.047

Source: District Regional Revenue Agency. Bojonegoro, 2023.

Based on table 1, it can be seen that regional tax revenue has experienced a significant increase every year, where in 2018 regional tax revenue was 94,161,050,795, then in 2020 it was 116,294,020,878, in 2022 it was 160,469,314,344. Furthermore, it can be seen that the receipt of regional levies and profits of regional companies experienced fluctuations, decreasing and increasing. This can be seen from the receipt of regional levies in 2018 amounting to 19,803,178,603, in 2019 there was an increase of 28,747,131,076, in 2020 there was a decrease of 28,250,253,965. In the regional company profit sector in 2020 it was 143,501,369,939, in 2021 it increased by 398,273,820,075, in 2022 it experienced a significant decrease of 137,641,553,852.

Research on Analysis of the Effect of Regional Taxes and Regional Levies on Original Regional Income and Economic Growth by (Manalu et al., 2023) with research results showing that regional taxes and regional levies have no influence on local original income and economic growth.

The results of the research above are different from the results of research with the title Analysis of the Effect of Regional Taxes and Regional Retributions on PAD of Cities / Districts in North Sumatra Province conducted by (Hanum & Rozaini, 2023) which shows that regional levies and regional taxes have a significant influence on income. Native to North Sumatra Province.

The next research is entitled Analysis of Regional Capital Inclusion and Profit Contribution of Regional Owned Enterprises (BUMD) to Gresik Regency's Original Regional Income (PAD) with Return on Equity (RoE) as an Intervening Variable (2023) by (Dita & Yuhertiana, 2023) with The research results show that capital contributions from regional governments have a positive influence on increasing local original income, while the contribution has not yet reached the level of significance in contributing to PAD.

The next research is entitled Analysis of the Effect of Regional Taxes and BUMD Profits on Batanghari Regency's Original Regional Income by (Yuniarti et al., 2023) with research results showing that regional tax variables and BUMD profit variables simultaneously have a significant influence on Regional Original Income Batanghari Regency.

## **THEORETICAL STUDIES**

### **Expectancy Theory (Expectancy Theory)**

Expectancy theory is a theoretical framework that can be used to understand how an individual can make a decision based on the expected outcome of a particular action or behavior. This theory was first developed by Victor Vroom in 1964 who argued that an individual will be motivated to carry out an action to achieve a goal if they believe that their action leads to achieving that goal.

### **Tax**

According to Prof. Dr. P. J. A. Adriani, the definition of tax is a form of contribution by the community to the state which is forced in nature which is owed by taxpayers in paying it, according to general regulations, namely the law, which will not directly get an achievement back and has the aim of financing general expenses related to the affairs of a country in organizing a government. The existence of this tax is the main source of state revenue in financing state expenditure (Riftiasari, 2019).

### **Local tax**

The definition of regional tax according to (Mardiasmo, 2018) is a form of contribution to a region that is owed by individual taxpayers and corporate taxpayers which is mandatory and coercive and does not receive direct compensation which is used for the development of a region for the prosperity of the people based on the Law. -Applicable laws.

### **Regional Levy**

According to (Wulandari & Kartika, 2021), regional levies are defined as a form of payment related to basic services or the granting of special permits provided by the regional government for individuals or entities that are expected to be useful as a source of regional revenue in the development of a region.

### **Regional Company Profits**

Profit is a regional goal, where this profit can expand its business. A region's ability to earn a profit is an indication of the quality of management and operations of the region, which means it reflects the value of the region. State-owned enterprises managed by regional governments are called regional-owned enterprises (BUMD). A regional company is a company established by a regional government

whose capital is largely/entirely owned by the regional government. With the existence of this regional company, it can provide benefits for the economic development of a region by providing the benefit of providing quality goods or services to fulfill needs according to the situation, conditions and potential of a region (Dona et al., 2022). It can be concluded that the establishment of this BUMD means it can generate profits which can increase local revenue (PAD) (Amalia & Aditya, 2023).

### Locally-generated revenue

According to (Law No. 1, 2022) explains that Regional Original Income is a form of regional revenue that originates or originates from the results of regional taxes, the results of regional levies as well as the results of managing the wealth of a region and other legitimate income that has been regulated in statutory regulations.

### METHOD

This research uses quantitative methods, namely research based on positivism which has a certain population and samples that are studied and collected so that they can be analyzed quantitatively with the aim of testing existing research hypotheses (Sugiyono, 2019). The object of this research is Bojonegoro Regency from 2018 to 2022, with the independent variables being regional taxes ( $X_1$ ) and regional levies ( $X_2$ ), regional 1. company profits ( $X_3$ ) and the dependent variable in this research is Regional Original Income (Y). . This research uses a purposive sampling method.

### RESULTS AND DISCUSSION

#### Descriptive statistics

Table 2 Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Local Tax	60	4,29	42,72	22,1800	9,28203
Regional Levy	60	,80	10,04	5,1013	1,85060
Regional Company Profits	60	,00	76,46	8,5794	19,23292
Locally-generated revenue (PAD)	60	23,67	26,34	24,6099	,54725
Valid N (listwise)	60				

Source: SPSS data output (2024)

This research used a total of 60 samples per variable. The Regional Tax variable ( $X_1$ ) has the lowest value of 4.29 and the highest value of 42.72, with an average Regional Tax value of 22.1800 and a data distribution level of 9.28203. The Regional Levy variable ( $X_2$ ) has the lowest value of 0.80 and the highest of 10.04, with an average of 5.1013 and a data distribution rate of 1.85060. The Regional Company Profit Variable ( $X_3$ ) has the lowest value of 0.00 and the highest of 76.46, with an average of 8.5794 and a level of data distribution of 19.23292. The Regional Original Income (Y) variable has the

lowest value of 23.67 and the highest of 26.34 with an average percentage of 24.6099 and a data distribution level of 0.54725.

### Normality Test

Table 3 Normality Test Result  
*One Sample Kolmogrov-Sminov Tes*

Asmp value. Sig. (2-tailed)	Provision	Information
.200	>0,05	Normally Distributed Data

Source: SPSS data output (2024)

Based on table 3, it can be seen that the normality test carried out using the One Sample Kolmogrov-Sminov Test method has an Asymp Sig value. (2-tailed) is 0.200 which indicates that the data is normally distributed.

### Multicollinearity Test

Table 4 Multicollinearity Test Results

No	Independent Variable	Tolerance Value	VIF	Information
1	Local Tex ( $X_1$ )	,592	1,690	Multicollinearity does not occur
2	Regional Levy ( $X_2$ )	,593	1,687	Multicollinearity does not occur
3	Regional Company Profits ( $X_3$ )	,593	1,687	Multicollinearity does not occur

Source: SPSS data output (2024)

Based on table 4, it can be seen that the multicollinearity test was carried out by looking at the Tolerance value greater than 0.10 and VIF smaller than 10. So it can be concluded that there is no or free from multicollinearity problems between independent variables.

### Heteroscedasticity Test

Table 5 Heteroscedasticity Test Results

No	Independent Variable	Sig. Value	Provision	Information
1	Local Tex ( $X_1$ )	,591	>0,05	Heteroscedasticity does not occur
2	Regional Levy ( $X_2$ )	,194	>0,05	Heteroscedasticity does not occur
3	Regional Company Profits ( $X_3$ )	,933	>0,05	Heteroscedasticity does not occur

Source: SPSS data output (2024)

Based on table 5, it can be seen that from testing the heteroscedasticity test using the Spearman rank method which has a significant value greater than 0.05, it can be concluded that there are no

symptoms of heteroscedasticity in the data.

### Autocorrelation Test

Table 6 Autocorrelation Test Results

Model	R	R Square	Adj. R Square	Std. Error of the Estimate	Durbin-Watson
1	,827 <sup>a</sup>	,684	,668	,31553	2,041

Source: SPSS data output (2024)

Based on table 6, the autocorrelation test results show that the Durbin Watson (DW Test) value is 2.041, between -2 and +2 and is in accordance with the basis for decision making. So this means that in the regression equation there is no autocorrelation.

### Multiple Linear Regression Analysis Test

Table 7 Multiple Linear Regression Test Results

Variable	Koefisiensi Regresi
(Constant)	25,395
Local Tex ( $X_1$ )	-,013
Regional Levy ( $X_2$ )	,114
Regional Company Profits ( $X_3$ )	,010

Source: SPSS data output (2024)

Based on table 7, the following multiple regression equation is obtained:

$$Y = 25,395 - 0,013X_1 + 0,114X_2 + 0,010X_3 + e$$

The constant value is 25.395, meaning that if the independent variable is 0 or constant, the predicted regional original income (Y) is 25.395. The regression coefficient value of the regional tax variable ( $X_1$ ) is 0.013. A negative value ( $X_1$ ) indicates that when the regional tax variable ( $X_1$ ) increases by one unit, it will result in a decrease in the value of the local original income variable (y) by 0.013. The regression coefficient value for the regional levy variable ( $X_2$ ) is 0.114. This positive value ( $X_2$ ) indicates that when the regional levy ( $X_2$ ) increases by one unit, it will result in an increase in the value of the regional original income variable (Y) by 0.114. The regression coefficient value of the regional company profit variable ( $X_3$ ) is 0.010. This positive value ( $X_3$ ) indicates that when regional company profits ( $X_3$ ) increase by one unit, this will result in an increase in the value of the regional original income variable (y) by 0.010.

### Hypothesis Test

Table 8 F Test Results

Model	Calculated F value	Sig.
Regresi	40,491	,000 <sup>b</sup>

Source: SPSS data output (2024)

The calculated F value is greater than the table F value ( $40.491 > 3.16$ ) and the Sig value.  $.000b < \alpha = 0.05$ . So it can be concluded that the results of the regression equation research obtained in this research are suitable for use.

Table 9 t test results

Variabel	Calculated F value	Sig.
Local Tex ( $X_1$ )	-2,313	,024
Regional Levy ( $X_2$ )	3,940	,000
Regional Company Profits ( $X_3$ )	3,766	,000

Source: SPSS data output (2024)

The t test in table 9 shows that the regional tax variable ( $X_1$ ) has a significance value of 0.024 and is negative, the significant value is greater than 0.05 ( $0.024 > 0.05$ ). So  $H_1$  is rejected and  $H_0$  is accepted, meaning that local taxes ( $X_1$ ) have no effect on local original income ( $y$ ). The regional levy variable ( $X_2$ ) has a significance value of 0.000 and is positive, the significant value is smaller than 0.05 ( $0.000 < 0.05$ ). So  $H_0$  is rejected and  $H_2$  is accepted, meaning that regional levies ( $X_2$ ) have a positive and significant effect on local original income ( $y$ ). The regional company profit variable ( $X_3$ ) has a significance value of 0.000, this significant value is smaller than 0.05 ( $0.000 < 0.05$ ). So  $H_0$  is rejected and  $H_3$  is accepted, meaning that regional company profits ( $X_3$ ) have a positive and significant effect on local original income ( $y$ ).

Table 10 Coefficient of Determination Test Results

R. Square	Adjusted R Square
,684	,668

Source: SPSS data output (2024)

Based on table 10, the coefficient of determination R Square  $R^2$  is 0.668, or 66.8%. This can be interpreted to mean that the independent variables in this study have an influence of 66.8% and the remaining 33.2% are influenced or explained by variables not studied.

### **The effect of local taxes on local original income.**

Based on the results of data analysis regarding the influence of regional taxes on original regional income, it can be concluded that the hypothesis which states that regional taxes have an effect on original regional income is not supported. It can be concluded that this research highlights that in the observed situation, the contribution from local taxes cannot be considered the main factor, however further analysis is needed to understand the context and other variables that may influence the relationship between other variables.

The results of this research are in line with research conducted by (Manalu et al., 2023) which found that regional tax variables had no effect on local original income. However, the findings of this

research contradict research conducted by (Hanum & Rozaini, 2023) and (Yuniarti et al., 2023) which states that regional tax variables have an effect on local original income.

### **The influence of regional levies on regional original income**

The results of this research show that the initial hypothesis is accepted which states that regional levies have an influence on local original income, meaning that the level of regional levies received by regional governments has a lot of influence on local original income because it can be seen that the presentation of the contribution of regional levies to local original income tends to be high.

Regional levies are levies imposed by local governments for the use of public facilities or services provided. Revenue from these levies is one of the main components of local original income. By optimizing the imposition of levies, local governments can increase their PAD, which is used to finance various development programs and public services in the region.

This finding is in line with (Wulandari & Kartika, 2021), and (Hani & Siska Ayu, 2021) where regional levies have a positive and significant influence on regional original income and are supported by research conducted by (Hanum & Rozaini, 2023) where regional levies has a positive and significant influence on regional original income.

### **The influence of regional company profits on regional original income**

Based on the results of data analysis regarding the influence of regional company profits on regional original income, it can be concluded that the hypothesis stating that regional company profits have an effect on regional original income is supported. This means that the high and low profits of regional companies received by the regional government have a lot of influence on local original income because it can be seen that the contribution of regional companies' profits to local original income tends to be high.

Regional company profits refer to the profits obtained by a region which is one of the sources of original regional income. By increasing regional company profits, companies can increase their original regional income which will later be used for regional development. This finding is in line with (Dona et al., 2022), and (Yuniarti et al., 2023) where regional company (BUMD) profits have a positive and significant influence on local original income and are supported by research conducted by (Listyowati & Rahmayati, 2023) where regional company profits have a positive and significant influence on regional original income.

## **CONCLUSION**

Based on the results of research analysis and discussion, researchers concluded several important findings regarding the factors that influence Regional Original Income (PAD). First, it was found that Regional Taxes did not have a significant effect on Original Regional Income. This is likely due to the contribution of regional taxes which has not reached a significant value compared to other sources of

regional original income. Nevertheless, these findings highlight the importance of optimizing local tax revenues to increase their contribution to PAD in the future. Second, it was found that Regional Levies have a positive influence on Regional Original Income, indicating that Regional Levies make an important contribution to increasing regional income. These findings underline the importance of management and increasing efficiency in regional levy collection as a reliable source of income. Third, researchers found that Regional Company Profits have a significant influence on Regional Original Income, indicating that the ability of Regional Owned Enterprises (BUMD) to generate profits from the capital they own has a positive impact on regional original income. This emphasizes the importance of an effective BUMD management strategy to support economic growth and overall regional prosperity.

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