Management Studies and Entrepreneurship Journal
Vol 5(2) 2024 : 4630-4636

Analysis of the Potential and Effectiveness of Hotel Tax Collection in Makassar City: Findings Indicate Underutilized Potential and Areas for Improvement

Darwis Lannai
Department of Accounting, Faculty of Economics and Business, Universitas Muslim Indonesia, Makassar, Indonesia
darwis.lannai@umi.ac.id

ABSTRACT
The aim of this study is to assess the potential and effectiveness of hotel tax collection in Makassar, as well as to evaluate the efforts made by local government in optimizing this potential. This study employs a quantitative data analysis approach. In terms of its objectives and nature, the research is descriptive, utilizing a descriptive data collection procedure. According to Regional Regulation No. 3 of 2012 regarding local taxes in Makassar, hotel tax is levied on the services provided by hotels. The taxable object includes not only the services directly offered by hotels but also ancillary services that enhance convenience and comfort, such as sports and entertainment facilities. To calculate the potential and effectiveness of hotel taxes in Makassar, several related variables were considered, including the number of rooms, average room rates, the number of days in a year, occupancy rates, and the established hotel tax rates set by the government. The findings reveal that the potential for hotel tax collection is substantial. This is reflected in the increasing effectiveness of hotel taxes, which exceeded 100% annually from 2014 to 2018, surpassing the effective threshold of 100%. However, the study also indicates that this potential has not been fully tapped, and there are several areas for improvement regarding hotel tax policies in Makassar.

Keywords : *Hotel Tax, Tax Collection, Quantitative Analysis, Local Government, Tax Potential*

1. Introduction

Under Law No. 28 of 2009, local taxes in Indonesia are divided into two main categories. The first category is comprised of provincial taxes, which consist of five types: motor vehicle tax, vehicle transfer duty, motor fuel tax, surface water tax, and tobacco tax. The second category is made up of municipal or regional taxes, which include eleven types, such as hotel tax, restaurant tax, entertainment tax, advertising tax, street lighting tax, non-metal mineral and rock tax, parking tax, groundwater tax, swallow's nest tax, and the land and building tax for both rural and urban areas, along with the Acquisition of Land and Building Rights Fee (BPHTB).

This division of local taxes is based on the authority for assessing and collecting each type within the corresponding provincial or regional administrative area. However, the implementation of these local taxes is not always carried out effectively or efficiently. In some regions, potential revenue is often derived from only a limited number of tax types, such as hotel tax, restaurant tax, entertainment tax, or advertising tax. Local Revenue (Pendapatan Asli Daerah, PAD) is defined as income from local tax collections, regional levies, profits from local enterprises, revenues from various departments, and other income sources, all of which contribute to legitimate regional revenue.

The increasing role of Local Revenue (Pendapatan Asli Daerah, PAD) in regional income reflects the success of efforts or the capacity for financing government operations and development. The authority to collect central taxes is held by the Ministry of Finance, specifically by the Directorate General of Taxes, while the authority to collect local taxes is delegated to the respective local governments, carried out by the Regional Financial Management Agency.

However, in practice, local governments often encounter obstacles. In some regions, potential revenue is typically derived from only a few types of taxes, such as hotel tax, restaurant tax, entertainment tax, or advertising tax.

As development in the tourism sector continues to grow, both domestically and internationally, hotel and restaurant taxes have emerged as significant sources of revenue,

Copyright © 2024 THE AUTHOR(S). This article is distributed under a Creative Commons Attribution-NonCommercial 4.0 International license, http://journal.yrpipku.com/index.php/msej

evidenced by the increasing number of hotels, cottages, lodgings, and various buildings offering temporary accommodation services. The potential for hotel tax is determined through field data collection related to the number and frequency of taxable objects, which is then multiplied by the basic tax rate.

Table 1 Target and Realization of Hotel Tax Revenue in Makassar Fiscal Year Period Fiscal Year 2014 - 2018

Pajak hotel	Target (Rp)	Realisasi (Rp)
2014	34.250.524.000	49.436.256.060
2015	48.208.967.000	55.574.975.318
2016	50.182.620.000	70.639.461.676
2017	63.700.358.000	92.970.091.185
2018	81.208.967.000	103.144.687.558

Table 1 displays the target revenue from hotel taxes and the actual revenue collected by the Central Bureau of Statistics (BPS) in Makassar from 2014 to 2018. Based on this data, the effectiveness of hotel tax collection can be assessed through the comparison of actual revenue against the target. From this data, we can see that the realization of hotel tax revenue always exceeds the set target, which indicates good tax collection effectiveness. For example, in 2014, the hotel tax target was set at IDR 34,250,524,000, but the realization reached IDR 49,436,256,060. This trend continued into 2018, where realization reached Rp 103,144,687,558, well above the target of Rp 81,208,967,000. This reflects a significant growth in revenue from hotel tax, which can be interpreted as an improvement in the tourism sector and the success of the local government in managing hotel tax.

2. Literature Review

Taxes

Soemitro, as cited in Chairil Anwar (2017:31), defines tax as a contribution from the public to the state that is mandatory and established by legislation, without direct compensation. This tax is used to finance public expenditures. Meanwhile, Mardiasmo (2018:3) explains that tax is a contribution from the citizens to the state treasury, which is also mandatory and based on law, without receiving services that can be directly observed. Taxes serve to fund state expenditures that benefit the broader community. From an economic perspective, taxes play a role as a tool to stimulate economic growth and enhance public welfare. Additionally, taxes act as a primary driver in the economic life of society.

Definition of Hotel Tax

The definition of hotel tax according to Law No. 28 of 2009 on Local Taxes and Regional Levies, Article 1, paragraph 1, states that "Hotel Tax is a tax on the services provided by hotels." A hotel is defined as a building specifically designed for accommodation, where guests can stay, receive services, and enjoy various other facilities for a fee. This definition also includes other buildings that are managed and owned by the same entity, excluding retail and office spaces. Furthermore, based on Article 3, paragraphs 1-4 of the Regional Regulation No. 3 of 2012 concerning Local Taxes in Makassar, hotel tax is imposed on the services provided by hotels. The taxable object includes services rendered for payment, as well as additional services that enhance comfort and convenience for guests, such as sports and entertainment facilities.

The potential of hotel tax, when compared to the actual revenue collected, allows for an assessment of the effectiveness of the hotel tax system. Analyzing this effectiveness is essential for measuring the implementation of hotel tax collection in Makassar. The greater the potential identified, the higher the effectiveness of the hotel tax will be. Therefore, it is crucial to understand the actual potential of hotel tax to evaluate its effectiveness. This knowledge can serve as a foundation and guide for enhancing regional revenue, particularly in terms of tax collection.

3. Research Methods

This research was conducted at the Public Works Office of Wakatobi Regency, a critical institution responsible for various infrastructure projects in the region. The study aimed to gather comprehensive data directly from a population of 39 civil servants (ASN), who play vital roles in the execution of these projects.

$$\boxed{hotel\ tax\ potential = A\ x\ B\ x\ C\ x\ D\ x\ E}$$

while;
A : Number of rooms
B : Average room rate
C : Number of days
D : Room occupancy rate
E : Tax rate

The data analysis methods used in this study include:
1. Potential Analysis

An absolute potential analysis is necessary for establishing rational targets. By comparing existing potential with projected future revenues, we can identify any untapped potential. This allows for estimating action plans to harness this potential and determining the expected revenue. To calculate the potential of hotel tax, the following formula is used (Harun, 1990, as cited in Lilik Yunanto, 2010).

2. Effectiveness Analysis

According to Devas (1989), effectiveness refers to the relationship between output and objectives, serving as a measure of how well specific outputs achieve their intended goals. It is also linked to the degree of success in public sector operations; an activity is considered effective if it significantly impacts the ability to provide community services as defined by set objectives. Effectiveness is employed to assess the relationship between the revenue collected from a tax and the actual potential of a region.

According to Devas (1989) To calculate the effectiveness of management hotel tax management is used the following formula following;

$$Effectiveness = \frac{Realization\ of\ Hotel\ Tax\ Revenue\ x\ 100\%}{HotelTaxPotential}$$

4. Results and Discussions

Analysis of Hotel Tax Potential in the City of Makassar

To calculate the potential hotel tax in Makassar, secondary data was used. The data obtained regarding the number of hotels in Makassar is presented as follows:

Table 2 Classification and Number of Hotels in Makassar City Period 2014-2018s

No	Klasifikasi Hotel	Tahun				
		2014	2015	2016	2017	2018
1.	Hotel Bintang 5	2	2	2	3	3
2.	Hotel Bintang 4	7	9	9	19	19
3.	Hotel Bintang 3	23	26	28	45	48
4.	Hotel Bintang 2	23	34	34	29	30
5.	Hotel Bintang 1	13	16	16	14	14
6.	Non Bintang	96	111	163	282	223
Total		167	198	252	392	337

The potential of hotel tax in Makassar can be calculated year by year based on existing data related to the analysis and several assumptions regarding the hospitality sector. To calculate the potential hotel tax, data on the average rates for each room type and hotel category, as well as the number of occupied rooms, is necessary.

The potential hotel tax in Makassar over the years, along with the corresponding growth rates. In 2014, the tax potential was recorded at Rp 40,336,176,284. This amount increased significantly in 2015 to Rp 49,205,370,004, reflecting a growth rate of 21.98%. The upward trend continued into 2016, with the tax potential rising to Rp 55,818,119,194, marking a growth rate of 13.43%. A notable spike occurred in 2017, when the potential tax reached Rp 90,771,966,283, demonstrating a remarkable growth rate of 62.62%. Finally, in 2018, the tax potential further increased to Rp 112,277,225,803, although the growth rate moderated to 23.69%. Overall, these figures illustrate a consistent upward trajectory in hotel tax potential in Makassar, indicating a growing hospitality sector (researchers, 2024).

Table 3 Effectiveness of Hotel Tax Makassar City Fiscal Year 2014 - 2018

Tahun Anggaran	Potensi Pajak Hotel	Realisasi Pajak Hotel	Efektivitas Pajak Hotel
2014	Rp 40.336.176.284	Rp 49.436.256.060	122,56%
2015	Rp 49.205.370.004	Rp 55.574.975.318	112,94%
2016	Rp 55.818.119.194	Rp 70.639.461.676	126,55%
2017	Rp 90.771.966.283	Rp 92.970.091.185	102,42%
2018	Rp112.277.225.803	Rp 103.144.687.558	91,86%

Source Table 3 primary and secondary data processed, 2024

The effectiveness data for hotel tax collection in Makassar from 2014 to 2018 reflects a strong hospitality sector, but the subsequent decline in effectiveness in 2018 can be contextualized within the broader challenges posed by the COVID-19 pandemic. The pandemic has had a profound impact on the tourism and hospitality industries worldwide, leading to a significant drop in hotel occupancy rates and overall travel activity.

As we analyze the effectiveness percentages from 2014 to 2017—where the hotel tax was consistently above 100%—we can see that this period was characterized by growth and stability in the hospitality sector. However, the sudden onset of the pandemic in early 2020 likely disrupted this trajectory, resulting in lower revenues and occupancy rates as travel restrictions were imposed and public health concerns grew.

Looking ahead, the recovery of the hotel tax effectiveness in Makassar will depend heavily on how the industry rebounds from the pandemic. If proactive measures are implemented, such as enhanced health and safety protocols, targeted marketing strategies, and the introduction of attractive travel packages, there is potential for a resurgence in the hospitality sector. This could lead to a recovery in hotel tax effectiveness, possibly restoring it to levels seen before the pandemic.

However, stakeholders must remain vigilant and adaptable, as ongoing uncertainties related to the pandemic and its variants could still pose risks to the tourism sector. Overall, while the future effectiveness of hotel tax collection in Makassar has the potential to improve, it will largely hinge on the industry's resilience and ability to navigate the post-pandemic landscape.

Discussion

Based on the analysis of data and discussions in the previous chapters, the following conclusions can be drawn. The effectiveness of hotel tax revenue from 2014 to 2017 is classified as "Very Effective," as it consistently exceeded 100%. However, in 2018, the actual revenue did not meet the tax potential, resulting in a classification of "Ineffective" for that year, as it fell below 100%. Overall, the implementation of hotel tax collection in Makassar can be considered effective, with an average realization rate reaching 100%.

The challenges faced by the Makassar local government in collecting hotel tax include a lack of taxpayer awareness regarding their tax obligations, as well as some hotel operators being unaware of the regulations governing hotel tax calculations. Additionally, discrepancies in determining the tax owed by taxpayers have arisen, primarily due to the local government relying on outdated data from previous years.

In determining targets, various conclusions summarized above can provide valuable insights for the local government of Makassar in enhancing hotel tax revenue. The research findings indicate that the potential hotel tax has a strong influence on the actual revenue collected. Therefore, it would be beneficial for the local government to consider key factors affecting hotel tax revenue, such as hotel occupancy rates, average room rates, and the number of rooms available.

When setting hotel tax revenue targets, it is crucial to base them not only on previous years' budgets but also on the existing potential and current conditions in the field. Regular outreach and education efforts should be conducted to raise taxpayer awareness regarding their obligations, ensuring timely and accurate tax payments. Additionally, the local tax authority (DISPENDA) should enforce strict penalties on non-compliant taxpayers to encourage adherence to regulations.

Given Makassar's status as the capital of South Sulawesi, the local government should be proactive in seizing opportunities to improve revenue, particularly from hotel taxes, to support regional development. Hotel operators themselves should continuously adapt to changing conditions to maintain or increase revenue. Strategies could include promotional activities and local cultural events to attract visitors, implementing standard room rates during normal periods while raising rates during peak seasons, and enhancing the quality of hotel facilities, all of which significantly impact their income.

5. Conclusion

Based on the analysis of data and the discussions conducted, it can be concluded that the effectiveness of hotel tax revenue in Makassar has experienced fluctuations between 2014 and 2018. During this period, hotel tax was classified as "Very Effective" from 2014 to 2017, with percentages above 100%. However, in 2018, its effectiveness declined and was recorded as "Ineffective," with a percentage below 100%. Although the average realization of hotel tax over the five years remained effective, challenges such as a lack of taxpayer awareness and understanding of tax regulations persisted.

The phenomenon of COVID-19, which emerged in early 2020, had a significant impact on the tourism and hospitality industries, contributing to the decline in hotel tax effectiveness. With travel restrictions and the temporary closure of many facilities, hotel occupancy rates dropped drastically, leading to a decrease in tax revenue collected.

To improve hotel tax revenue in Makassar, it is recommended that the local government pay attention to tax potential when setting rates, considering factors that influence revenue such as occupancy rates, average room rates, and the number of available rooms. Additionally, regular outreach efforts should be implemented to raise taxpayer awareness regarding their obligations, including the importance of timely and accurate payments. The local tax authority (DISPENDA) should also enforce strict penalties on non-compliant taxpayers to ensure adherence to tax regulations.

Moreover, hotel operators are encouraged to engage in creative promotions and offer unique experiences, such as local cultural events, to attract more visitors. Implementing flexible room rates, maintaining standard prices during normal conditions, and raising rates during peak seasons can further enhance revenue. With these measures in place, it is hoped that hotel tax revenue in Makassar can significantly increase and contribute to regional development, especially in the face of post-pandemic challenges.

References

Adam, A. (2013). Hubungan jumlah wisatawan, jumlah hotel, terhadap penerimaan pajak hotel. *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis dan Akuntansi*, *1*(3).

Ala, Try Dharsana Ambo. (2017). Analisis Potensi Pemungutan Pajak Hotel Dalam Rangka Peningkatan Pendapatan Asli Daerah Kota Makassar. *Skripsi. Fakultas Ekonomi dan Bisnis Universitas Hasanuddin. Makassar*.

Anwar, Chairil. 2017. Pengantar Perpajakan Edisi 2. Mitra Wacana Media. Yogyakarta

Aziz, A. (2011). Analisis potensi, dayasaing, dan pajak sektor hotel terhadap perekonomian kota Yogyakarta (periode 2005-2009).

Badan Pusat Statistik Makassar

Darwis Lannai. (2024). Understanding Taxpayer Compliance of MSMEs in Makassar City during the Pandemic through Determinant of Tax Rate and Tax Understanding. *The International Journal of Business & Management*, *12*(3). https://doi.org/10.24940/theijbm/2024/v12/i3/OJSBM2403-001 (Original work published March 31, 2024)

Devas, N. (1989). *Keuangan pemerintah daerah di Indonesia*. Penerbit Universitas Indonesia.

Davey, K. J. 1988. Pembiayaan Pemerintah Daerah. Jakarta: PT. Gramedia Pustaka Utama.

Mentari, D., & Rahayu, S. (2015). Efektivitas Dan Kontribusi Penerimaan Pajak Hotel Dan Pajak Restoran Terhadap Pendapatan Asli Daerah Kota Bandung Tahun 2009-2013. *eProceedings of Management*, *2*(2).

Halim, Abdul. 2001. Akuntansi Keuangan Daerah. Jakarta : Salemba Empat

Irwan, A. M., Andriani, B., & Serang, S. (2023). Pengaruh Orientasi Pasar dan Inovasi Terhadap Keunggulan Bersaing pada UMKM Kota Makassar. *Jurnal Mirai Management*, *8*(2), 388-399.

LANNAI, D. Enhancing Audit Judgment: The Role of Auditor Experience in Moderating Task Complexity and Time Budget Pressure.

Lannai, D. (2024). Pengaruh Pajak, Tunneling Incentive, Dan Bonus Plan Terhadap Keputusan Perusahaan Untuk Melakukan Transfer Pricing. *Jurnal Online Manajemen ELPEI*, *4*(1), 878-887.

Lannai, D., & Insyirah, A. A. (2024). Persepsi Kemudahan dan Keamanan Data dalam Pembayaran Pajak Kendaraan Bermotor Melalui Aplikasi E-Commerce. *Jesya (Jurnal Ekonomi dan Ekonomi Syariah)*, *7*(2), 1958-1970.

Liu, M. T., Wong, I. A., Tseng, T. H., Chang, A. W. Y., & Phau, I. (2017). Applying consumer-based brand equity in luxury hotel branding. *Journal of business research*, *81*, 192-202.

Maharani, T., Purnama, H. R., Mus, A. R., & Hamzah, F. F. (2023). Analisis Kinerja Hotel Menggunakan Metode Balanced Scorecard:(Studi pada Hotel Grand Tembaga Timika, Papua). *Center of Economic Students Journal*, *6*(3), 355-365.

Mahfudnurnajamuddin, M. M. U., Nur, A. N., & Rasyid, I. (2013). The Influence of Ownership Structure, Company Size and Profitability on the Dividend Policy and the Value of Manufacturing Companies Registered With The Indonesian Stock Exchange. *Growth*, *1*, 3-247.

Mardiasmo, M. B. A. (2016). *PERPAJAKAN–Edisi Terbaru*. Penerbit Andi.

SYAHRIR MAULANA, A. H. M. A. D. (2013). *ANALISIS POTENSI PEMUNGUTAN PAJAK HOTEL DALAM PENINGKATAN PENDAPATAN ASLI DAERAH KOTA PALU* (Doctoral dissertation, Universitas Hasanuddin).

Nuryono, R. (2005). Potensi Pencapaian Pajak Restoran dan Pajak Hotel Berdasarkan Peraturan Daerah Kota Bengkulu Nomor 20 Tahun 2002 Tentang Pajak Restoran dan Nomor 21 Tahun 2002 Tentang Pajak Hotel.

Pawiloi, A. M. (2014). Analisis kontribusi pajak reklame dan pajak hotel terhadap pendapatan asli daerah Kota Makassar. *Skripsi. Fakultas Ekonomi dan Bisnis Universitas Hasanuddin. Makassar*.

Peraturan Daerah Kota Makassar Nomor 3 Tahun 2012 Tentang Pajak Daerah

Priantara, Diaz. 2016. Perpajakan Indonesia Edisi 3. Jakarta: Mitra Wacana Media

Rusydi, A. R., Arman, A., & Hamzah, F. F. (2023). Pengaruh good corporate governance terhadap kinerja karyawan di Rumah Sakit Akademis Jaury Jusuf Putera, Makassar. *Jurnal Aisyah: Jurnal Ilmu Kesehatan*, *8*(4).

Siahaan, M. P. (2010). Pajak daerah dan retribusi daerah edisi revisi. *Jakarta: Rajawali Pers*.

Suryana, S. (2010). Metodologi penelitian: Model praktis penelitian kuantitatif dan kualitatif. *Universitas Pendidikan Indonesia, Bandung*.

Sugiyono, S. (2016). Metode penelitian kuantitatif, kualitatif, R&D. *Bandung: Alfabeta*, 1-11.

Toding, R. B. (2016). Analisis Potensi Dan Efektivitas Pemungutan Pajak Hotel Dalam Meningkatkan Pendapatan Asli Daerah Kota Palangka Raya. *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis dan Akuntansi*, *4*(1).

Undang- Undang Nomor 26 Tahun 1983 Tentang Ketentuan Umum dan Tatacara Perpajakan.

Undang- Undang Nomor 16 Tahun 2009 Tentang Ketetntuan Umum dan Tatacara Perpajakan.

Undang- Undang Nomor 18 Tahun 1997 Tentang Pajak Daerah Dan Retribusi Daerah.

Undang- Undang Nomor 28 Tahun 2009 Tentang Perubahan Atas Undang- Undang Nomor 34 Tahun

Undang- Undang Nomor 2004 Tentang Pajak Daerah Dan Retribusi Daerah.

Undang- Undang Nomor 23 Tahun 2014 Tentang Pemerintahan Daerah.

Woodruff, R. B. (1997). Customer value: the next source for competitive advantage. *Journal of the academy of marketing science*, *25*, 139-153.

Yacob, S., Johannes, J., & Qomariyah, N. (2019). Visiting intention: A perspective of destination attractiveness and image in Indonesia rural tourism. *Sriwijaya International Journal of Dynamic Economics and Business*, *3*(2), 122-133.

Yunanto, L. (2010). *Analisis potensi, upaya pajak, efisiensi, efektivitas dan elastisitas pajak hotel di kabupaten klaten* (Doctoral dissertation, UNS (Sebelas Maret University)).