

## EFFECTIVENESS AND CONTRIBUTION OF LOCAL TAXES TO CIREBON REGIONAL REVENUE

Raldin Alif Al-Hazmi<sup>1\*</sup>

<sup>1</sup>raldinfb@gmail.com

<sup>1</sup>Politeknik Keuangan Negara STAN, Indonesia

\*Corresponding author

### Abstract

One of the cities that has a lot of potential for local revenue (PAD) is Cirebon City. Various events, such as concerts, dramas, entertainment, and national and international exhibitions, are organized in Cirebon City. The entertainment tax target for Cirebon City has increased as a result of the enactment of Law No. 1 Year 2022 on Financial Relations between the Central Government and Local Government. Descriptive quantitative approach methodology was used in this study. PAD of Cirebon City in 2017-2022, projection of entertainment tax revenue, and realization of entertainment tax are the statistical data used in this study. According to the study findings, the entertainment tax of Cirebon City has an effectiveness rate of 72.87% from 2017 to 2022 despite having less stringent requirements and a very low contribution rate of 1.42%. In order to help the Cirebon City Government to maximize the potential of its area to generate tax revenue in accordance with the predetermined objectives, this study intends to provide knowledge related to the analysis of the effectiveness and contribution of entertainment tax.

**Keywords:** Contribution, Effectiveness, Entertainment Tax, Local Tax, Local Revenue.

### Abstrak

Salah satu kota yang memiliki banyak potensi pendapatan asli daerah (PAD) adalah Kota Cirebon. Berbagai acara, seperti konser, drama, hiburan, dan pameran nasional dan internasional, diselenggarakan di Kota Cirebon. Target pajak hiburan untuk Kota Cirebon mengalami peningkatan sebagai dampak dari berlakunya UU No. 1 Tahun 2022 tentang Hubungan Keuangan antara Pemerintah Pusat dan Pemerintah Daerah. Metodologi pendekatan kuantitatif deskriptif digunakan dalam penelitian ini. PAD Kota Cirebon tahun 2017-2022, proyeksi penerimaan pajak hiburan, dan realisasi pajak hiburan merupakan data statistik yang digunakan dalam penelitian ini. Menurut temuan studi, pajak hiburan Kota Cirebon memiliki tingkat efektivitas sebesar 72,87% dari tahun 2017 hingga 2022 meskipun memiliki persyaratan yang tidak terlalu ketat dan tingkat kontribusi yang sangat rendah yaitu sebesar 1,42%. Dalam rangka membantu Pemerintah Kota Cirebon untuk memaksimalkan potensi daerahnya untuk menghasilkan pendapatan pajak sesuai dengan tujuan yang telah ditetapkan, penelitian ini bermaksud untuk memberikan pengetahuan terkait analisis efektivitas dan kontribusi pajak hiburan.

**Kata Kunci:** Efektivitas, Kontribusi, Pajak Daerah, Pajak Hiburan, Pendapatan Asli Daerah.



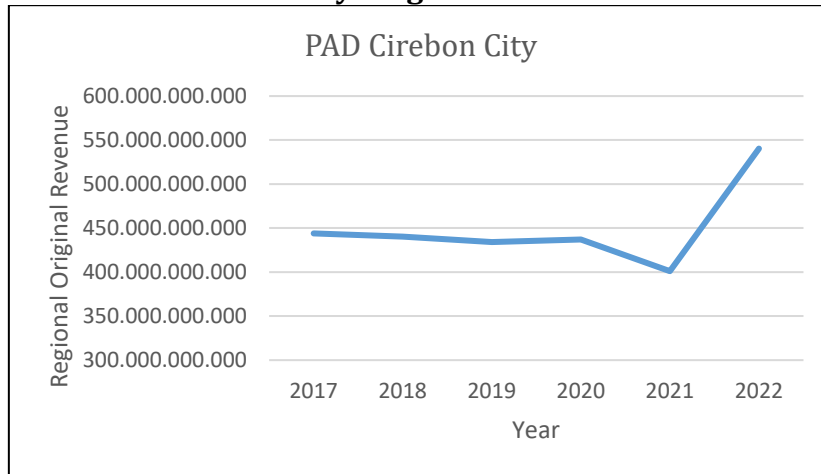
## INTRODUCTION

Revenue collected by regions and taxed in accordance with local laws and regulations is known as Regional Original Revenue, or PAD (Samosir, 2020) The largest local revenue owned by the local government is called local own-source revenue (PAD). In the implementation of regional autonomy, the focus is on regional financial resources. Regional Original Revenue (PAD) is a source of regional revenue. Taxes have an important role in the ability of a region to sustain its growth. One of the levies collected by the local government is the entertainment tax.

According to Article 1 of Law No. 28 Year 2007 on General Provisions and Tax Procedures (KUP), tax is an obligatory payment to the government that is payable by persons or organizations that are required by law, has no immediate benefit, and is used for public purposes to ensure maximum prosperity for all. It is anticipated that this tax will be quite popular and contribute significantly to the annual amount of municipal income. This is also evident in the way the Cirebon City Government collects taxes.

Cirebon City is one of the cities with a great deal of potential for local revenue since it has so many tourist attractions. Every weekend, a large number of residents of neighboring cities, including Indramayu, Majalengka, and Kuningan—often referred to as Ciayumajakuning—take their families for vacation to Cirebon City (travel.kompas.com, 2023). It is possible for tourists to pick Cirebon City as a holiday destination because of the local government's development of the city's infrastructure and excellent planning of its spatial usage. Cirebon City is also a popular vacation spot for people from Indramayu, Majalengka, Cirebon, and Kuningan (Ciayumajakuning) (Lutfiyana & Munandar, 2022).

**Chart 1 Cirebon City Original Revenue 2017-2022**

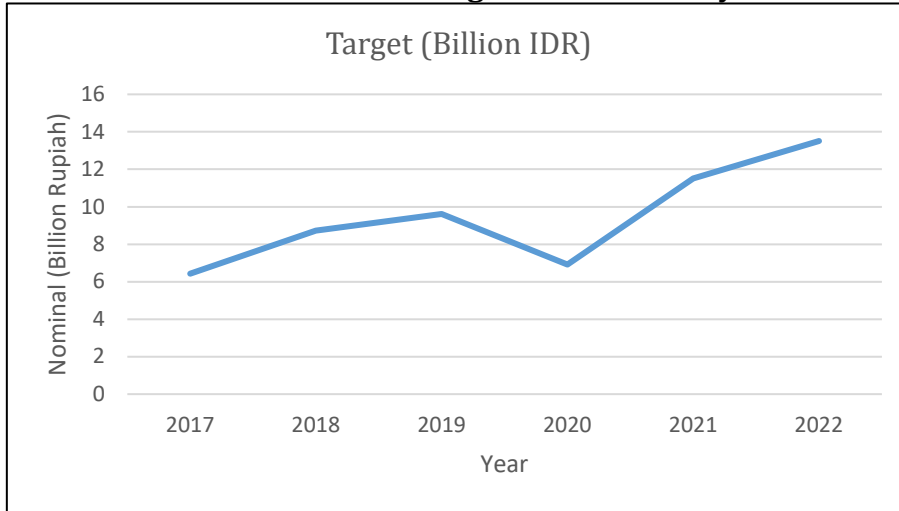


Source: Data Processed

Because so many people go to Cirebon during their vacations, the city has grown into a creative center that combines business, cultural, and social endeavors. Numerous national and international concerts, performances, exhibits, and other events are held in the city. The entertainment business is one of the many potentials that the Cirebon City Government aims to harness. The entertainment sector has huge potential to boost tax income and promote local economic growth, which is recognized by the Cirebon City Government. A potential entertainment tax is being

researched to optimize tax revenue's contribution to Cirebon City Original Revenue.

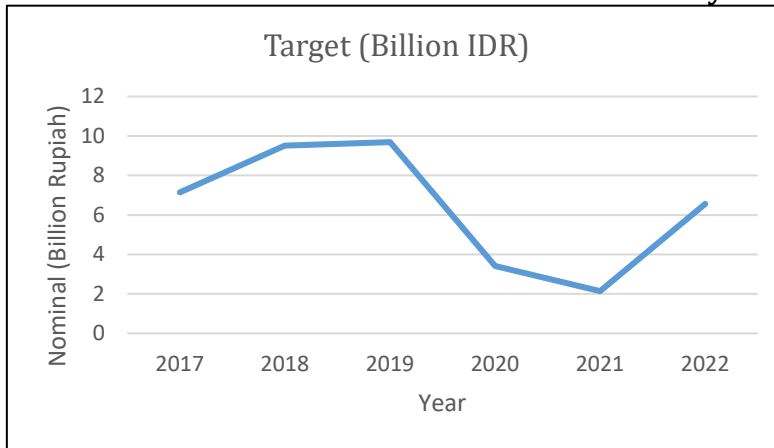
**Chart 2 Entertainment Tax Target of Cirebon City 2017-2022**



Source: Data Processed

Cirebon City Government statistics on the target and realization of entertainment tax in 2017-2022 show that the realization of the tax has undergone several adjustments. This can be seen in Chart 2 regarding the entertainment tax target for Cirebon City. The Cirebon City Government hopes to generate Local Revenue, therefore they increase the entertainment tax target.

**Chart 3 Realization of Entertainment Tax in Cirebon City 2017-2022**



Source: Data Processed

The amount of money generated by entertainment tax in Cirebon City between 2017 and 2022 is shown in Chart 3. There is frequent volatility in the realization of entertainment tax. This is due to the COVID-19 outbreak that has impacted on the financial performance of Cirebon City. The Covid-19 outbreak prompted the Cirebon City government to implement several measures to tackle the outbreak. The government began to impose restrictions on communal activities that took place outside the home as well as restrictions on movement. The entertainment industry was one of the areas most affected by this regulation; several entertainment-related events had to be postponed or canceled due to the Covid-19 outbreak. In addition, as entertainment venues are considered as catalysts for the

Covid-19 virus, they are not allowed to operate. The various restrictions imposed by the government have resulted in losses, and as entertainment tax revenue has decreased, this has had an impact on Regional Original Revenue (PAD).

The target for entertainment tax was also raised by the Cirebon City Government. According to (Media Indonesia, 2024), the entertainment tax had a revenue target of Rp9.5 billion in 2023; however, the actual revenue was Rp8 billion, or 84.46% of the total entertainment tax revenue target. The entertainment tax target for Cirebon City in 2024 was raised to Rp15 billion.

The passing of Law Number 1 Year 2022 on Financial Relations between the Central Government and Local Government has led to an increase in Cirebon's entertainment tax target. Law No. 1 of 2022 on Financial Relations between the Central Government and Local Governments (HKPD Law) has been passed, and on 5<sup>th</sup> January 2022, it came into effect. The HKPD Law was passed to increase fiscal decentralization and realize public welfare in the Unitary State of the Republic of Indonesia. The passing of the Act has an impact on how taxes are handled in Cirebon City.

The HKPD Law states that the rules regarding the amount of entertainment tax in each region range from 35 percent to 75 percent. Reported on the [cirebonbribin.com](http://cirebonbribin.com) page (Cirebon Bribin, 2024), the Head of the Cirebon City Regional Financial and Revenue Management Agency (BPKPD), Mastara, said, in 2024, the amount of entertainment tax in Cirebon City has been set at 50 percent. This is based on the provisions in the Cirebon City Regional Regulation number 1 of 2024 concerning regional taxes and levies which is a derivative of Law 1 of 2022 concerning financial relations between the central government and local governments. With the HKPD Law and Cirebon City Regional Regulation number 1 of 2024 which increases the entertainment tax to 50%, it can boost the effectiveness and contribution of entertainment tax to Cirebon City's Regional Original Revenue (PAD).

With this phenomenon, this study was conducted with the aim of knowing the effectiveness and contribution of entertainment tax revenue to Cirebon City's Original Local Revenue (PAD). Some previous studies that analyzed the effectiveness and contribution of entertainment tax to local revenue obtained very diverse results. Some previous studies (Ayuningtika & Murwanto, 2023) calm hotel tax, restaurant tax and entertainment tax on PAD Surabaya City, (Nariswari & Muchtolifah, 2022) on the Effect of Entertainment Tax, Restaurant Tax and Regional Levies on Regional Original Revenue Madiun Regency, (Apriani & Dali, 2023) on Entertainment Tax on Regional Original Revenue of Bogor City in 2018-2022, (Belinda et al., 2022) on Entertainment Tax on Regional Original Revenue of Bogor City, 2022) on Entertainment Tax on Regional Original Revenue (PAD) During Covid-19 Recovery, (Hediansyah, 2021) on entertainment tax on Batu City PAD and (Meliala et al., 2024) on Entertainment Tax on Regional Original Revenue of Bandung City.

Some of these studies obtained results that the effectiveness of entertainment tax with varying levels of effectiveness ranging from very effective to less effective. In research (Ayuningtika & Murwanto, 2023), entertainment tax is considered to have ineffective criteria, but (Apriani & Dali, 2023; Meliala et al., 2024; Nariswari & Muchtolifah, 2022) on Entertainment Tax found effective criteria. In

contrast to previous research, the contribution of entertainment tax to local revenue is still lacking so it needs to be increased. Based on the results of these previous studies, researchers have an interest in analyzing the level of effectiveness and contribution of entertainment tax to Cirebon City Regional Original Revenue (PAD). It is hoped that this research can determine the effectiveness of entertainment tax revenue in Cirebon City and understand the contribution of entertainment tax to local revenue in Cirebon City. Thus, the government can increase the extensification of entertainment tax to be able to increase the contribution of entertainment tax to Cirebon City PAD.

## **LITERATURE REVIEW**

Regional Original Revenue, or commonly abbreviated as PAD, is defined by Law Number 1 of 2022 as regional revenue sourced from the results of regional taxes, the results of regional retribution, the results of the management of separated regional assets, and other legitimate regional original revenues collected in accordance with statutory regulations. According to (Alvaro, 2022) PAD is defined as revenue generated within the region to support regional activities. An increase in PAD indicates an increase in community involvement in local governance. Research (Ayuningtika & Murwanto, 2023) states that revenue from sources within the boundaries of the region is referred to as local own-source revenue, or PAD. The greater the portion of PAD in the regional financial structure, the greater the regional financial capacity to carry out regional development initiatives. In PAD, there are several components that can be used as local revenue, including revenue sourced from local taxes, local levies, the results of the management of separated local assets, and other legitimate local revenue (Nainggolan et al., 2024).

The development from the below theory argues that people tend to be more willing to pay taxes to local governments than to the central government (Davey, 1998). This is due to their ability to feel and see the real impact of development in their area. When their tax contributions are used directly to improve infrastructure, public facilities, or other local services, people can more easily understand the benefits obtained. Therefore, they feel that the taxes paid have a more direct link to the improved quality of life in their area, thus motivating tax compliance at the local level. This opinion emphasizes the important role of local taxes in supporting development at the local level. Local taxes become very significant because the benefits can be directly felt by the people living in the region. In addition, (Smoke et al., 2003) argue that for local taxes to be politically acceptable, they must be “more acceptable” to the public. One rule of thumb they propose is that taxes that are less visible or less conspicuous tend to be more acceptable to the public. In other words, types of taxes that are less directly visible to citizens, such as property taxes or taxes embedded in services, are often more acceptable because they do not impose a directly perceived burden.

A compulsory contribution to the Region owed by individuals or entities that is compelling based on the Law, with no direct reward and used for Regional purposes for the greatest prosperity of the people, in accordance with Law No. 1 Year 2022 on Financial Relations between the Central Government and Regional Governments. These taxes are paid by individuals or organizations in accordance

with the law, without receiving direct payment, and are used for regional or local initiatives aimed at maximizing the welfare of the population. Local taxes are divided into two, namely taxes levied by the provincial government and taxes levied by district/city governments in accordance with Law No. 1 of 2022. Taxes collected by the provincial government include PKB, BBNKB, PAB, PBBKB, PAP, Cigarette Tax, MBLB Tax Opsen. Meanwhile, Law No. 1 Year 2022 states that the taxes collected by the district/city government are PBB-P2, BPHTB, PBJT, Billboard Tax, PAT, MBLB Tax, Swallow Nest Tax, PKB Opsen and BBNKB Opsen. According to the Law, the sale, distribution, and/or consumption of certain goods and services-among them arts and entertainment services-are the object of Specific Goods and Services Tax (PBJT). Services related to the organization of spectacles, performances, games, games of dexterity, crowds, and/or crowds to be enjoyed by the public are referred to as arts and entertainment services.

Performance is the extent to which a system achieves its stated goals. According to the Big Indonesian Dictionary, performance is an achievement, or something achieved. The effectiveness of regional autonomy strategies is closely related to the performance achieved by a region (Suyanti & Natalia, 2024). In this case, the measure of how well the regional autonomy policy is implemented is to the extent to which the administration of government and the region is able to improve community services. To finance the development needs of Cirebon City, this study evaluates the effectiveness of entertainment tax revenue from 2017 to 2022 on PAD Cirebon City.

Effectiveness in the concept of Regional Original Revenue (PAD) is evaluated by comparing actual revenue with potential revenue (Suyanti & Natalia, 2024). A low comparison number indicates lower effectiveness, while a high comparison number indicates that the concept is working well. The purpose of the effectiveness assessment of this study is to evaluate how well the local government performs in achieving tax realization in accordance with the allocated funds ((Nita Irawati et al., 2022) The value obtained from the ratio of actual entertainment tax revenue to targeted tax revenue is the effectiveness of entertainment tax. In this case it is similar to research conducted by (Nariswari & Muchtolifah, 2022) which states that entertainment tax plays an effective role in performance to achieve the set target.

Contribution, as defined by KBBI, is a gift or income given to a managed business or organization. (Ayuningtika & Murwanto, 2023) state that something contributed together with other parties to offset certain losses or shared expenses is called contribution. The act of participating to achieve a predetermined target is called contribution (Suyanti & Natalia, 2024). The amount contributed by entertainment tax to the PAD of Cirebon City is known as the contribution of entertainment tax to the PAD of Cirebon City. The higher the value obtained from the ratio of actual entertainment tax revenue to Cirebon City PAD indicates that the more entertainment tax levied by the government contributes to the support of Cirebon City PAD. This is similar to research conducted by (Meliala et al., 2024) which reveals that the condition of the Entertainment Tax contribution in Bandung City with a nominal fluctuation and increase but the contribution to PAD is still classified as very less.

## RESEARCH METHODOLOGY

This research uses a descriptive quantitative approach methodology. On the other hand, descriptive quantitative research uses values to identify the value of one or more variables without equating or relating them to each other. This implies that the use of descriptive methods is more than just collecting data, but also includes analysis and interpretation of that data. According to (Ali et al., 2022) descriptive quantitative research often only examines the number of variables in a population or sample.

The data used in this study are Entertainment Tax Revenue Projections in Cirebon City, Realization of Entertainment Tax in Cirebon City and Cirebon City Local Revenue from 2017 to 2022. This study examines the effectiveness and contribution of entertainment tax revenue to Cirebon City's local revenue using secondary data from the [data.cirebonkota.go.id](http://data.cirebonkota.go.id) page owned by (Badan Pengelola Keuangan dan Pendapatan Daerah, 2019a).

The research conducted aims to determine the effectiveness and contribution of Entertainment Tax in Cirebon City to PAD Cirebon City in 2017 to 2022. The variable used in this study is the PAD of Cirebon City in 2017-2022. According to (Nasir, 2019) Regional Original Revenue (PAD) is the total of tax revenue items, including local taxes and regional restitution; non-tax revenue items, including revenue from locally organized businesses; investment income items; and natural resource management.

Taxes on the provision of entertainment are known as entertainment taxes. According to (Nariswari & Muchtolifah, 2022) entertainment tax is any type of spectacle, performance, game, and/or crowd enjoyed at a cost expressed in units of tens of millions of rupiah is considered as entertainment enjoyed at a cost expressed in units of Rupiah equivalent to tens of millions.

According to (Ayuningtika & Murwanto, 2023), the following formula can be used to calculate entertainment tax payments to PAD:

$$\text{Entertainment Tax Contribution} = \frac{\text{Realization of Entertainment Tax Revenue}}{\text{Realization of Local Revenue}} \times 100\%$$

The following table shows the categorization of contribution criteria if the percentage contribution of entertainment tax to local revenue is known:

<b>Contribution interpretation table</b>	<b>Criteria</b>
0,00-10%	Very less
10,00%-20%	Less
20,00%-30%	Medium
30,00%-40%	Good enough
40,00%-50%	Good
>50%	Very good

Source: Research and Development Agency of the Ministry of Home Affairs and FISIPOL - UGM (1991) (Meliala et al., 2024)

According to (Meliala et al., 2024), effectiveness is a metric that can be used

to measure the level of goal achievement. The goal and the expected realization are two factors that can be compared to determine the level of effectiveness. The higher the level of effectiveness, the closer the expected realization is to the goal. According to (Nariswari & Muchtolifah, 2022), effectiveness is the ability to use owned resources to achieve goals in the most optimal way possible. The percentage difference between actual tax revenue and targeted tax revenue is used to determine the effectiveness of local taxes.

This method can be used to calculate the effectiveness of entertainment tax stated by (Ayuningtika & Murwanto, 2023; Meliala et al., 2024; Suyanti & Natalia, 2024)

$$\text{Entertainment Tax Effectiveness} = \frac{\text{Realization of Entertainment Tax Revenue}}{\text{Entertainment Tax Revenue Target}} \times 100\%$$

The criteria for categorizing the local tax component in this study is the entertainment tax then used to measure the results of the effectiveness value. Local taxes are shown in the following table:

**Table 2. Classification of Effectiveness Criteria**

<b>Effectiveness interpretation table</b>	<b>Criteria</b>
>100%	Highly Effective
90-100%	Effective
80-90%	Moderately Effective
60-80%	Less Effective
<60%	Not Effective

Source: Kepmendagri No. 690.900.327 Year 1996  
(Ayuningtika & Murwanto, 2023)

Compared to the target set based on the actual potential of the region, the effectiveness ratio indicates how well the local government is able to generate the expected local revenue. According to (Ayuningtika & Murwanto, 2023) if the ratio reaches a maximum of 100%, then the region is considered effective in carrying out its obligations. The ability of the local government is getting better if the effectiveness ratio is getting bigger.

## **RESULT AND DISCUSSIONS**

Based on table 3, it states that the level of effectiveness of entertainment tax in Cirebon City in 2017-2022, there is a significant change. It can be seen in table 3 about the analysis of the effectiveness of entertainment tax in the city of Cirebon reflects that the entertainment tax target in 2017-2022 tends to increase every year and reaches the highest target in 2022, which is Rp13.51 billion. With a low target in 2017 of Rp6.43 billion.

Table 3 states that the realization of entertainment tax in Cirebon City was the highest in 2019 amounting to IDR 9.69 billion while the realization of entertainment tax in 2021 was the lowest. PAD of Cirebon City in 20217-2022 tends to decrease every year.



**Table 3. Summary of Target and Realization of Entertainment Tax and PAD of Cirebon City**

<b>Year</b>	<b>Target (Billion IDR)</b>	<b>Realization (Billion IDR)</b>	<b>PAD (Billion IDR)</b>
(2017)	Rp 6.43	Rp 7.14	Rp 444
(2018)	Rp 8.73	Rp 9.52	Rp 440
(2019)	Rp 9.62	Rp 9.69	Rp 434
(2020)	Rp 6.92	Rp 3.41	Rp 437
(2021)	Rp 11.51	Rp 2.14	Rp 401
(2022)	Rp 13.51	Rp 6.56	Rp 540

Source: Data Processed

**Table 4. Analysis of Entertainment Tax Effectiveness in Cirebon City**

<b>Year</b>	<b>Target (Billion IDR)</b>	<b>Realization (Billion IDR)</b>	<b>% Achievement</b>	<b>Criteria</b>
(2017)	Rp 6.43	Rp 7.14	111.04%	Highly Effective
(2018)	Rp 8.73	Rp 9.52	109.05%	Very Effective
(2019)	Rp 9.62	Rp 9.69	100.73%	Very Effective
(2020)	Rp 6.92	Rp 3.41	49.28%	Not Effective
(2021)	Rp 11.51	Rp 2.14	18.59%	Not Effective
(2022)	Rp 13.51	Rp 6.56	48.56%	Not Effective
<b>Average</b>			<b>72.87%</b>	<b>Less Effective</b>

Source: Data Processed

The comparison between entertainment tax realization and tax objectives is used to assess the level of tax effectiveness. The level of success or influence of tax revenue from the entertainment industry on the results or added value realized can be known through effectiveness analysis. Based on table 4 which shows the effectiveness of entertainment tax in Cirebon City from 2017 to 2022, it shows that the effectiveness of entertainment tax has changed significantly over time. In 2017, the entertainment tax in Cirebon City had a target of Rp 6.43 billion with a realization achievement of Rp 7.14 billion and had the highest level of effectiveness in 2017 of 111.04% which was included in the Highly Effective criteria. Based on table 4, the target increase occurred in 2018 of Rp 2.3 billion and the realization of entertainment tax of Rp 9.52 billion. Although in 2018 there was an increase in targets, this was also accompanied by an increase in entertainment tax realization compared to the previous year. Based on table 4, the level of effectiveness in 2018 reached 109.05% with Very Effective criteria. This shows that there is potential from entertainment services in the city of Cirebon.

Based on table 4, the target of entertainment tax continues to increase until 2019. Where there was an increase in the target of Rp 9.62 billion but the realization of entertainment tax in Cirebon City decreased from the previous year which was Rp 9.69 billion. Table 4 states that with an increase in the target in 2019 and a

decrease in realization, the level of effectiveness is still at 100.73% with Very Effective criteria. This is due to the implementation of transaction data recording devices on taxpayers called Tapping Boxes, especially for those who use the self-assessment system in tax payments. The installation of this tool aims to increase transparency and accuracy in tax reporting, where taxpayers independently calculate and report the amount of tax to be paid (cirebonkota.go.id, 2018). With the operation of this recording device, tax authorities can monitor in real-time every transaction made, thus reducing the potential for errors or manipulation in reporting. In addition, this system helps improve taxpayer compliance, as every transaction is automatically recorded and recorded, reducing the room for tax evasion. Ultimately, the implementation of this recording device can contribute to increasing state revenue and creating a fairer and more efficient tax system.

The Cirebon City Government dramatically reduced the entertainment tax target in 2020. As is known, the Covid-19 outbreak that began to spread throughout the Cirebon City area and even throughout Indonesia made the Cirebon City Government reduce the entertainment tax target. The government had to implement several new regulations because of the Covid-19 outbreak to stop the spread of the virus. The number of community events began to decrease, and everyone in the community was asked to stay indoors.

With this policy, the government also prohibits the implementation of entertainment that can trigger the spread of the Covid-19 virus and closes entertainment venues for a long time. The strategy of reducing the entertainment tax revenue target carried out by the Cirebon City Government was carried out with the aim that entertainment tax revenue could remain in the effective category. Based on table 4, the realization of entertainment tax in Cirebon City in 2020 experienced a significant decline to Rp 3.41 billion. In this case, entertainment tax revenue in Cirebon City is categorized as ineffective in 2020. The pandemic that occurred caused economic sluggishness so that many businesses have suffered many losses, making many of them decide to reduce staff or lay them off completely (Utami & Nurwati, 2022). This is also very influential in reducing entertainment tax revenue in Cirebon City.

Table 4 shows that although the target set by the Cirebon City Government is quite high, it is not in line with the maximum realization of entertainment tax. As a result, entertainment tax revenue in Cirebon City in 2021 was ineffective and the lowest in the span of 2017 to 2022. The covid-19 outbreak is the main cause of the decline in entertainment tax revenue in 2021. Table 4 shows that revenue from the entertainment tax sector only amounted to 18%, or Rp2.14 billion, of the targeted Rp11.51 billion in 2021. This is because many entertainment industries have long been out of business as a result of the COVID-19 outbreak. The entertainment industry has resumed business as usual at the end of 2021, but revenue has not been optimized.

With the focus on economic recovery due to the pandemic in 2022, the Cirebon City Government continues to increase the extensification of entertainment tax. This is illustrated in table 4, that there was an increase in the entertainment tax target to Rp 13.51 billion in 2022. However, in 2022 it is still ineffective criteria with an achievement rate of 48.56% and a realization of Rp 6.56 billion. This is a positive result in the economic recovery in the entertainment sector. Reported in

travel.kompas.com, the head of tourism and culture of Cirebon City said there were 4.3 million tourist visits to Cirebon City. This is in accordance with table 4 which reflects that in 2022 there was a significant increase in entertainment tax realization compared to 2021.

Based on table 4, it states that the level of effectiveness of entertainment tax in Cirebon City in 2017-2022 reached 72.87% with less effective criteria. This happened due to the covid-19 pandemic which disrupted the activities of entrepreneurs in the field of entertainment services in Cirebon City experiencing bankruptcy so that the entertainment tax revenue obtained was also not optimal. Even so, based on table 4, the revenue of Cirebon City slowly increased again in 2022 even though it was still in the less effective criteria. Extensification efforts, or efforts to increase quantity by looking for taxpayers who have met the standards both objectively and subjectively but have not been registered, have been carried out by Bappenda Kota Cirebon. Along with Intensification measures, these measures also include initiatives to improve quality through socialization, programs to increase knowledge and awareness of the importance of fulfilling tax obligations and following up on taxpayers who have not paid taxes.

Table 5 shows how much the contribution of Entertainment Tax to Cirebon City Regional Original Revenue from 2017 to 2022. The very low contribution rate with a percentage below 10% is due to the very low realization of Entertainment Tax, so the contribution is very small from 2017 to 2022.

**Table 5. Analysis of Entertainment Tax Contribution to PAD of Cirebon City**

<b>Year</b>	<b>Target (Billion IDR)</b>	<b>Realization (Billion IDR)</b>	<b>Contribution</b>	<b>Criteria</b>
(2017)	Rp 7.14	Rp 444	1.61%	Very Less
(2018)	Rp 9.52	Rp 440	2.16%	Very Less
(2019)	Rp 9.69	Rp 434	2.23%	Very Less
(2020)	Rp 3.41	Rp 437	0.78%	Very Less
(2021)	Rp 2.14	Rp 401	0.53%	Very Less
(2022)	Rp 6.56	Rp 540	1.21%	Very Less
Average			1.42%	Very Less

Source: Data Processed

Table 5 shows that entertainment tax contributes an average of 1.42% to the Cirebon City Regional Original Revenue (PAD). Table 5 shows that the contribution rate of entertainment tax to PAD was 1.61% in 2017 and increased in 2019-2020. The contribution rate of entertainment tax was 2.16% in 2018 and increased in 2020 to 2.23%. This shows that in the span of 2017-2019 the extensification activities carried out by the Cirebon City Regional Government on entertainment tax have increased quite well. In table 5, it reflects that there is still potential for entertainment activity services in the city of Cirebon that must be explored.

In 2020 there was a covid-19 outbreak that reduced the economy in the city of Cirebon. Based on table 5, the realization obtained on entertainment tax reached Rp 3.41 billion which dropped very significantly compared to 2019 which amounted to Rp 9.69 billion. However, table 5 shows that PAD in 2020 has increased from the

previous year by Rp 3 billion with a total PAD 2020 of Rp 437 billion. The contribution rate of entertainment tax in 2020 only reached 0.78% which decreased from 2019. This decrease is the impact of the Covid-19 outbreak that has hit Indonesia and the whole world. The Covid-19 outbreak has a significant impact on community activities. To stop the spread of the virus, the government has imposed several regulations, including a ban on community activities carried out outside the home. Socio-economic activities that make up Regional Original Revenue (PAD), such as entertainment tax, are undoubtedly affected.

The Covid-19 pandemic has a long-term impact on the economic situation in the city of Cirebon. Based on table 5, in 2021 there was a decrease in the realization of entertainment tax to IDR 2.14 billion. In 2021, the PAD of Cirebon City also experienced a significant decline to IDR 401 billion. Based on table 5, the realization of entertainment tax in 2021 experienced a decrease in the level of contribution to 0.53% with the criteria that it contributed very little to the PAD of Cirebon City. This is in line with the fact that the pandemic has an impact on the economy in the city of Cirebon and its surroundings. A similar thing was reported in [bandung.bisnis.com](http://bandung.bisnis.com) which stated that Cirebon has night entertainment venues that have been open since before Lebaran. However, unlike last year, there has been no surge in visits until now ([bandung.bisnis.com](http://bandung.bisnis.com), 2021).

Covid-19 lasted for a long time, so the government had to make the best plans to keep the economy running during the pandemic. In an effort to adjust to the new circumstances, the government implemented a number of measures that considered social, economic and health issues. The increase in the amount of entertainment tax contribution to Local Revenue (PAD) which reached 1.21% in 2022 - an increase from the previous year - shows the excellent results of the Cirebon City Government's careful preparation in welcoming the new normal policy. Based on table 5, the realization of entertainment tax revenue increased significantly to Rp 6.56 billion, and the PAD of Cirebon City increased significantly to Rp 540 billion.

The pandemic has had a significant impact on the local economy, including a decline in local revenue (PAD), which is mostly sourced from taxes. However, by applying the development from below approach, the Cirebon City government can utilize local taxes to address issues arising from the pandemic, such as strengthening health services, social assistance, and local economic recovery. When people see that the taxes they pay are used directly to address the impact of the pandemic, such as improving health facilities, providing assistance to affected small businesses, and improving infrastructure that supports mobility and the local economy, they will be more encouraged to comply and pay taxes voluntarily. According to (Anggara, 2016), this will allow local governments to optimize tax collection intensification, which consists of broadening the revenue base, strengthening the collection process, improving supervision, increasing administrative efficiency and reducing collection costs, as well as developing revenue capability by designing effective plans.

## **CONCLUSION**

Based on the results of the study, the effectiveness of entertainment tax in Cirebon City over the past six years has experienced inconsistency, based on the findings and analysis of tax contributions to local revenue (PAD) in 2017-2022 has decreased in the level of effectiveness. However, Cirebon City managed to increase

entertainment tax revenue even though it was unstable and even experienced a decrease in the average level of tax effectiveness. This happened after experiencing fluctuations in targets and realizations as a result of the Covid-19 pandemic.

When viewed from the average entertainment tax contribution of 1.42% in Cirebon City, the contribution of entertainment tax to local revenue (PAD) is still far from sufficient. The amount of entertainment tax contribution to local revenue after the pandemic has improved and is increasing, although the percentage received is still very low. Comparing 2022 with 2021, the amount of entertainment tax contribution increased to 1.21% from the previous year. This is encouraging and reinforces the hope of the Cirebon City government to increase the city's own-source revenue (PAD) after the Covid-19 outbreak.

The limitations of this study are related to the fact that there are only entertainment tax variables and difficulties in obtaining research data. Future research can use a longer period of time to find out and get more comprehensive analysis results. The Cirebon City Government, which is supposed to maximize the potential of its area to generate tax revenue in accordance with predetermined goals, may get feedback from the conclusions of this study. The public should also be socialized by the Cirebon City Government to raise awareness and ensure that they pay their taxes.

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