

Analysis Of Local Tax Contribution, Local Retribution, Results Of Management Of Separated Local Assets And Other Local Original Revenue Legitimately Towards Local Revenue In The Local Government Of Kupang City

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ABSTRACT

The implementation of Law No. 23 of 2014 concerning Regional Government and Law No. 33 of 2004 concerning Central and Regional Financial Balance has caused fundamental changes regarding the regulation of relations between the Center and Regions, especially in the field of government administration and in financial relations between the Central and Regional Governments, known as the era of regional autonomy. In the current era of regional autonomy, regions are given greater authority to regulate and manage their own households. The objectives include bringing government services closer to the community, making it easier for the community to monitor and control the use of funds sourced from the Regional Revenue and Expenditure Budget (APBD), in addition to creating. The results of the achievement of the percentage of regional independence when associated with the pattern of relations between the central government and regional governments in the implementation of regional autonomy, especially the implementation of Law Number 33 of 2004 which has been amended to Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments, then the regional financial independence of Kupang City is in an instructive relationship pattern, where the role of the central government is more dominant in financing the development of Kupang City than the independence of the regional government so that it is considered that the regional government has not been able to implement regional autonomy

Keywords: Contribution, Tax; Retribution

JEL Classification: K3, G3, E3

INTRODUCTION

Implementation of Law No. 23 of 2014 concerning Regional Government and Law No. 33 of 2004 which has been changed with Law Number 1 of 2022 Concerning Financial Relations Between the Central Government and Regional Governments has caused fundamental changes regarding the regulation of relations between the Center and Regions, especially in the field of government administration and in financial relations between the Central and Regional Governments, known as the era of regional autonomy. In the current era of regional autonomy, regions are given greater authority to regulate and manage their own households. The objectives include, among others, to bring government

services closer to the community, to make it easier for the community to monitor and control the use of funds sourced from the Regional Revenue and Expenditure Budget (APBD), in addition to creating healthy competition between regions and encouraging innovation.

In line with this authority, the regional government is expected to be more capable of exploring financial sources, especially to meet the needs of financing government and development in its region through Regional Revenue, especially Regional Original Revenue (PAD). The demand for increasing PAD is increasing along with the increasing number of government authorities delegated to the regions accompanied by the transfer of personnel, equipment, financing and documentation to the regions in large numbers. Meanwhile, so far the balancing fund which is a financial transfer by the center to the regions in order to support the implementation of regional autonomy, although the amount is relatively adequate, the regions must be more creative in increasing revenue, especially their PAD, to increase accountability and flexibility in spending their APBD. Potential sources of regional revenue must be explored to the maximum, but of course within the corridor of applicable laws and regulations.

It is recognized that the Original Regional Income of Kupang City has not been able to finance regional development as a whole, therefore the region still needs other income to meet the adequacy of funds such as balancing funds or central transfer funds, regional loans and other legitimate income. If observed The purpose of regional autonomy is to finance regional development with the region's own capabilities, so it is necessary to study in research on the contribution of components of Regional Original Income such as Regional Taxes, Regional Levies, BUMD Profits and Other Legitimate PAD with Regional Income. This is considered very important because through this analysis it can be known the contribution of PAD components to Regional Income. Furthermore, financial data related to the components of Regional Original Income can be displayed as follows:

Table 1. Development of Regional Taxes, Regional Retributions, BUMD Profits and other valid PAD for 2021 and 2022

Information	Year		Presentation (%)
	2021	2022	
Regional Tax	74,560,637,287	92,667,916,257	24.29 %
Regional Retribution	29,352,547,698	32,193,027,612	9.68 %
Results of management of separated regional assets	15,665,854,762	15,097,499,062	(3.63) %
Other Legitimate PAD	25,575,752,409	25,490,580,530	(0.33) %

Source: Secondary Data processed 2024

The data in Table 1 shows that the development of regional taxes from 2021 to 2022 was 24.29%, the development of Regional Retributions was 9.68%, the development of the results of the management of separated regional assets decreased to 3.63% and other legitimate income also decreased to 0.33%.

It is recognized that the Original Regional Income of Kupang City has not been able to finance regional development as a whole, therefore the region still needs other income to meet the adequacy of funds such as balancing funds or central transfer funds, regional loans and other legitimate income. If we pay attention to the purpose of regional autonomy, namely financing regional development with the region's own capabilities, then it is necessary to study in research how the contribution of the components of the Original Regional Income such as Regional Taxes, Regional Retributions, BUMD Profits and Other legitimate PAD with Regional Income. This is considered very important because through this analysis it can be known the contribution of the PAD components to Regional Income, and How the Independence of the Kupang City Region is in financing its Regional Development

From the description of the data above, it will be a reference for researchers to measure the contribution of each component of Regional Original Income to Regional Income through a scientific study with the title: "Analysis of Contributions of Regional Taxes, Regional Levies, Results of Management of Separated Regional Assets and Other Legitimate Regional Original Income to Regional Income in the Kupang City Regional Government."

1. Regional Finance

Financial factors are important in measuring the level of regional ability in implementing its autonomy. The financial condition of the region determines the form and variety of what will be done by the regional government. Usman (2007: 63), said that one of the important criteria for knowing in real terms, the ability of a region to manage its own household is the ability to "self-support" in the financial sector.

Halim (2007: 230), stated that the ability of the regional government in managing regional finances is stated in the Regional Revenue and Expenditure Budget (APBD) which directly or indirectly reflects the ability of the regional government in financing the implementation of government tasks, development and social services for the community. Furthermore, to measure the financial ability of the regional government is to conduct a financial ratio analysis against the APBD that has been determined and implemented.

Regional finance can be simply defined as all rights and obligations that can be valued in money, as well as everything in the form of money or goods that can be used as regional wealth as long as it is not yet owned/controlled by the state or a higher region and other parties in accordance with the applicable provisions/regulations (Mamesah, 2010: 16).

From the above understanding, it can be seen that in regional finance there are two important elements, namely: First, all rights are intended as the right to collect regional taxes, regional levies and/or other sources and revenues according to applicable provisions are regional revenues and other sources according to applicable provisions are regional revenues so as to increase regional wealth, and second, regional obligations can be in the form of obligations to pay or in connection with bills to the region in the context of financing the regional household concerned. The regional government in carrying out government

activities. Development and society require sources of funds/capital to finance government expenditure on public goods and services.

2. Regional Revenue and Expenditure Budget

Regional Revenue and Expenditure Budget applies to regions at level I and II. Its formation and management are adjusted to the procedures applicable to the central government. Regional Revenue at level I consists of regional taxes at level I (fishing permit tax, school tax), Central taxes submitted to regions at level I, including: Household Tax, Motor Vehicle Tax, Motor Vehicle Transfer Fee, Opsen (opsen on wealth tax, Opsen on gasoline excise), levies (including levies on permits for taking sand, stone, gravel, lime, coral limestone), regional autonomous subsidies. Regions at level II receive income from various regional taxes, central taxes, regional autonomous contributions, Ipeda (regional development contributions). Their expenditures are in accordance with the scope of activities that are the tasks in their region.

In Law No. 33 Article 1 paragraph 17, it states that the APBD is the annual financial plan of the Regional Government which is discussed and agreed upon jointly by the Regional Government and the DPRD and stipulated by Regional Regulation. The APBD is the annual regional financial plan, where on one side it describes the expenditure budget to finance regional activities and projects in one budget year and on the other side it describes regional revenues to finance budgeted expenditures.

APBD is an annual budget document, so all plans for revenue and expenditure of the Regional Government to be implemented in one budget year are recorded in the APBD. Thus, the APBD can be a reflection of the performance and ability of the Regional Government in financing and managing the implementation of government and implementation of development in each region in one budget year. (Suparmoko, 2009: 219).

3. Sources of Regional Revenue

Nirzawan, (2019: 82) stated that the implementation of regional tasks in the context of decentralization is financed by the APBD. On the revenue side, the APBD contains several sources of regional government revenue, namely: Last year's budget balance, Balancing fund portion, Original regional income, regional loans, and other Legitimate Regional Income.

The remaining budget from last year is regional income from the remaining budget calculations from last year which has been stated in the APBD but was not realized properly due to savings from spending or the existence of spending items that were not implemented.

According to Law No. 1 of 2022 concerning Financial Balance Between the Central Government and Regional Governments, it states that balancing funds are funds sourced from APBN revenues allocated to regions to fund regional needs in the context of implementing decentralization. In accordance with the provisions of Article 10 of Law No. 1 of 2022, balancing funds consist of the following:

- a. Revenue sharing funds from: Land and building tax (PBB), Land and Building Acquisition Tax (BPHTB), Individual Income Tax (PPh), and revenue from natural resources.
- b. General allocation fund (DAU) or often referred to as block grant, the amount of which is based on a formula.
- c. Special allocation fund (DAK). DAK is identical to a special grant that is determined based on an incidental needs approach and has a very specific function, but the process remains bottom-up.

4. Sources of Local Original Income

PAD is all regional revenues originating from the region's original economic sources, PAD potential is the strength that exists in a region to produce a certain amount of PAD revenue, knowledge is needed about the analysis of the development of several variables that can influence the strength of PAD revenue sources.

Nirzawan, (2019: 84) stated that from year to year the policy regarding PAD in each province, district, and city has not changed much. This means that the main source of PAD components only consists of regional taxes, regional levies, profit shares from BUMD, and other legitimate PAD. After decentralization was rolled out by the central government, regional governments competed to create "new creativity" to develop and increase the amount of PAD revenue in each region.

As long as PAD does not really burden or burden local communities, local investors, or foreign investors, it can be said that regions with PAD that increase every year indicate that the region is able to develop independently without depending on the center.

a. Regional Tax

Based on Law No. 34 of 2000 concerning Amendments to Law No. 18 of 1997 concerning Regional Taxes and Regional Retributions, what is meant by regional tax is a mandatory contribution made by individuals and bodies to the region without equal direct compensation, which can be enforced based on applicable laws and regulations, which is used to finance the implementation of regional government and regional development.

Types of regional taxes according to Law No. 34 of 2000 concerning Regional Taxes and Regional Retributions, and Government Regulation No. 65 of 2001 concerning Regional Taxes. Regional tax revenues are divided into two according to their regions, namely tax revenues originating from provinces and tax revenues originating from districts/cities, and are divided into the following:

1) Provincial Tax

Provincial tax is a regional tax collected by the provincial government, a tax that is still in effect today. are: Motor vehicle tax and water vehicle tax. Motor vehicle and water vehicle transfer fees. Motor vehicle fuel tax. Tax on the extraction and utilization of underground water and surface water.

2) Regency/City Tax;

Regency/City Tax is a regional tax collected by the level II regional government, namely the regency/city government. The types of regency/city taxes are: Hotel Tax. Restaurant Tax. Entertainment Tax. Advertising Tax. Street Lighting Tax. Tax on Extraction of Class C Mining Materials. Parking Tax.

To calculate the contribution of regional taxes to regional independence, the following formula is used:

$$\text{Tax Contribution} = \frac{\text{Tax Revenue}}{\text{Regional Income}} \times 100\%$$

Source : Sumardi 2011 : 136

b. Regional Retribution

Regional retribution is a regional income regulated in Law No. 34 of 2000 concerning Regional Taxes and Regional Retributions and Government Regulation No. 66 of 2001 concerning Regional Retributions. Retribution is a regional levy as payment for services or granting of certain permits specifically provided and/or granted by the regional government for the benefit of individuals or bodies.

Nirzawan, (2019: 86) stated that the difference between regional taxes and regional levies is not only based on the object. But also the difference in the tariff approach. Therefore, the levy rate is flexible according to the purpose of the levy and the amount of costs incurred by each regional government to manage the type of public service in their area.

The objects or types of regional levies according to Law No. 34 of 2000 and the principles or criteria for determining the rates are as follows:

- a. Public service levies with the criteria for determining the relevant regional policy tariff, the amount of the cost of providing the relevant service, the community's ability, and aspects of justice.
- b. Business service fees with the criteria for determining the tariff, namely the aim of obtaining a reasonable profit.
- c. Certain licensing fees with tariff determination criteria, namely the aim of covering some/all of the costs of implementing the granting of the relevant permit.

To calculate the contribution of regional levies to regional original income (PAD), the following formula is used:

$$\text{Retribution Contribution} = \frac{\text{Retribution Income}}{\text{Regional Income}} \times 100\%$$

Source : Sumardi 2011 : 136

c. Regional Company Profit Share (BLPD)

The position, function, and purpose of establishing a regional company are regulated in the Law on Regional Companies and are still in effect today. The position of regional companies or Regionally-Owned Enterprises (BUMD) in the era of autonomy is actually very important and strategic as one of the regional institutions in increasing PAD revenue.

Nirzawan, (2009: 88) stated that the development and development of regional companies is the authority of the regional head with the blessing of the Regional People's Representative Council (DPRD). Indeed, in the early stages of autonomy, not much can be expected with the presence of BUMD to increase cash. Control of BUMD wealth is separate from regional wealth arbitrarily expanding BUMD businesses using APBD funds. This is what can cause regional financial bankruptcy, including regional budget crises. Therefore, BUMD financial management must be separate and carried out professionally like other private companies.

To calculate the contribution of the Regional Company's Profit Share to Regional Original Income (PAD), the following formula is used:

$$\text{BLPD Contribution} = \frac{\text{BLPD}}{\text{Regional Income}} \times 100\%$$

Source : Sumardi 2011 : 136

d. Other Legitimate Local Original Income (LPAD)

Other legitimate PAD is income derived from regional agencies and other income obtained legally by the regional government. Agencies as elements of regional government implementation, although their main task and function is to provide services to the community without calculating profits or losses, but within certain limits can be utilized and act as economic organizations that provide services with compensation so that they can increase PAD. Included in the category of other legitimate PAD in the city of Kupang: Proceeds from the Sale of Unseparated Regional Assets, Sales of Motor Vehicles, Sales of Other Regional Property, Giro Services, and Other Income.

To calculate the contribution of Other Legitimate Local Original Income to Local Original Income (PAD), the following formula is used:

$$\text{LPAD Contribution} = \frac{\text{LPAD}}{\text{Regional Income}} \times 100\%$$

Source : Sumardi 2011 : 136

5. Regional financial independence ratio

The regional financial independence ratio shows the ability of the regional government to finance its own government activities, development and services to the community. The independence ratio is calculated by dividing the total PAD by the total regional expenditure in percent (Suyana Utama, 2008:33). The higher this ratio means the level of regional dependence on assistance from the central and provincial governments is lower, and vice versa. This ratio also describes the level of community participation in regional development. The higher this ratio means the higher the community participation in paying regional taxes and levies which are components of PAD.

Halim (2014: 188) stated that the independence ratio shows the ability of the regional government to finance its own government activities, development,

services to the community who have paid taxes and levies as a source of income needed by the region. Regional financial independence is shown by the size of the original regional income compared to the total regional income.

Widodo (2018: 262) stated that the Regional Financial Independence Ratio shows the level of a region's ability to finance government activities, development and services to the community who have paid taxes and levies as a source of income needed by the region.

Based on several definitions put forward by several experts as explained above, the author can conclude that the Regional Independence Ratio is a ratio that shows the ability of the regional government to finance the implementation of the Regional Government by comparing the Regional Original Income (PAD) with central and provincial government subsidies and regional loans. To calculate Regional Financial Independence, the regional financial independence ratio according to Mahsun (2016: 153) can be used as follows:

$$\text{Independence Ratio} = \frac{\text{Locally-generated revenue}}{\text{Central government subsidies and Province and other income}} \times 100\%$$

The calculation results will be concluded based on the decision-making criteria put forward by the UGM Ministry of Home Affairs-Faculty of Social and Political Sciences Research and Development Team in Nurhayani 2010 as follows:

Table 2. Regional Financial Independence Interval Scale

Percentage of Independence	Level of Independence
0.00-10.00%	Very less
10.01-20.00 %	Not enough
20.01-30.00 %	Currently
30.01-40.00%	Enough
40.01-50.00%	Good
>50.00%	Very good

Source :The Research and Development Team of the Ministry of Home Affairs-UGM Faculty of Social and Political Sciences in Nurhayani 2010

The independence value obtained from the comparison above is measured by its performance criteria, then compared from year to year. The higher the independence ratio means that the level of regional dependence on external assistance (especially the central government) is lower, meaning that the regional financial performance is as good as possible, and vice versa. The lower the level of independence ratio means that the level of regional dependence on central government assistance is higher.

Furthermore, Halim (2004: 188) stated regarding the pattern of relations between the central government and regional governments in the implementation of regional autonomy, especially the implementation of Law Number 33 of 2004 concerning financial balance between the central and regional governments, including:

- 1) Instructive relationship pattern, where the role of the central government is more dominant than the independence of regional government (regions that are unable to implement regional autonomy).
- 2) Consultative relationship pattern, namely that central government intervention has begun to decrease because regions are considered to be slightly more capable of implementing regional autonomy.
- 3) Participatory relationship patterns, the role of the central government has begun to decrease, considering that the region concerned has a level of independence that is approaching being able to carry out regional autonomy affairs.
- 4) Delegative relationship pattern, namely that there is no longer any interference from the central government because the regions are truly capable and independent in carrying out regional autonomy affairs.

As a guideline in viewing the relationship pattern with regional financial capacity, it can be seen in the following table:

Table 3. Relationship between Regional Ability and Independence

Regional Capabilities	Regional Independence	Relationship Patterns
Very Low	0 – 25 %	Instructive
Low	25 – 50 %	Consultative
Currently	50 – 75 %	Participatory
Tall	75 – 100 %	Delegative

Source: Halim (20148: 188)

METHOD

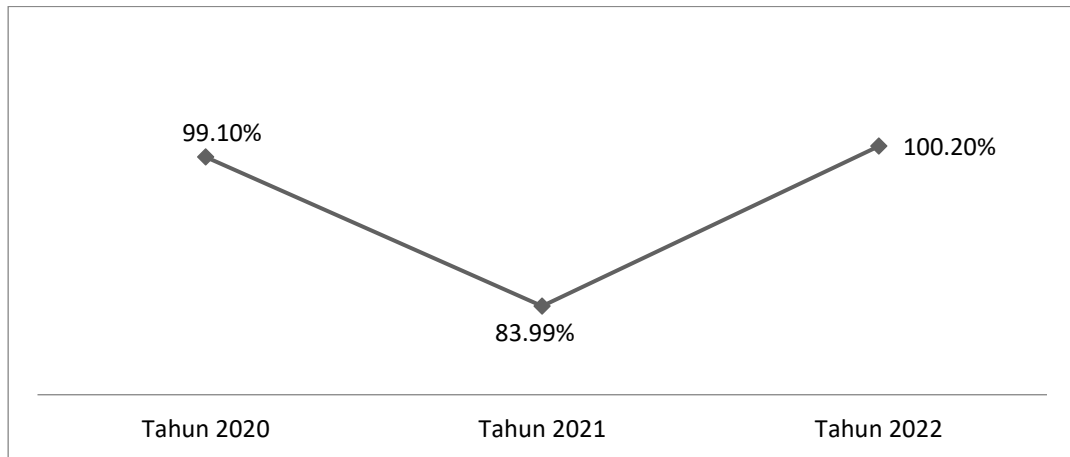
The research location is at the mayor's office of Kupang City, NTT Province. This research was conducted for a period of 6 months in 2024. In this research, observation, interview and document study techniques were used. The type of data used in this research is quantitative data, namely in the form of numbers and certain numbers, while the data sources in this research are secondary data such as Budget Realization Report containing local revenue receipts for 2020-2022. In this study, the analysis method used was quantitative descriptive with The data obtained were analyzed using the independence and contribution ratio method.

RESULTS AND DISCUSSION

1. Realization of Receipt of Local Original Income Components

- a. Realization of Regional Tax Revenue in Kupang City

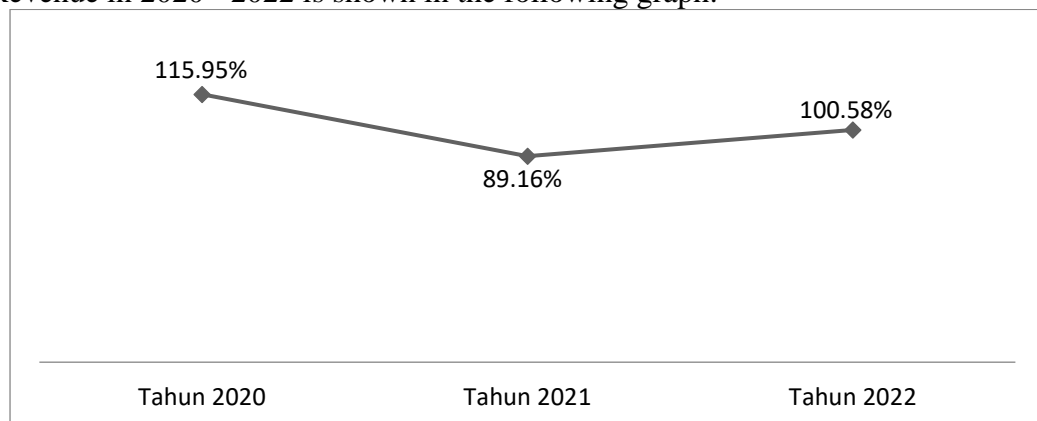
Regional Tax Revenue-LRA in 2020 is planned at Rp.97,801,337,486.00 and the realization of revenue until the end of the budget year is Rp.96,923,905,237.00 or 99.10%. Regional Tax Revenue-LRA in 2021 is planned at Rp.107,170,000,000.00 and the realization of revenue until the end of the budget year is Rp.90,007,500,075.00 or 83.99%. Regional Tax Revenue-LRA is budgeted at Rp.110,520,000,000.00 with the realization of revenue until the end of the budget year being Rp.110,738,224,723.00 or 100.20%. The realization of Regional Tax Revenue in 2020 - 2022 is shown in the following graph:



Grafik 01. Realisasi Penerimaan Pajak Daerah Kota Kupang

b. Realization of Regional Retribution Receipts of Kupang City

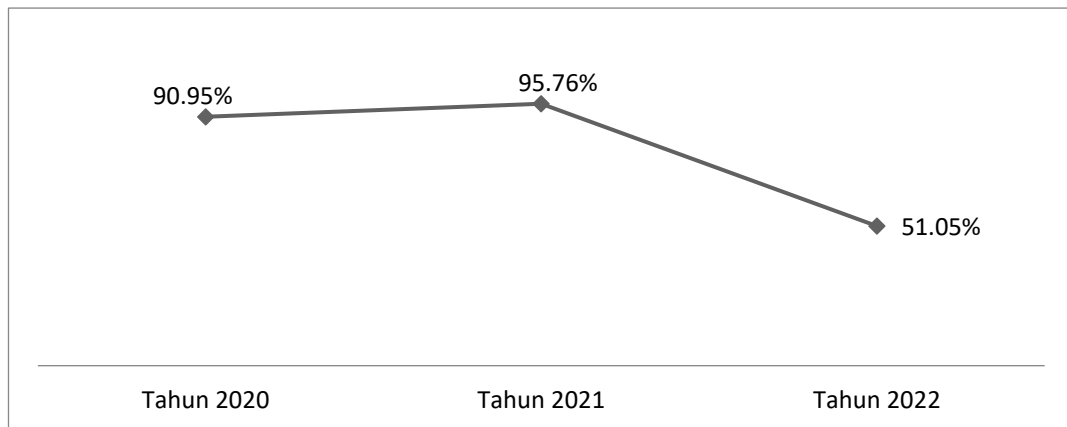
Regional Retribution is a regional levy as payment for services or granting of certain permits specifically provided and granted by the regional government for the benefit of individuals or bodies for 2020 with a revenue target of Rp. 32,414,500,000 with a realization of: Rp. 37,583,878,402 (115.95%). for 2021 with a revenue target of Rp. 47,221,000,000 with a realization of: Rp. 42,101,224,937 (89.16%).. for 2022 with a revenue target of Rp. 58,971,000,000 with a realization of: Rp. 59,310,197,570 (100.58%). The realization of Regional Retribution Revenue in 2020 - 2022 is shown in the following graph:



Grafik 02. Realisasi Retribusi Daerah Kota Kupang

c. Realization of Profit Receipts of Kupang City BUMD

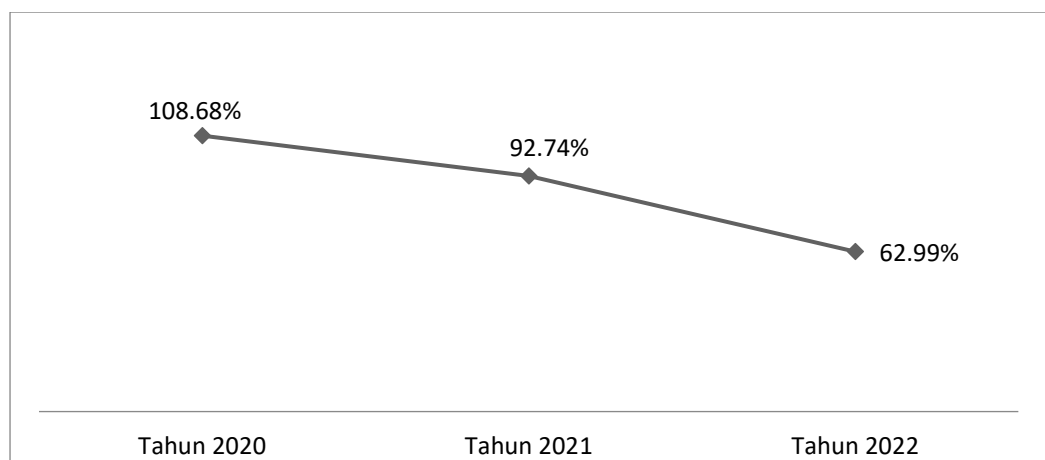
In addition to regional taxes and regional levies, the profit share of regional-owned companies (BUMD) is one of the potential sources to be developed. The results of legitimate regional management are regional income from the profits/net profits of regional companies for the regional budget that are deposited into the regional treasury, both regional companies whose capital partly consists of separated regional assets, with realization during the 2020 budget year of IDR 13,541,771,996 (90.95%), realization in the 2021 budget year of IDR 12,893,844,227 (95.76%), realization during the 2022 budget year of IDR 6,873,518,453 (51.05%). Realization of Receipt of the profit share of regional-owned companies (BUMD) in 2020 - 2022 is shown in the following graph:



Grafik 03. Realisasi Laba BUMD

d. Realization of Other Legitimate PAD Revenue of Kupang City

Other Revenue Legitimate Local Revenue – LRA is entirely planned at Rp17,925,000,000.00 and realized until the end of Fiscal Year 2020 is Rp19,480,552,410.38 or 108.68%. Other Revenue Legitimate Local Revenue – LRA is entirely planned at Rp22,927,000,000.00 and realized until the end of Fiscal Year 2021 is Rp21,263,603,647.05 or 92.74%. Other Revenue Legitimate PAD-LRA is entirely budgeted at Rp14,604,999,997.00 and realized until the end of Fiscal Year 2022 is Rp9,200,246,747.21 or 62.99%. The realization of other legitimate PAD revenues for 2020 – 2022 is shown in the following graph:



Grafik 04. Lain - Lain PAD yang Sah

2. Analysis of the Contribution of Local Original Income Components to Regional Income

a. Contribution of Regional Taxes to Revenue Regional revenue of Kupang City

The results of the study show that the contribution of regional taxes to the regional income of Kupang City in 2020 was 8.59%. The contribution of regional taxes to the regional income of Kupang City in 2020 is considered still low because there are several regional tax components whose realization has not reached 100% as in the following table:

Table 04. Regional Tax Realization in 2020 has not reached the target

No	Types of Taxes	Fiscal Year 2020		%
		Budget (Rp)	Realization (Rp)	
3	Entertainment Tax - LRA	1,315,855,08	1,181,513,792	89,791
5	Street Lighting Tax - LRA	37,000,000,000	36,547,442,862	98,777
6	Parking Tax - LRA	905,522,548	811,531,720	89.62
7	property tax Rural and Urban - LRA	18,000,000,000	16,432,711,031	91,293
8	Land Acquisition Fee and Buildings (BPHTB) - LRA	17,000,000,000	16,485,835,778	96,976

Source: Secondary data processed by the author in 2024

The contribution of regional taxes to the regional income of Kupang City in 2021 was 8.32%. The contribution of regional taxes to the regional income of Kupang City in 2020 was considered still low because there were several components of regional taxes whose realization had not reached the target as in the following table:

Table 05. Regional Tax Realization in 2021 has not reached the target

No	Types of Taxes	Fiscal Year 2021		%
		Budget (Rp)	Realization (Rp)	
1	Hotel Tax – LRA	8,370,000,000.00	7,074,610,636.00	84.52
2	Restaurant Tax - LRA	17,250,000,000.00	15,231,666,292.00	88.30
3	Entertainment Tax - LRA	3,000,000,000.00	334,610,859.00	11.15
4	Advertising Tax - LRA	3,500,000,000.00	2,810,988,073.00	80.31
5	Street Lighting Tax - LRA	38,000,000,000.00	34,520,495,477.00	90.84
6	Parking Tax - LRA	1,050,000,000.00	621,878,408.00	59.23

Source: Secondary data processed by the author in 2024

The contribution of regional taxes to the regional income of Kupang City in 2022 is 10.38%. The contribution of regional taxes to the regional income of Kupang City in 2022 is considered still low because there are several components of regional taxes whose realization has not reached the target as in the following table:

Table 06. Regional Tax Realization in 2022 has not reached the target

No	Types of Taxes	Fiscal Year 2022		%
		Budget (Rp)	Realization (Rp)	
3.	Entertainment Tax-LRA	3,000,000,000.00	1,456,166,762.00	48.54
5.	Street Lighting Tax-LRA	38,000,000,000.00	35,407,724,745.00	93.18

Source: Secondary data processed by the author in 2024

Based on the research data as in the table above, it shows that the Kupang city government has not made maximum efforts to realize the revenue target so that there are still many revenue components whose realization has not reached the 100% target.

b. Contribution of Regional Retributions to Regional Income of Kupang City

The results of the study show that the contribution of levies to the regional income of Kupang City in 2020 was 3.33%. The contribution of regional levies to the regional income of Kupang City in 2020 is considered still low because there are several components of regional levies whose realization has not reached the target as in the following table:

Table 07. Regional Tax Realization in 2020 has not reached the target

No	Types of Regional Retribution	Fiscal Year 2020		%
		Budget (Rp)	Realization (Rp)	
1	Funeral Service Fees And Cremation of the Corpse	100,000,000.00	53,100,000.00	53.10
2	Roadside Parking Service Fee General	1,500,000,000.00	1,364,127,470.00	90.94
3	Terminal Fee	900,000,000.00	669,088,000.00	74.34
4	Provision and/or Suction Fee Toilet	250,000,000.00	69,000,000.00	27.60
5	Slaughterhouse Levy	525,000,000.00	512,791,000.00	97.67
6	Disturbance/Crowd Permit Fee			
7	Route Permit Fee	17,500,000.00	6,500,000.00	37.14
8	Fisheries Business License Fee	25,000,000.00	12,500,000.00	50.00

Source: Secondary data processed by the author in 2024

The contribution of levies to the regional income of Kupang City in 2021 was 3.38%. The contribution of regional levies to the regional income of Kupang City in 2021 is considered still low because there are several components of regional levies whose realization has not reached the target as in the following table:

Table 08. Regional Tax Realization in 2021 has not reached the target

No	Types of Regional Retribution	FY 2021		%
		Budget (Rp)	Realization (Rp)	
1	Funeral and Cremation Service Fee	100,000,000.00	51,600,000.00	51.60
2	Parking Service Fee on Public Roadside	2,450,000,000.00	1,471,202,730.00	60.05
3	Motor Vehicle Testing Fee	2,100,000,000.00	1,679,066,600.00	79.96
4	Terminal Fee	1,000,000,000.00	512,240,000.00	51.22
5	Fee for Provision and/or Suction of Toilets	500,000,000.00	61,150,000.00	12.23
6	Slaughterhouse Levy	900,000,000.00	472,212,000.00	52.47
7	Building Permit Fee	5,000,000,000.00	1,512,109,004.00	30.24
8	Alcoholic Beverage Sales Permit Fee	1,200,000,000.00	958,350,000.00	79.86
9	Route Permit Fee	20,000,000.00	5,473,000.00	27.37
10	Fisheries Business License Fee	25,000,000.00	20,125,000.00	80.50

Source: Secondary data processed by the author in 2024

The contribution of levies to the regional income of Kupang City for 2022 is 5.56%. The contribution of regional levies to the regional income of Kupang City in 2021 is considered still low because there are several components of regional levies whose realization has not reached the target as in the following table:

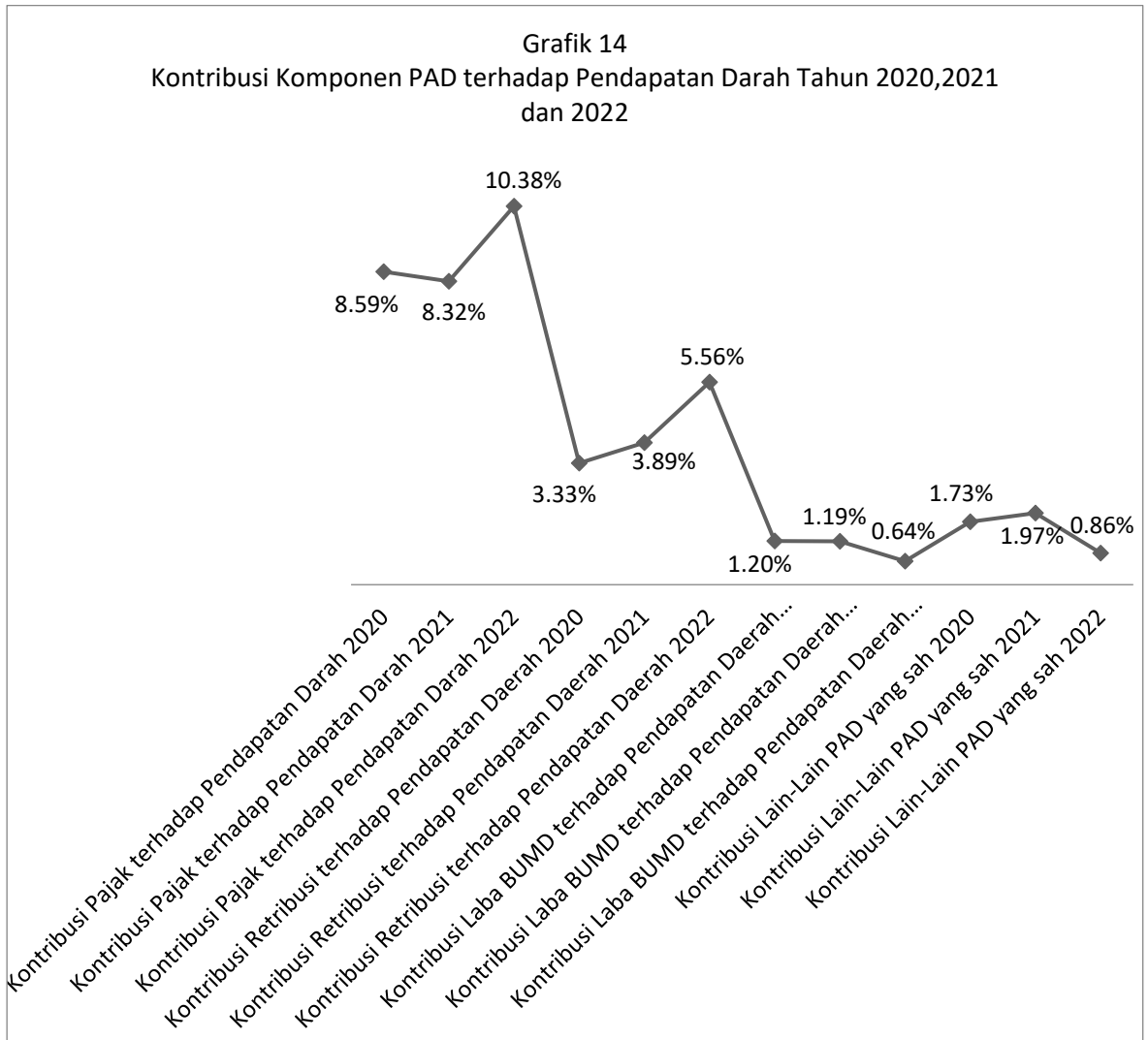
Table 09. Realization of Regional Retribution in 2022 has not reached the target

No	Types of Regional Retribution	Fiscal Year 2022		%
		Budget (Rp)	Realization (Rp)	
Public Service Retribution				
2	Garbage/Cleaning Service Fee	2,000,000,000.00	1,201,682,700.00	60.08
3	Funeral and Cremation Service Fee	100,000,000.00	64,650,000.00	64.65
4	Parking Service Fee on Public Roadside	2,500,000,000.00	1,733,531,600.00	69.34
5	Motor Vehicle Testing Fee	2,200,000,000.00	1,896,555,000.00	86.21
Business Service Fee				
6	Terminal Fee	1,000,000,000.00	664,070,000.00	66.41
8	Fee for Provision and/or Suction of Toilets	500,000,000.00	71,000,000.00	14.20
9	Slaughterhouse Levy	900,000,000.00	524,398,000.00	58.27
Certain Licensing Fees				
10	Building Permit Fee	5,000,000,000.00	188,570,500.00	3.77
11	Alcoholic Beverage Sales Permit Fee	1,200,000,000.00	902,950,000.00	75.25
12	Route Permit Fee	20,000,000.00	6,100,000.00	30.50
13	Fisheries Business License Fee	75,000,000.00		0.00

Source: Secondary data processed by the author in 2024

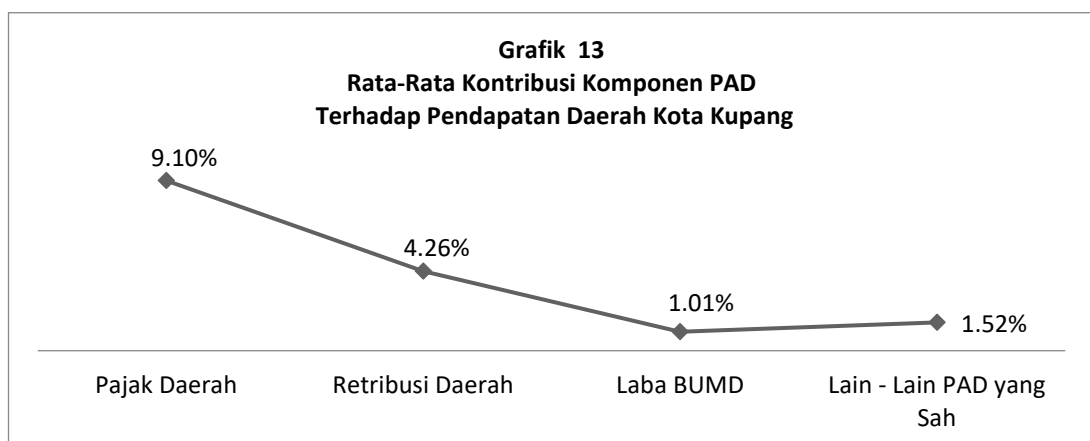
The research results as in the table above show that the realization of regional levies carried out by the Kupang city government has not been maximized or has not been in accordance with the previously set targets so that its contribution to regional income is still very lacking.

For more details on the contribution of regional taxes to regional income in 2020, 2021 and 2022, as well as the contribution of regional levies to regional income in Kupang City in 2020, 2021 and 2022, can be seen in the following graph:



Source: Secondary data processed by the author in 2024

Based on the table and graph of the contribution of each component of Regional Original Income to the Regional Income of Kupang City in 2020, 2021 and 2022 above, the following shows the average contribution of the components of Regional Original Income, namely regional taxes, regional levies, BUMD profit receipts and other legitimate income as seen in the following graph:



Source: Secondary data processed by the author in 2024

c. Analysis of Regional Financial Independence

The financial independence ratio shows the ability of local governments to finance their own government activities, development and services to the community. The independence ratio is calculated by dividing the total PAD by the total regional expenditure in percent. The higher this ratio means the lower the level of regional dependence on assistance from the central and provincial governments, and vice versa. This ratio also describes the level of community participation in regional development. The higher this ratio means the higher the participation of the community in paying regional taxes and levies and other legitimate regional income which are components of Regional Original Income. To find out the financial independence of the Kupang city region in 2020 to 2022, see the following table:

Table 10. Calculation of Regional Financial Independence

YEAR	PAD	REGIONAL REVENUE TRANSFER		Level Independence
			%	
2020	167,530,108,045	1,088,077,872,874	15.40	Not enough
2021	166,266,172,886	1,074,263,433,147	15.48	Not enough
2022	160,122,187,493	1,059,042,064,690	17.57	Not enough

Regional Financial Independence Performance Criteria

0.00-10.00% = Very Poor

10.01-20.00% = Less

20.01-30.00% = Moderate

30.01-40.00% = Sufficient

40.01-50.00% = Good

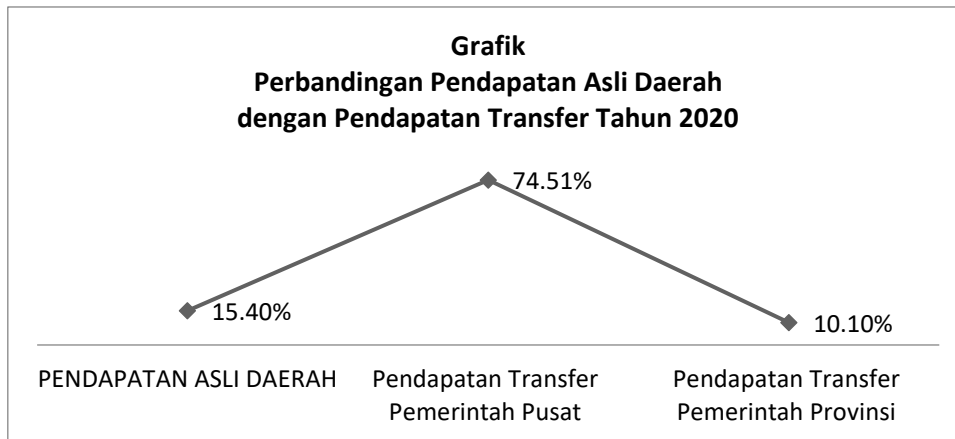
>50.00% = Very Good

Based on the calculation data in the table above, it shows that the regional financial independence ratio in 2020 was 15.40%, the regional financial independence ratio in 2021 was 15.48% and the regional financial independence ratio in 2022 was 17.57%. The regional financial independence of Kupang City in 2021 increased by 0.08% due to several factors. factors include; the presence of new restaurants or food outlet units that affect the increase in income so that the realization of restaurant tax exceeds the target of 111.94%, hotel tax realization exceeds the target of 100.52%, health service levy realization exceeds the target of 122.62%, special parking place levy realization exceeds the target of 132.85%, Alcoholic Beverage Sales Permit Levy realization exceeds the target of 127.22%

The regional financial independence of Kupang City in 2022 increased by 2.09% due to several factors. factors include; the presence of new restaurants or food outlets that affect the increase in income so that the realization of restaurant tax exceeds the target of 112.53%, hotel tax realization exceeds the target of

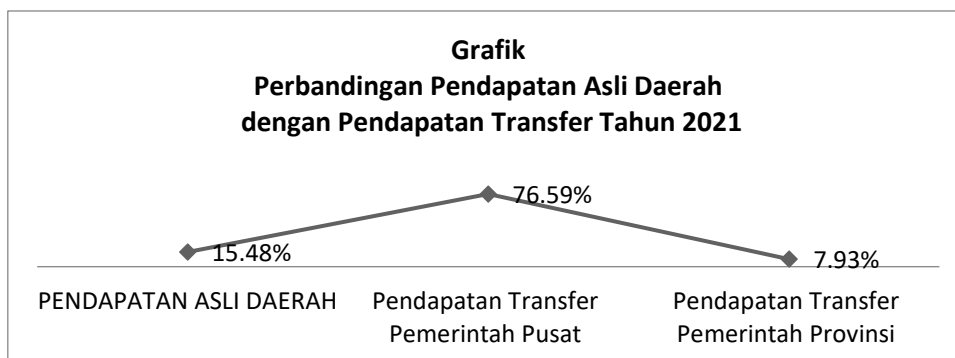
111.84%, health service levy realization exceeds the target of 119.87%, special parking lot levy realization exceeds the target of 112.50%.

Even though there has been an increase in the receipt of original regional income of Kupang City from several components of Original Regional Income (PAD), the total receipt or Original Regional Income is still far below the transfer income in the last three years, namely 2020, 2021 and 2022 as in the following graph:



Source: Secondary data processed by the author in 2024

The graph above shows that the amount of original regional income of Kupang City in 2020 was 15.50% compared to the amount of transfer income of 74.51% transfer income from the central government, and 10.10% transfer income from the East Nusa Tenggara provincial government, meaning that the transfer income of the Kupang City government was 84.61%. The following is a comparison graph of the original regional income of Kupang City with transfer income from the central government and the provincial government:



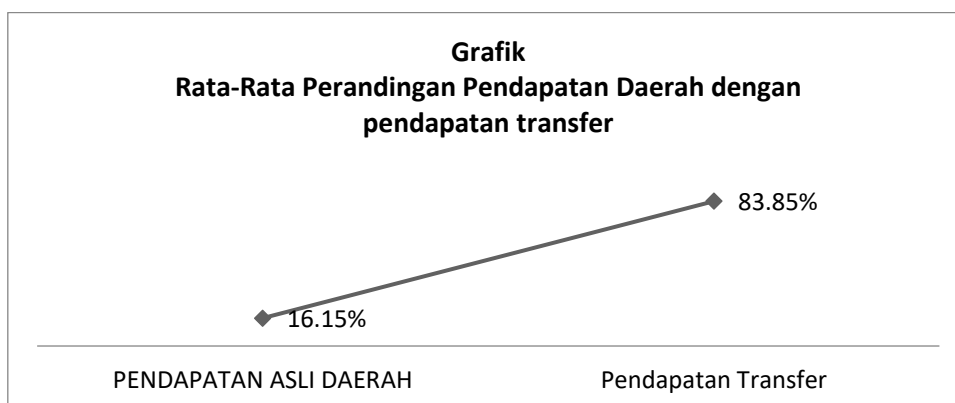
Source: Secondary data processed by the author in 2024

The graph above shows that the amount of original regional income of Kupang City in 2021 was 15.48% compared to the amount of transfer income of 76.59% transfer income from the central government, and 7.53% transfer income from the East Nusa Tenggara provincial government, meaning that the transfer income of the Kupang City government was 84.52%. The following is a comparison graph of the original regional income of Kupang City with transfer income from the central government and the provincial government:



Source: Secondary data processed by the author in 2024

The graph above shows that the amount of original regional income of Kupang City in 2022 is 17.57% compared to the amount of transfer income of 71.47% transfer income from the central government, and 10.96% transfer income from the East Nusa Tenggara provincial government, meaning that the transfer income of the Kupang City government is 82.43%. The following is a graph of the average comparison of the original regional income of Kupang City with transfer income from the central government and provincial government:



Source: Secondary data processed by the author in 2024

The results of the achievement of the percentage of regional independence as explained in the graph above are then linked to the pattern of relations between the central government and regional governments in the implementation of regional autonomy, especially the implementation of Law Number 33 of 2004 which has been amended to Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments, then the regional financial independence of Kupang City is in an instructive relationship pattern, where the role of the central government is more dominant in financing the development of Kupang City than the independence of the regional government so that it is considered that the regional government has not been able to implement regional autonomy.

CONCLUSION

Based on the real conditions regarding the financial capabilities of the Kupang City region, which has not been able to develop Kupang City with Regional

Original Income (PAD), it is considered that the Kupang City government has not been able to implement regional autonomy as mandated by the Law.Number 1 of 2022 Concerning Financial Relations between the Central Government and Regional Governments. Based on the research results, several concrete things can be concluded, including:

- 1 In implementing programs and activities to achieve the target of Regional Revenue, there are several problems faced by the Kupang City Government, namely: a) Coordination and supervision in the management of Regional Original Revenue is not yet optimal; b) Limited quality of human resources (HR); c) Low awareness of taxpayers; d) Inadequate facilities and infrastructure
- 2 In terms of Regional Financial Management, there are still limitations in the resources of financial management apparatus, limited facilities and infrastructure to support activities, lack of awareness of regional work units in entering the Work Budget Plan and lack of coordination between agencies related to regional financial management.

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