Research Article

The Effect of Local Tax and Retribution on Direct Expenditure with Special Autonomy Fund as a Moderation In Districts / Cities of Aceh Province, Indonesia

Abstract: The purpose of this study is to find out whether the local taxes and retributions have effect on the direct expenditures and special autonomy as a moderation in the districts / cities in Aceh. Data analysis in this study uses multiple linear regression, assigning to test and analyze that effect both simultaneously and partially. To examine the effect of local taxes on direct expenditure, retribution on direct expenditures, special autonomy funds on direct expenditures, To examine the effect of local taxes and direct expenditure on districts / cities in Aceh. The data was processed with SPSS (Statistical Package For Social Science) 22. The results showed that local taxes have effect on direct expenditure. Retributions have effect on direct expenditure. Special autonomy funds have effect on direct expenditure. Special autonomy funds moderate the effect of local taxes on direct expenditure and special autonomy funds moderate the effect of retributions on direct expenditure in districts / cities governments in Aceh.

Keywords: local taxes, retributions, direct expenditure, special autonomy funds.

INTRODUCTION

In accordance with the Regional Autonomy Law, the central and regional financial balance in the context of implementing fiscal decentralization implies that the regions are given the authority to utilize their own financial resources supported by financial balance between the center and the regions. Enforcement of autonomous regions in each region is given broad authority to explore, manage and use natural resources as well as the potentials contained in their own regions to support the implementation of development and governance (Sumardjoko, 2018).

Direct expenditure is budgeted expenditure that is directly related to the implementation of programs and activities. The indirect expenditure group as referred to in article 36 section (1) Permendagri 13 of 2006 consists of spending on: (1) employee expenditure; (2) interest; (3) subsidies; (4) grant; (5) social assistance; (6) profit sharing expenditure; (7) financial assistance; and (8) unexpected expenditure. Whereas direct expenditure consists of expenditure types: (1) employee expenditure; (2) expenditure for goods and services; and (3) capital expenditure.

PAD sources will be used to finance regional expenditure, especially for direct expenditure because indirect expenditure has been fulfilled with funds from the General Allocation Fund (DAU). The term direct expenditure began in 2007 with the issuance of Minister of Domestic Affairs Regulation No. 13 of 2006 about Guidelines for Regional Financial Management. Some studies that prove the effect of PAD on expenditure are (Abdullah and Halim, 2003), Capital Expenditures (Abdullah et al., 2015), and expenditure for Goods and Services (Haryanto, 2013). This study further analyzes how the effect of the PAD component, namely local taxes and retribution on direct expenditure and direct expenditure without employee expenditure.

The Special Autonomy Fund is an abundance of funds from the central government to the regional government that is obtained without certain efforts so that it can reduce the enthusiasm to produce Regional Taxes. This happens that the Special Autonomy Fund has been able to meet the basic needs of regional governments. However, the allocation of the Special Autonomy Fund has not been able to provide economic independence for Aceh. This is because Aceh Province is still ranked as the poorest in Sumatra. The Special Autonomy Fund should be able to lift Aceh's economy so that it can increase PAD (finance.detik.com).
LITERATURE REVIEW

Local taxes

Article No. 28 of 2009 Article 1 point 10 of Local Taxes are contributing taxpayer to regions that are owed by individuals or entities that are enforceable under the law, by not getting the rewards directly and used for the greatest prosperity of the people. Thus local taxes are people's contributions to the state treasury based on laws that can be forced and do not receive direct compensation. While Raharjo (2009: 72) that the local taxes are the obligation of the people to surrender a portion of wealth to the region due to a situation, event or act that gives a certain position, but not as a sanction or punishment.

Article No. 28 of 2009 regulate clearly that in order to be collected in a region, each type of local taxes must be determined by regional regulations. Regional regulations on taxes cannot be applied retroactively and may not conflict with public interest or higher statutory provisions. The types of local taxes according to act No. 28 of 2009 are divided into two, namely provincials and districts/cities taxes. This distribution is carried out in accordance with the authority to impose and collect each type of local taxes in the administrative area of the relevant provinces or regencies/cities.

Regional Retribution

Another important source of regional income is regional retributions. Regional retributions are regional levies as payment for usage or because of obtaining services or work or services of regional government and business services owned by the region for those interested in services provided by the region both directly and indirectly (Mardiasmo, 2011: 16). According to the Local taxes and Retribution in act No. 28 of 2009, regional retributions are regional levies as payments for certain services or permits that are specifically provided and/or granted by the Regional Government for personal or corporate interests.

Direct Expenditure

Direct Expenditure is expenditure directly related to a programs/activities of a region (development) regulated in the APBD for one year with the source of the budget coming from the Regional Original Revenue (PAD) which is supported by a budget allocation from the central government in the form of a General Allocation Fund (DAU). (Kaat, 2018).

Regional expenditures referred to in regulation of the Minister of Home Affairs Number 13 of 2006 about guidelines for Regional Financial Management article 31 section (1) states that regional expenditures are used in order to fund the implementation of governmental affairs which are the authority of the province or regency / city consisting of mandatory affairs, affairs choices and functions that are handled in certain parts or fields that can be carried out together between the central government and regional government or between regional governments determined based on laws and regulations. Regional Revenues obtained both from the Original Regional Revenues and from the balancing funds are of course used by local governments to finance Regional Expenditures.

Special Autonomy Fund

Abdullah, et al., (2016) special autonomy fund is a transfer of the central government to the Government of Aceh in the context of the realization of the implementation of special autonomy as well as one of the ways the government to improve services to the people in order to realize the welfare of society. The granting of special autonomy fund aims to spur regions with special autonomy status to be able to catch up with other regions. The special autonomy fund, which is a transfer from the Central Government, can certainly affect the size of the regional budget (APBD) of a region. For example, the special autonomy fund received by Aceh, has become the main and largest source of income exceeding the original income of the region (PAD) and other balancing funds since the introduction of the special autonomy status of Aceh (DJPK data).

The enactment of article No.18 of 2001 about the Special Autonomy of Nangkoe Aceh Darussalam which was later changed to article No.11 of 2006 about the Government of Aceh has brought about a change in the fiscal decentralization system in Indonesia. One of the objectives of granting special autonomy funds is to improve the lives of indigenous people through the use and management of natural wealth products with four priority programs namely education, health, empowerment of the people's economy and infrastructure development. The Aceh Special Autonomy Fund as referred to in Article 179 section (2) article No.11 of 2006 is intended to finance development, especially development and maintenance of infrastructure, empowering the people's economy, alleviating poverty, and funding for education, social and health.

RESEARCH METHOD

Research Objects and Design

This study aims to examine the effect of local taxes retributions on direct expenditure and special autonomy funds as a moderating. In accordance with the objectives of the study, the type of research used in this study is the hypothesis testing (testing research). Data analysis tools use through the SPSS (Statistical Product and Service Solution)
program. The analytical method used is multiple linear regression which aims to test and analyze, both jointly and partially the effect of local taxes and retributions on direct expenditure with special autonomy funds as moderating.

RESULTS AND DISCUSSIONS

Effect of local taxes on direct expenditure

The results of regression testing for the first hypothesis in this study were conducted to determine whether local taxes have effect on direct expenditure. The test results show the regression coefficient value of the local taxes variable (X1) of β1 = 0.155. Hypothesis testing shows that if β1 ≠ 0 then Ha is accepted, local taxes have effect on direct expenditure. The coefficient value is 0.155, meaning that local taxes have a positive effect on direct expenditure. If local taxes increase by 1 rupiah, direct expenditure will increase by 0.155 rupiah. The greater the local taxes, it would increase direct expenditure of regional government.

The effect of retributions on direct expenditure

The results of regression testing for the second hypothesis in this study were conducted to determine whether retribution has effect on direct expenditure. The test results show the regression coefficient value of the regional retribution variable (X2) of β2 = 0.046. Hypothesis testing shows that if β2 ≠ 0, Ha is accepted, it means that regional retribution has effect on direct expenditure. If the regional retribution increase by 1 rupiah, then direct expenditure will increase by 0.046 meaning that regional retribution has a positive effect on direct expenditure. The greater the retribution, it would increase direct expenditure of regional governments.

The effect of the Special Autonomy Fund on direct expenditure

The results of regression testing for the third hypothesis in this study were conducted to determine whether special autonomy fund has effect on direct expenditure. The results of the testing showed regression coefficients special autonomy fund variable (X4) of β3 = -0.759. Hypothesis testing shows that if β3 ≠ 0, Ha is accepted, it means that the special autonomy fund has effect on direct expenditure. If the special autonomy fund increases 1 rupiah, then direct expenditure will decrease by 0.759 meaning that the special autonomy fund has a negative effect on direct expenditure. The greater the special autonomy fund, it would decrease direct expenditure of regional governments.

Effect of local taxes on direct expenditure with the Special Autonomy Fund as a Moderating

The results of regression testing for the fourth hypothesis in this study were conducted to determine whether the special autonomy fund moderates the effect of local taxes on direct expenditure. The test results show the value of the regression coefficient β3 is not significant because the value of sig < 0.05 and the value of β4 is not significant also because of the value of sig < 0.05. This shows that there is potential moderation (homologiser moderator), meaning that the special autonomy fund moderates the effect of local taxes on direct expenditure.

The effect of regional retribution on direct expenditure with the Special Autonomy Fund as a Moderating

The results of regression testing for the fifth hypothesis in this study were conducted to determine whether the special autonomy fund moderates the effect of regional retribution on direct expenditure. The test results show the regression coefficient value β3 is not significant because the value of sig < 0.05 and the value of β5 is not significant also because of the value of sig < 0.05. This shows that there is a potential moderation (homologiser moderator), meaning that the special autonomy fund moderates the effect of regional retribution on direct expenditure.

CONCLUSIONS

1. Local taxes have effect on direct expenditure on districts/cities governments in Aceh in 2014-2018.
2. Regional retributions have effect on direct expenditure on districts/cities governments in Aceh in 2014-2018.
3. Special autonomy funds have effect on direct expenditure on districts/cities governments in Aceh in 2014-2018.
4. The special autonomy funds moderate the effect of local taxes on direct expenditure on districts/cities governments in Aceh in 2014-2018.
5. The special autonomy funds moderate the effect of regional retributions on direct expenditure on districts/cities governments in Aceh in 2014-2018.

Recommendation

1. For further researchers, in order to find out the optimum results, it is recommended to expand to other research variables
2. It is expected that the regional governments in terms of increasing direct expenditure is to maximize their own regional revenues in the form of local taxes and regional retributions.
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