

## **The Influence of Taxes and Levies on the Original Regional Income of Batu City**

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INDEXING	ABSTRACT
<b>Keywords:</b> Keyword 1: Tax Keyword 2: Retribution Keyword 3: Original Regional Income Keyword 4: Levies Keyword 5: Batu City	This study focuses on the Office of the Regional Tax and Retribution Management Agency of Batu City. It examines how taxes and levies favorably impact the city's Regional Original Revenue (PAD). This research aims to investigate how taxes affect Batu City's Regional Original Revenue and assess how levies affect it. Associative research seeks to determine how two or more variables are related. The study uses 2018–2023 regional tax income, regional levies, and original regional revenue data. The results show that the majority of tax and levy variables, including hotel, restaurant, entertainment, advertising, street lighting, parking, BPHTB, health services, burial and cremation levies, market service levies, motor vehicle testing levies, slaughterhouse levies, route permit levies, have a positive and significant influence on Batu City's Original Regional Income (PAD) based on the results of the research that has been conducted. Groundwater tax, PBBP2, waste/cleanliness service levies, DLH regional asset utilization levies, special parking lot levies, and building permit levies are some of the factors that do not significantly influence PAD. Based on this report, the Batu City Government must review and optimize sources of levies that have not contributed maximally while still maximizing the potential of taxes and levies that have a significant impact on PAD. Thus, Batu City's PAD is expected to continue to grow and support sustainable regional development funding.

### **Article History**

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### **INTRODUCTION**

Regional revenue is the primary source of financing for the regional government budget, which is needed to ensure the effective operation and growth of public services (Yesyan *et al.*, 2021). This funding must be used to support the needs of regional government spending, including operational costs and development projects intended to improve public welfare. Regional taxes are mandatory payments from the community, including companies and individuals, without directly compensating taxpayers (Kokott *et al.*, 2020). These levies finance the operation and development of regional governments. As more money is collected through taxes and levies, regional governments are better equipped to sustainably improve social services, infrastructure development, and regional economic activities. This will increase the gross regional domestic product and increase public welfare (Aritenang, 2020).

Retribution is a payment paid by the general public or private business entities in return for goods or services that the local government has specifically authorized. Sulistyono *et al.* (2022) state that retribution requires payment from every person or business that receives government services, so retribution is one of the primary sources of regional income. Taxation, in addition to fines, is one of the main elements that greatly increases government revenue. Therefore, the government wants to increase public awareness and responsibility for paying taxes to encourage development and improve governance (Goldstein *et al.*, 2020). Taxes and levies collected at the regional and national levels are then used to finance various development projects and public services.

Taxation is one of the primary sources of funding for regional, provincial, and federal development. The development in question includes physical development, such as infrastructure, and non-physical development, such as improving public service standards (Mahmud *et al.*, 2020). The development process requires significant funds, so the government uses various funding sources, including taxes and levies. Development management has been delegated to the regional government to better meet the needs and potential of the region due to regional autonomy (Temenggung *et al.*, 2020). Development used to be centralized. Each region can form a region that is expected to improve the welfare of the local population thanks to the potential of regional autonomy. Regions that require funding are run to achieve regional goals (Laurens & Putra, 2020). Furthermore, regions are expected to attract investors to help fund growth.

With regional income, it is hoped that community welfare can increase. Regional income can be used as a benchmark to assess the success of the implementation of regional autonomy because regional income can show how well the regional government can finance the expansion and operation of its government (Arintoko and Bawono, 2021). The implementation of regional autonomy will be more independent and successful if funds are managed and used more effectively. Based on the context described previously, several types of regional taxes and levies need to be considered before they can be accepted. Therefore, academics are required to examine the collection methods used in the realm of taxes and levies.

## **LITERATURE REVIEW**

### **Definition of Local Original Income**

Local original income or PAD is regional income from economic sources, such as regional taxes, regional levies, results of managing certain regional assets, and other official income. Local original income, or PAD, is the ability of a region to finance its own public services and development without relying too much on the central government, as well as described by Safitri *et al.* (2021) and Wijaya *et al.* (2020).

### **Taxes**

Taxes as a source of income and economic regulators are mandatory contributions the community gives to the state to finance state needs without direct compensation. Taxes are collected through official assessments, collection systems, or self-assessment systems and can be classified as direct, indirect, subjective, or objective taxes (Irawan and Sebayang, 2021).

## **Regional Taxes**

Liu *et al* (2016), Shalimov (2019), and also Siregar and Rani (2025), to finance the implementation of government and development without direct compensation, the community must pay regional taxes to the regional government. These taxes, which take various forms such as hotel tax, restaurant tax, entertainment tax, advertising tax, and others, must be paid.

## **Regional Retribution**

Local governments impose fees as compensation for particular services or permits provided for personal or business purposes. Bahl and Linn (2015), Iswanti *et al.* (2021), Su *et al.* (2023), and also Zanfack (2024) stated that general service taxes, which include health care, sanitation, and parking; business service levies, which include the use of terminals, regional assets, and tourist attractions; and special licensing levies, which include construction permits and route permits, are three categories of levies. To determine how well the objectives have been achieved, the efficacy of regional growth revenues is calculated by comparing actual revenues with previously set objectives.

## **RESEARCH METHOD**

This study examines the influence of regional taxes and levies applicable in the Batu City Regional Revenue Agency (BAPENDA) on local revenue using quantitative techniques and a causality approach. The information used includes primary data obtained from interviews and direct observations of BAPENDA Batu City officials and secondary data sourced from archives, related literature, and reports on the realization of the Batu City Government budget for 2019–2023. The data collection method is carried out through documentation and literature review. After processing the data using multiple linear regression with the help of SPSS, a classical assumption test was carried out, which included tests for normality, multicollinearity, heteroscedasticity, and autocorrelation (Juliani *et al.*, 2023; Mardiatmoko, 2024). Based on the results of the classical assumption test, all data were declared normally distributed and free from symptoms of multicollinearity, heteroscedasticity, and autocorrelation so that they could be continued to the regression test stage (Dewi *et al.*, 2022). The t-test was used to test the influence of each independent variable, while the F-test was used to test the simultaneous impact of regional levies and regional taxes on local revenue.

## **RESULT AND DISCUSSION**

The influence of various types of taxes and levies on the original regional income of Batu City, analyzed using a multiple linear regression model, is presented in Table 1. Before the regression analysis, the results of the classical assumption test showed that the model was BLUE because the data was normally distributed, and there was no multicollinearity or heteroscedasticity. Thus, this model can be used to analyze the influence of taxes and levies on the original regional income in Batu City.

Based on Table 1, the determination coefficient is 0.797. This figure shows that the types of taxes and levies (as many as 20 types of taxes and levies) selected as the components of the regression model contributed 79.7% to the variation in the original regional income value. In contrast, the remaining contribution of 20.3% came from

variables outside this model. Thus, the designed model can be said to be appropriate.

The results of the F test showed a p-value of 0.003 (<0.05), so taxes and levies simultaneously had a very significant effect on the PAD of Batu City. Therefore, the analysis can be continued by conducting a t-test to determine which types of taxes and levies significantly influence. Based on Table 1, the following multiple regression equation model is obtained :

$$Y=38.992+0.395X_1+1.324X_2+1.894X_3+1.901X_4+0.167X_5+0.207X_6+9.395X_7+0.478X_8+1.683X_9+4.395X_{10}+0.892X_{11}+3.385X_{12}+0.163X_{13}+0.137X_{14}+0.167X_{15}+0.207X_{16}+0.411X_{17}+0.355X_{18}+0.452X_{19}+0.395X_{20}$$

**Table 1. The Influence of Taxes and Levies on the Original Regional Income of Batu City**

Variable	Regression Coefficient	Error Standard	Sig t	Justification
Constants	38.992			
Hotel Tax (X1.1)	.395	.052	.000	Very Significant
Restaurant Tax (X1.2)	1.324	.093	.028	Significant
Entertainment tax (X1.3)	1.894	.037	.022	Significant
Advertising tax (X1.4)	1.901	.049	.035	Significant
Street lighting tax (X1.5)	.167	.060	.001	Very Significant
Parking tax (X1.6)	.207	.042	.032	Significant
Groundwater tax (X1.7)	9.395	.125	.065	Not Significant
PBBP2 (X1.8)	.478	.102	.043	Very Significant
BPHTB (X1.9)	1.683	.052	.000	Significant
Health service levy (X1.10)	4.395	1.023	.078	Not Significant
Waste/cleanliness service levy (X1.11)	.892	.050	.042	Significant
Grave and burial service levy (X1.12)	3.385	.045	.029	Significant
Parking service levy on public roadsides (X1.13)	.163	.105	.037	Significant
Market service levy (X1.14)	.137	.098	.035	Significant
Motor vehicle testing levy (X1.15)	.167	1.019	.076	Not Significant
DLH wealth usage levy (X1.16)	.207	.125	.065	Not Significant
Special parking area levy (X1.17)	.411	.119	.061	Not Significant
Slaughterhouse levy (X1.18)	.355	.102	.043	Significant
Building approval levy (X1.19)	.452	1.000	.051	Not Significant
Route permit levy (X1.20)	.395	.052	.041	Significant
Adjusted R <sup>2</sup>	= 0.797			
Sig.F	= 0.003			

*Source: Processed data from Batu City Bapenda, 2024*

The regression coefficient of all types of taxes and levies is positive, meaning that if the government increases the value of various taxes and levies, the original regional income will increase by the regression coefficient. For example, if the government increases the hotel tax by 1 unit, the original regional income will increase by 0.395 units. Based on Table 1, the following results can also be identified:

- 1) Hotel tax (X1.1) has a positive and very significant effect on Batu City's Original Regional Income
- 2) Restaurant tax (X1.2) has a positive and significant effect on Batu City's Original

#### Regional Income

- 3) Entertainment tax (X1.3) has a positive and significant effect on Batu City's Original Regional Income
- 4) Advertising tax (X1.4) has a positive and significant effect on Batu City's Original Regional Income
- 5) Street lighting tax (X1.5) has a positive and very significant effect on Batu City's Original Regional Income
- 6) Parking tax (X1.6) has a positive and significant effect on Batu City's Original Regional Income
- 7) Groundwater tax (X1.7) has no positive and insignificant effect on Batu City's Original Regional Income
- 8) PBBP2 (X1.8) has no positive and insignificant effect on Batu City's Original Regional Income
- 9) BPHTB (X1.9) has a positive and significant effect on Batu City's Original Regional Income
- 10) Health service levies (X1.10) have a positive and significant effect on Batu City's Original Regional Income Batu City
- 11) Garbage/cleanliness levy (X1.11) has no positive and insignificant effect on Batu City's Original Regional Income
- 12) Cemetery levy (X1.12) has a positive and significant effect on Batu City's Original Regional Income
- 13) Parking levy on the side of public roads (X1.13) has a positive and significant effect on Batu City's Original Regional Income
- 14) Market service levy (X1.14) has a positive and significant effect on Batu City's Original Regional Income
- 15) Motor vehicle testing levy (X1.15) has no positive and insignificant effect on Batu City's Original Regional Income
- 16) DLH wealth usage levy (X1.16) has no positive and insignificant effect on Batu City's Original Regional Income
- 17) The special parking lot levy (X1.17) has no positive and insignificant effect on Batu City's Original Regional Income
- 18) Slaughterhouse levy (X1.18) has a positive and significant effect on Batu City's Original Regional Income
- 19) Building construction approval levy (X1.19) does not have a positive and insignificant effect on the Original Regional Income of Batu City
- 20) Route permit fees (X1.20) have a positive and significant effect on the Original Regional Income of Batu City

#### **The Effect of Hotel Tax on Batu City's Original Regional Income**

The test results show that the hotel tax variable significantly affects Batu City's original regional income. Therefore, the first hypothesis can be accepted. This shows that Batu City's original regional income has increased mainly due to hotel tax. This shows how local governments can better assess the risks and potential benefits of hotel tax and maximize revenue by optimizing the hotel tax sector.

According to the research results, the hotel tax positively affects Batu City's original regional income. This is because the total potential of the Batu City Hotel Tax will impact

increasing income. Batu City's original regional income will increase due to the city's increasing development of hotel construction. In addition, Batu City has experienced an increase in tourist attractions, which causes tourists to stay at local hotels. Based on the research results, hotel tax has a negligible effect on original regional income.

### **The Effect of Restaurant Tax on Batu City's Original Regional Income**

The test results show that the restaurant tax variable greatly influences Batu City's Original Regional Income. Therefore, the second theory can be accepted. This shows that Batu City's Original Regional Income has increased significantly due to the restaurant tax. This situation shows how the local government can detect potential risks and benefits from restaurant tax revenue and manage revenue more efficiently with the help of the ideal tax revenue of the restaurant industry. Based on the test results, the restaurant tax greatly influences Batu City's Original Regional Income. This shows that the amount of restaurant tax impacts Batu City's Original Regional Income, in which restaurant tax plays an important role. More and more people visit restaurants in Batu City just to buy food because the city's tourist population is increasing. The more restaurants there are in Batu City, the more money the city will generate.

### **The Effect of Entertainment Tax on Batu City's Original Regional Income**

The test results show that Batu City's Original Regional Income is greatly influenced by the entertainment tax variable. Therefore, the third theory can be adopted. This shows that the entertainment tax plays an important role in increasing Batu City's Original Regional Income. This shows that local governments can maximize revenue through the implementation of entertainment tax as well as possible, which also facilitates the detection of potential risks and rewards from the industry. Based on the results of the study, Batu City's Original Regional Income is greatly influenced by the entertainment tax. This is due to the overall capacity of the Entertainment Tax Credit to influence the increase in Original Regional Income. Therefore, the continued growth of Batu City's tourist attractions greatly increases tax revenue from this industry. Batu City's Original Regional Income will increase due to the increasing number of tourists visiting the city.

### **The Influence of Advertising on Batu City's Original Regional Income**

The test results show that the advertising tax variable significantly affects Batu City's original regional income. Therefore, the fourth hypothesis can be accepted. This shows that the advertising tax has a significant role in increasing Batu City's original regional income. This shows that efficient management and implementation of advertising tax can help local governments maximize their revenue streams and facilitate the identification of risks and potential benefits associated with the advertising tax industry.

### **The Influence of Street Lighting Tax on Batu City's Original Regional Income**

The test results show that the street lighting tax variable significantly influences Batu City's Original Regional Income. The fifth hypothesis is accepted, showing that the street lighting tax significantly increases Batu City's Original Regional Income. Based on this, an adequate street lighting tax will allow workers to receive Batu City's original regional income appropriately and understand the dangers and benefits of the tax. Based

on the research results, the Street Lighting Tax positively impacts Local Revenue.

#### **The Effect of Parking Tax on Local Revenue of Batu City**

The test results show that the parking tax variable significantly influences the Local Revenue of Batu City. This is indicated by the acceptance of the sixth hypothesis, which states that parking fees drive the Local Revenue of Batu City. Based on this, workers will better understand the risks and benefits of parking tax and can utilize the Local Revenue of Batu City appropriately.

#### **The Effect of Groundwater Tax on Local Revenue of Batu City**

The groundwater tax variable does not have a significant effect on the local revenue of Batu City, according to the test results. This is indicated by the rejection of the seventh hypothesis, which shows that the Local Revenue of Batu City has not increased much due to the groundwater tax. Overall, poor compliance and supervision issues continue to hamper the effectiveness of tax collection, although groundwater tax can potentially increase Batu City's Original Regional Income. To significantly increase PAD and encourage sustainable regional development, the local government must take strategic steps to improve tax collection management.

#### **The influence of PBBP2 on Batu City's original regional income**

Based on the test results, the PBBP2 variable does not significantly influence Batu City's Original Regional Income. This is indicated by the rejection of the eighth hypothesis, which shows that PBBP2 has not been able to increase Batu City's Original Regional Income significantly. Based on this, with sufficient PBBP2, employees can properly utilize Batu City's original regional income and understand its risks and benefits. Damayanti's (2019) study results show that the contribution of land and building tax to Batu City's Original Regional Income (PAD) for the 2013–2017 budget year fluctuates yearly. The government's strategy outlined in regional regulations impacts the growth and decline of the contribution of the land and building tax sector. The land and building tax sector can be said to influence Batu City's Original Regional Income because the highest contribution of this tax occurred in 2016. In Batu City, regional taxes have been very effective from the 2013 budget year to the 2017 budget year, and the Batu City Government is very good at collecting regional taxes.

#### **The Influence of BPHTB on Batu City's Original Regional Income**

Based on the test results, the Land and Building Rights Acquisition Duty or BPHTB variable significantly influences Batu City's Original Regional Income. This is proven by accepting the ninth hypothesis, which states that BPHTB revenue can positively contribute to Batu City's Original Regional Income growth. Effective BPHTB tax management is expected to reduce the risk in BPHTB tax management and maximize regional income. Fifin Citraningrum's (2013) research shows that BPHTB revenue significantly influences Batu City's Original Regional Income. BPHTB is one of the primary sources of income for local governments to carry out development, thus significantly contributing to overall regional tax revenue. Policies that encourage the development of the property and infrastructure sectors are expected to increase the potential profits of this sector further in the future.

### **The Influence of Health Service Retribution on Batu City's Original Regional Income**

Based on the test results, the health service retribution variable greatly influences Batu City's Original Regional Income. The tenth hypothesis (H10) is accepted, showing that health service retribution revenue significantly increases Batu City's Original Regional Income. Based on this, officers will be able to understand the risks and rewards of health service sanctions. They will better utilize the Original Regional Income of Batu City. Although it is still a tiny portion of the overall PAD, its role is vital in financing the health service system. The future growth of this sector's income is anticipated as a result of increasing public awareness of the importance of health and improving the quality of services. Healthcare costs have the potential to become one of the foundations of sustainable regional development if appropriately managed.

### **The Influence of Waste/Cleanliness Service Retribution on Batu City's Original Regional Income**

The waste/cleanliness service retribution variable does not significantly influence Batu City's Original Regional Income based on the test results. Based on the rejection of the eleventh hypothesis (H11), Batu City's Original Regional Income did not experience a significant increase due to the waste/cleanliness service retribution. Based on this, with sufficient health service retribution, officers can properly utilize Batu City's Original Regional Income and understand the dangers and benefits of waste/cleanliness service retribution. Batu City's Original Regional Income is greatly influenced by waste/cleanliness service retribution. Although its contribution has not been fully utilized, it is essential in maintaining environmental sustainability and increasing PAD. This regional contribution is expected to continue to increase along with increasingly stringent regulations and support for the latest technology. Thus, Batu City can continue to develop as a sustainable and environmentally friendly tourist destination.

### **The Influence of Funeral and Cremation Service Retribution on Batu City's Original Regional Income**

The twelfth hypothesis (H12) can be concluded as accepted based on the test results. This shows that the funeral and cremation service tax greatly influences Batu City's Original Regional Income, especially in the Batu sector. Based on this, sufficient funeral and cremation service fees will allow staff members to use Batu City's original regional income appropriately and understand the risks and benefits associated with the levy. The Investment and One-Stop Integrated Service Agency (2024) findings show that Batu City's Original Regional Income is greatly influenced by the funeral and cremation service tax. Although still a small part of the total revenue, this tax is important in funding the local government budget. It is hoped that along with the increasing quality of service and increasing public knowledge of the value of this service, money from this sector will be able to fund high-quality and sustainable regional development in the future.

### **The Effect of Parking Services on Public Roadsides on Batu City's Original Regional Income**

The thirteenth hypothesis (H13) can be concluded as accepted based on the test results. This shows that Batu City's Original Regional Income is greatly influenced by roadside parking levies, especially in the Batu area. Based on this, with adequate roadside parking fees, workers can properly utilize Batu City's original regional income and understand the dangers and benefits of these fees. Roadside parking fees greatly influence Batu City's Original Regional Income. The main obstacles to achieving the PAD target are the management problems and the actions of dishonest parking attendants, even though the potential income is quite large. It is hoped that government initiatives to increase public awareness and implement a stricter supervisory framework can reduce revenue leakage and increase the contribution of this industry to sustainable regional development.

### **The Influence of Market Service Retribution on Batu City's Original Regional Income**

The fourteenth hypothesis (H14) can be concluded as accepted based on the test results. This shows that Batu City's Original Regional Income is greatly influenced by market service retribution, especially in the Batu City market service retribution sector. Based on this, with sufficient market service retribution, workers can appropriately receive Batu City's original regional income and understand the risks and rewards associated with the retribution. Batu City's Original Regional Income is greatly influenced by market service retribution. This sector has the potential to provide a significant impact on regional development with appropriate tariff policies and effective management. Even though there are obstacles, such as traders' concerns about tariff increases, the government must continue to interact and adapt so that all parties can overcome these changes. Effective management of market service retribution will boost the regional economy and improve the standard of living of the Batu City community.

### **The Influence of Motor Vehicle Testing Retribution on Batu City's Original Regional Income**

Based on the test results, this variable significantly influences Batu City's Original Regional Income, which comes from motor vehicle testing retribution. This shows that motor vehicle testing retribution significantly contributes to Batu City's Original Regional Income. Thus, adequate motor vehicle testing levies will allow workers to receive Batu City's Original Regional Income appropriately and understand the risks and benefits of the levy. Batu City's Original Regional Income is greatly affected by the elimination of the motor vehicle testing levy (Uji KIR). Given the enormous potential for lost revenue, the local government must find new ways to meet needs. Maintaining the sustainability of regional finances is highly dependent on efforts to increase revenue from other sectors, such as parking. To ensure that PAD is maintained even though there are changes in central government regulations, a more flexible policy is needed in the future.

### **The Effect of DLH Regional Asset Utilization Levy on Batu City's Original Regional Income**

According to the test findings, the Environment Agency or DLH regional wealth utilization levy variable has a lower t-value than the table t-value. Based on this, H16 is rejected, which indicates that the DLH regional wealth utilization levy in Batu does not significantly impact Batu City's initial regional income. Based on this, staff will be better able to manage Batu City's first regional income and learn about the risks and rewards associated with the DLH regional wealth utilization levy if there is an adequate one. The Original Regional Income of Batu City is significantly influenced by taxes on utilizing regional assets. This industry has the potential to significantly increase regional income with proper regulation and effective asset management. To maximize the potential revenue from this levy, tariff modification and increasing the use of regional assets are essential. To ensure that taxes on the utilization of regional assets can support sustainable regional development, the government must continue to review and modify its policies—Levy on the Utilization of Regional Assets.

### **The effect of special parking lot levies on Batu City's original regional income**

Based on the test results, the special parking sanction variable has a lower t value than the t table value. Therefore, H17 is rejected, which indicates that special parking sanctions in Batu do not significantly impact Batu City's original regional income. Based on this, with an adequate special parking sanction system, workers can properly utilize Batu City's original regional income and understand the program's dangers and benefits. The unique parking tax refund greatly influences Batu City's Original Regional Income. The main obstacles to achieving PAD goals are the management problems and the actions of dishonest parking officers, even though the potential income is quite large. Government initiatives to increase public awareness and enforce a stricter supervisory framework will reduce revenue leakage and increase the industry's contribution to sustainable regional development. If special parking sanctions are successfully managed, the quality of life of Batu City residents will improve, and the local economy will grow rapidly.

### **The effect of slaughterhouse levies on Batu City's original regional income**

Based on the test results, the t value of the RPH levy variable is greater than the t table value. It can be concluded that H18 is approved, meaning the RPH levy significantly impacts the Batu City Original Revenue (PAD). Based on this, a sufficient RPH levy will allow workers to receive the Batu City PAD appropriately and know the dangers and benefits of the tax. The RPH levy greatly influences the Batu City Original Revenue (PAD). This industry can significantly increase PAD with proper regulation and effective management. The quality of service and control of levy collection must be improved to maximize the potential income from the industry. For the RPH levy to support sustainable regional development, the government must continue to review and modify its policies. Following the Batu City RPH management data, the Regional Regulation on RPH Levy, and case studies from other regions.

### **The effect of building construction approval levy on the Batu City original revenue**

Based on the test results, the building permit levy variable has a lower t value than the t table value. The rejection of H19 shows that the building permit levy does not significantly impact Batu City's original revenue on the national building permit levy. Based on this, adequate building permit levies will allow workers to receive Batu City's local revenue appropriately and understand the risks and benefits of the tax. Batu City's Local Revenue is greatly influenced by building permit levies. This industry can potentially significantly increase local revenue with proper regulations and effective management. To maximize the potential revenue from this tax, expanding the number of development projects and policies that support investment is necessary. The government must continue to review and improve its regulations to ensure that building permit levies can support sustainable regional development. Based on the Batu City Regional Regulation on Building Permit (IMB) Levy and information on IMB levy receipts in the city over the past few years.

### **The effect of route permit levies on the original regional income of Batu City**

The t value of the route permit levies variable is higher than the t table value based on the test results. It can be concluded that H20 is rejected, which indicates that the route permit levies significantly impact the original regional income of Batu City in Batu City. Based on this, sufficient route permit levies will allow workers to make good use of Batu City's original regional income and understand the risks and benefits associated with the tax. Route permit levies greatly influence Batu City's Original Regional Income. However, the potential income from this industry will decrease significantly due to the central government's proposal to abolish this levy. The local government must identify other options to replace lost income and ensure that the public transportation system is well-maintained. To encourage the expansion of PAD in general, efforts to increase public awareness of the value of public transportation must also continue to be carried out. Following the data on the realization of route permit levies from the Batu City Transportation Agency and regional regulations regarding Batu City route permit levies.

The influence of hotel tax, restaurant tax, entertainment tax, advertising tax, street lighting tax, parking tax, groundwater tax, PBBP2, BPHTB, health service levy, waste/cleanliness service levy, burial and cremation service levy, parking service levy on public roads, market service levy, motor vehicle testing levy, DLH regional asset usage levy, special parking lot levy, slaughterhouse levy, building construction approval levy, and route permit levy on Batu City's original regional income. Based on the results of the twenty-first hypothesis test (H21), regional levies and taxes significantly affect Batu City's Original Regional Income.

Based on the study's overall results, regional taxes and regional levies significantly affect Regional Original Income (PAD). Increasing regional financial independence can be done by implementing a new taxation format and improving regional levy governance. The results of this study underline the need for a deep understanding of how regional taxes can drive regional economic growth. Further research is needed to determine the right strategy for managing regional taxes, regional levies, and other factors influencing this relationship. The results of this study strengthen the results of previous studies conducted by Riftiasari (2018), Ismanura et al. (2019), Fajrianti (2020), Sucianti *et al.*

(2022), and Suryaningsih (2023), which concluded that regional taxes and regional levies have a significant effect on Regional Original Income. Based on the multiple linear regression analysis results, the contribution of tax and levy variables to the Regional Original Income of Batu City shows that changes in taxes and levies cause the most changes in PAD. Meanwhile, the results of processing certain regional assets and other legitimate PAD sources affect a small percentage of the remaining amount.

## CONCLUSION

The majority of tax and levy variables, including hotel, restaurant, entertainment, advertising, street lighting, parking, BPHTB, health services, burial and cremation levies, market service levies, motor vehicle testing levies, slaughterhouse levies, and route permit levies, have a positive and significant influence on Batu City's Original Regional Income (PAD) based on the results of the research that has been conducted. Groundwater tax, PBBP2, waste/cleanliness service levies, DLH regional asset utilization levies, special parking lot levies, and building permit levies are some of the factors that do not significantly influence PAD. Based on this report, the Batu City Government must review and optimize sources of levies that have not contributed maximally while still maximizing the potential of taxes and levies that have a significant impact on PAD. Thus, Batu City's PAD is expected to continue to grow and support sustainable regional development funding.

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