Analysis of Hotel Tax Realization Targets at the Surabaya City Regional Revenue Agency

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Abstract: - To study in depth the target and realization of Hotel Tax in the city of Surabaya from 2019 to 2023 and to provide a clear picture of the contribution of Hotel Tax to regional income. This research is qualitative. Data collection methods using observation, documentation and interviews. The results of the study showed that hotel tax has changed since 2019-2023. In 2019 there was an increase of 101,405. In 2021 there was a decrease of 51.80% due to the corona virus that hit the Surabaya area, the contribution of hotel tax given to regional income was still very lacking. In 2019-2020 regional tax revenues were less than 10%, in 2020 the tax contribution to income was only 3.61% this was due to the corona virus, in 2023 it reached the highest compared to the previous year which was 8.01%.

Key-Words: -Tax Analysis; Tax realization; Regional tax; Hotel tax; Taxation; City regional income.

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1 Introduction

Taxes are the largest source of state revenue, and the government is only just starting to distribute them.(I. Made Laut M. Jaya & Ilahiyah, 2020). With a little luck, this will make taxation one of the primary goals of a stable source of government revenue.(IMLM Jaya, 2019). One way the Directorate General of Taxes (DGT) collects more Taxpayers is through the socialization of ongoing tax policies. Suryarini and Tarmadji (2012), taxes are one way for the government to regulate and implement social and economic goals. Therefore, stax collectors are expected to be fair and taxpayers are given the same rights and responsibilities based on the Taxation Law. Tax collection must be based on Article 2A of the 1945 Constitution, because it is a tax that is legally imposed on the State Treasury which is intended to cover general costs, its application does not cause direct imbalances in services. Hotel Tax is a tax imposed on hotel owners or managers on receipts obtained from parties staying at the hotel. Hotel Tax is a tax on services provided at the hotel. The subject of Hotel Tax is an individual or entity that makes payments for Hotel services. The Hotel Tax rate is 10% (ten percent) and boarding houses are set at 5% (five percent) of the

Hotel Tax base (DPP) which means 10% (ten percent) and boarding houses are 5% (five percent) of the amount paid for hotel services. In the city of Surabaya, Hotel Tax is one of the significant sources of income for the local government. In the period from 2019 to 2023, the target and realization of Hotel Tax in the city of Surabaya are certainly a special concern for the local government. The tax target set must be realistic and achievable, so that it can support development and public services in the city of Surabaya (Syamsudin, 2021). However, the realization of hotel tax that occurs must be in accordance with the target that has been set, so that there is no significant gap between the target and realization. The phenomenon that occurred, starting in 2020, 2021 there was a decline in tax payments due to the corona virus, in 2022, 2023 it started to increase but not significantly because many hotels have not been able to recover and even tend to go bankrupt but there are some hotels that are still operational. This requires a high level of awareness about taxes. Another thing, there are taxpayers who manipulate tax deposit data or do not provide accurate reports, so that the data used to calculate is not in accordance with what it should be, the number of accommodations in the Surabaya city area that have not been registered as taxpayers and the Covid-19 pandemic that has hit the world and especially in Surabaya. As a result, hotel tax revenues continue to decline because a number of hotels and boarding houses are deserted.

2 Theoretical Framework

Tax is a mandatory contribution to the state treasury owed by individuals or bodies that is mandatory based on the Law, without receiving direct compensation and is used for state needs for the greatest prosperity of the people (Mardiasmo, 2018). This is the definition of Tax contained in Law Number 16 of 2009 concerning General Provisions and Tax Procedures (abbreviated as "UU KUP") in Article 1 Paragraph 1.Soemitro, R (2020), Tax is a contribution from the public to the state treasury (which can be enforced) which is owed by Taxpayers to be paid according to regulations (laws) without receiving any direct reciprocal services and which is used to pay general expenses.

The definition of tax was then corrected to read that tax is wealth from the people to the state treasury to finance routine expenditure and the surplus is used for public saving which is the main source for financing public investment. Soemahamidjaja (2020),Tax is a mandatory contribution, in the form of money or goods, collected by the authorities based on legal norms7 to cover the costs of producing collective goods and services in achieving general welfare.

In accordance with Law Number 28 of 2009 Article 20 and 21, Hotel Tax is a tax on services provided by hotels. While what is meant by a hotel is a facility providing lodging/rest services including other related services with a fee, which includes inns, tourist guesthouses, guest houses and the like, as well as boarding houses with more than 10 (ten) rooms.

Surabaya City Regional Regulation Number 4 of 2011, Hotel Tax Objects are services provided by hotels with payments including supporting services as hotel equipment that provide convenience and comfort, including sports and entertainment facilities. Supporting services as referred to in paragraph (2) are: 1. Room rental 2. Telephone facilities 3. Internet 4. Transportation 5. Services related to gym facilities, spas, swimming pools, or entertainment available at the hotel.

It is known that not all are taxed. There are some that are not included in the taxable objects, namely: 1. Dormitory housing services organized by the government, provincial government and local government. 2. Apartment rental services, condominiums and the like. 3. Housing services in hospitals, nurse dormitories, nursing homes, orphanages, and other social institutions. 4. Travel agency services organized by hotels that can be utilized by the public.

Based on Surabaya City Regional Regulation Number 4 of 2011, the Subject and Obligor of Hotel Tax are individuals or business entities that make payments to individuals or bodies that operate hotels. While Hotel Taxpayers are individuals or bodies that operate hotels. Hotel Tax is paid by the hotel manager or administrator who provides a place with a fee. Businessmen are automatically designated as Taxpayers who must pay hotel costs. Therefore, in Hotel Tax, the subject and object of tax are not the same. Hotel consumers are Taxpayers who pay or bear taxes, while business actors who provide places by charging fees are Taxpayers who are authorized to collect taxes from consumers (Taxpayers). From the explanation above, the author draws the conclusion that the subject of hotel tax is an individual or business entity that provides a place that is owned. The legal basis for collecting Hotel Tax in a district or city is as follows:

1. Law Number 28 of 2009 concerning Regional Taxes and Regional Retributions.
2. Government Regulation Number 65 of 2001 concerning Regional Taxes.
3. Surabaya City Regional Regulation Number 4 of 2011 which regulates Regional Taxes.
4. The Regent/Mayor's Decree regulating Hotel Tax as an implementing regulation for regional regulations on Hotel Tax in the Regency/City in question.

According to Pahala (2011), the basis for imposing Hotel Tax is the amount of payment or what should be paid to the hotel. Thus, the basis for imposing Hotel Tax is the payment rate imposed by the tax subject on the taxpayer. Hotel Tax Rates Based on Law Number 28 of 2009 concerning Regional Taxes and Regional Levies are set at a maximum of 10% (ten percent). This is intended to provide freedom for the Regency/City government to set tax rates according to the needs based on the regional conditions of each Regency/City. According to Surabaya City Regional Regulation Number 4 of 2011, the hotel tax rate in the city of Surabaya is set at 10% (ten percent), and boarding houses are set at 5% (five percent).

Based on the principal Hotel Tax owed is calculated by multiplying the rate by the tax base. The following is the calculation of Hotel Tax, the amount of payment to the hotel includes the amount of payment after the discount and the amount of payment for the purchase of a voucher for staying.

$$\text{Feek Payable} = \frac{\text{Tax Rate X Tax Base}}{\text{Tax rate X Payment Amount}}$$

Based on Surabaya City Regional Regulation Number 4 of 2011, the tax period and time when Hotel Tax is due are determined as follows:

1. Hotel Tax Period
   The Hotel Tax Period is a period of 1 (one) calendar month.
2. When Hotel Tax is Due
   The time when Hotel Tax is due occurs when payment is made and/or should be paid to an individual or body that operates a hotel or when the SPTPD is submitted.

Based on Law Number 28 of 2009 concerning Regional Taxes and Regional Retributions, it is explained that tax collection is prohibited from being contracted out. Thus, the entire process of collecting Hotel Tax cannot be delegated to a third party. However, it does not rule out the possibility of collaborating with a third party in tax collection, such as printing tax forms, sending letters to taxpayers and recording tax objects and subjects. Cooperation activities that cannot be carried out by a third party are calculating the amount of tax payable, monitoring tax payments and collection. Procedures for collecting Taxpayer Notification Letters for Hotel Tax, Taxpayers can use these methods, namely:

a. Taxpayers pay the taxes they owe (Hotel Tax) based on regional tax regulations.
b. Taxpayers pay their own taxes owed in accordance with the provisions of the Law by using the Regional Tax Notification Letter (SPTPD), Regional Tax Underpayment Determination Letter (SKPDKB) and/or Additional Regional Tax Underpayment Determination Letter (SKPDKBT).

Meanwhile, for tax assessments, within approximately five years after the tax is due, the Regent/Mayor issues a Regional Tax Underpayment Assessment Letter (SKPDKB), an Additional Regional Tax Underpayment Assessment Letter (SKPDKBT), and a Nil Regional Tax Assessment Letter (SKPDN). The issuance of this tax notification letter is intended to provide legal certainty whether the calculation and payment of taxes reported to the SPTPD by the Taxpayer have met the provisions of regional tax laws and regulations. If the SPTPD is not filled in correctly or fiscal data has been found, a Tax Assessment Letter will be issued to the Taxpayer. Based on Surabaya City Regional Regulation Number 4 of 2011, the due date for payment and deposit of Hotel Tax is set at 7 (seven) working days, after the end of the tax period.

3 Research Method

Data collection method is a process of uniting data needed for research purposes. Data collection in the process of writing a final assignment report is very important in order to produce a clear and accountable report. The methods used are: Observation, collecting data by directly observing events at the Surabaya City Regional Revenue Agency Office, such as recording, observing and researching, documentation Data collection method by citing or using document archives from the Surabaya City Regional Revenue Agency Office to be used as a reference for the author, and interviews Data collection method carried out by conducting direct questions and answers to the Head of the Surabaya City Hotel Tax Collection Division at the Surabaya City Regional Revenue Agency Office.

4 Results and Discussions

Effectiveness of hotel tax revenue in a region can be assessed, so that the local government can know the extent to which the hotel tax revenue target has been achieved. The effectiveness of hotel tax in the city of Surabaya can be calculated using the effectiveness ratio. The effectiveness ratio describes the ability of the local government to realize the planned hotel tax revenue. Compared to the target set based on the real potential of the region, Halim (2004). To measure the effectiveness value in more detail, the criteria used are based on the Minister of Home Affairs Decree No. 690,900,397 of 1996 concerning guidelines for financial assessment and performance which are arranged in the following table 1:

Table 1 Assessment Guidelines and Financial Performance

Percentage (%)	Criteria
>100	Very effective
90 - 100	Effective enough

80 - 90	Less effective
60 - 80	Effective
< 60	Ineffective

Source: Decree of the Minister of Home Affairs No. 690.900.397, 1996

To determine the effectiveness of the target and realization of Surabaya city hotel tax, the data obtained in this study will be calculated using the effectiveness ratio with the following formula:

$$\text{Effectiveness ratio} = \frac{\text{hotel tax revenue realization}}{\text{hotel tax revenue target}} \times 100\%$$

Table 2 Hotel Tax Revenue Targets and Realizations 2019 – 2023

Year	Target (Rp)	Realization (Rp)	Calculation of the hotel tax revenue effectiveness ratio	Criteria
2019	295,510,008,073	299.632.538.33	101.40%	Very effective
2020	170,976,573,680	118,575,928,171	69.36%	Less effective
2021	300,339,874,071	155.569.161.865	51.80%	Ineffective
2022	381,588,925,433	288.236.117.100	75.54%	Less effective
2023	405,404,814,687	365,652,565,130	90.20%	effective

Source: Surabaya City Regional Revenue Agency (processed data)

Table 2. Criteria for the effectiveness of hotel tax revenue in the city of Surabaya. Hotel tax revenue in the city of Surabaya fluctuates every year, from 2019 to 2023 based on the results of the effectiveness ratio calculation. In 2019, the hotel tax effectiveness rate was 101.40% with the criteria of being very effective because the hotel tax realization exceeded the predetermined target. In 2020, the hotel tax effectiveness rate was 69.36% with the criteria of being less effective because the hotel tax realization did not reach the predetermined target. In 2021, the hotel tax effectiveness rate was 51.80% with the criteria of being ineffective because the hotel tax realization did not reach the predetermined target. In 2022, the hotel tax effectiveness rate was 75.54% with the criteria of being less effective because the hotel tax realization did not reach the predetermined target and finally in 2023, the hotel tax effectiveness rate was 90.20% with the criteria of being effective because it was sufficient to meet the predetermined target. By knowing the level of effectiveness of Surabaya hotel tax, the local government can find out to what extent the target has been realized in hotel tax revenue. If the level of effectiveness is known, the local government can use it as a reference for hotel tax revenue in the following years to remain stable and have an effectiveness level above 90% which means it is included in the effective criteria.

Contribution used to determine the extent to which regional taxes contribute to the receipt of regional original income. Contribution measures how large the percentage (%) of the value of the realization of hotel tax revenue is to regional taxes, by comparing regional tax revenue for a certain period with the receipt of certain regional original income. To measure the extent of the contribution of hotel taxes to regional original income in more detail, it is assumed in Table 3 as follows:

Table 3 hotel tax criteria or contributions

Percentage (%)	Criteria
0.00% - 10%	Very less
10.10% - 20%	not enough
20.10% - 30%	Enough
39.10% - 40%	currently
40.10% - 50%	Good
>50%	Very good

Source: Research and Development Team, Department of Home Affairs, Faculty of Social and Political Sciences, UGM, 1991 (Fauzan and Ardiyanto, 2012)

To find out how much hotel tax contributes to local revenue, the data obtained in this study will be analyzed using the following formula:

$$\text{Contribution} = \frac{\text{hotel tax revenue realization}}{\text{realization of PAD revenue}} \times 100\%$$

Table 4 Hotel Tax Contribution to the Original Regional Income of Surabaya City

Year	Realization of Hotel Tax Revenue	Realization of PAD receipts	Percentage (%)	Criteria
2019	299,632,538,338	4,018,722,251,948	7.45%	Very less
2020	118,575,928,171	3,277,053,240,709	3.61%	Very less
2021	155.569.161.865	3,649,732,215,700	4.26%	Very less
2022	288.236.117.100	4,157,521,611,124	6.93%	Very less
2023	365,652,565,130	4,562,879,779,487	8.01%	Very less

Source: Surabaya City Regional Revenue Agency (self-processed)

Table 4 The amount of hotel tax contribution to the original regional income of the city of Surabaya from 2019 - 2023 is still relatively low because the criteria are still very lacking. In 2019, the contribution of hotel tax to original regional income was 7.45% obtained from hotel tax revenues of 229,632,538,338. In 2020, the contribution of hotel tax to original regional income decreased to 3.61% obtained from hotel tax revenues of 118,575,928,171. In 2021, the contribution of hotel tax to original regional income increased again to 4.36% obtained from tax revenues from 43 hotels of 155,569,161,865. In 2022, the contribution of hotel tax to original regional income increased again to 6.93% obtained from hotel tax revenues of 288,236,117,100. And finally in 2023 the contribution of hotel tax to local revenue increased again by 8.01% obtained from hotel tax revenue of 365,652,565,130. It can be seen that the contribution of hotel tax to local revenue of

Surabaya city from 2019 - 2023 continues to increase even though it is included in the very low criteria and the lowest contribution of hotel tax to local revenue of Surabaya city occurred in 2020 which only reached 3.61% and the highest in 2023 which was 8.01%. In 2020 the contribution of hotel tax to local revenue of Surabaya city was very low, this could possibly be due to the Covid-19 pandemic that hit the world including Surabaya city itself.

5 Conclusions

The level of hotel tax effectiveness in the city of Surabaya changes every year from 2019 to 2023. In 2019, hotel tax revenue experienced a very satisfying increase of 101.40% with very effective criteria. In 2021, hotel tax revenue decreased by 51.80% with ineffective criteria due to the Covid-19 virus outbreak that hit the world, especially Indonesia, and even the city of Surabaya itself.

The contribution of hotel tax to the original regional income of the city of Surabaya is still very low. This can be proven by the hotel tax revenue in 2019 - 2023 which is less than 10% of the original regional income of the city of Surabaya. Likewise, the lowest contribution of hotel tax to the original regional income of the city of Surabaya occurred in 2020 which only reached 3.61% and the highest occurred in 2023 which was 8.01%. In 2020, the contribution of hotel tax to the original regional income of the city of Surabaya was very low, this was due to the covid19 pandemic that hit the world including Indonesia itself. Although the realization of 46 hotel tax revenues each year exceeds the target that has been set, the contribution of hotel tax given to the original regional income is still very low.

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