

# The Effect of Local Tax Policy Implementation on Increase in Regional Tax Revenues through Employee Performance Padang Lawas Regency

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## **Abstract.**

*Tax is a citizen's obligation which is a form of service to the state whose reciprocity is not directly felt by taxpayers who are dynamic and follows the development of the country's social and economic life. The role of tax is very important as one of the backbones of state revenue, namely the source of government funds to carry out development both the central and local governments. Employee performance in carrying out their duties also plays an important role in efforts to implement local tax policies. The purpose of this study was to analyze the effect of implementing regional tax policies on increasing local tax revenue and to analyze the effect of implementing local tax policies through the performance of Padang Lawas Regency employees. The sample in this study was 50 employees of the Regional Revenue Agency of Padang Lawas Regency. The instrument used was a demographic data questionnaire, policy implementation, tax revenue, and employee performance. The method used in this research is a statistical quantitative approach research method with path analysis. The result showed that there was a significant influence between the implementation of regional tax policies on increasing local tax revenue through the performance of Padang Lawas Regency employees of Padang Lawas Regency.*

**Keywords :** *Effect of Local Tax Policy Implementation, Regional Tax Revenue, Employee Performance*

## 1. INTRODUCTION

Local tax is a tax levied by the local government that is within the structure of the local government concerned and limited only to the region itself in accordance with the regulations issued by the local government and approved by the representative institutions of the people. As mentioned to organize the government, the region has the right to impose a levy of various types of local taxes. The number of opportunities derived from the local tax levy has the potential to be mobilized to the maximum when compared to other components of local revenue revenue. This happens because of several things, one of which is because there are good characteristics and properties that are owned by the potential of local tax levies if reviewed from a theoretical level, policy, or implementation.

Regional tax receipts of Padang Lawas Regency as stated in the Regional Tax Receipts of Padang Lawas Regency (2014-2018) issued by the Regional Revenue Agency of Padang Lawas Regency (in rupiah) are still low predicted by several factors, namely first, (1) the implementation of local tax policy, namely the lack of optimal local tax receipts and tax data submitted by taxpayers that are not accurate, not yet the maximum service to taxpayers, not yet the maximum data obtained from the regional device organization of regional levy management, second (2) seen from the increase in local tax receipts, namely the low level of awareness of tax objects in paying taxes, tax objects do not communicate honestly with the actual conditions, the lack of increased supervision of PAD objects by using control and

implementation of field infections, the existence of a regulation that regulates sanctions / penalties to taxpayers who violate and do not heed , the last is the third (3) through the performance of employees because of the lack of human resources who have skills and competencies in accordance with their main duties and obligations, the development of accurate data base information systems is not adequate.

This paper presents the implementation of local tax policy on increasing local tax receipts through the performance of employees in Padang Lawas Regency.

## II. METHODS

This research uses a quantitative statistical approach with track analysis and is a field survey. The method of data collection in this study is to use primary data and secondary data. The samples in this study were 50 respondents. The instruments used to collect data are validity tests and reliability tests, while data analysis uses classic assumption tests and hypothesis tests.

## III. RESULTS AND DISCUSSION

### Results

#### 1.Effect of Implementation of Local Tax Policy on Increasing Tax Revenue in Padang Lawas Regency

The effect of local tax policy implementation on increasing local tax receipts can be seen in the following SPSS output:

**Table 1.**Determination Coefficient

Effect of Implementation of Local Tax Policy on Increasing Local Tax Receipts

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.395 <sup>a</sup>	.156	.138	2.15451
a. Predictors: (Constant), Policy Implementation				
b. Dependent Variable: Tax Receipt				

Source: SPSS processed products (Researcher:2020)

The results of statistical tests that have been conducted using spss application, correlation or  $R = 0.395$  analysis resulted from the figure of 0.395 that the relationship of the variable implementation of local tax policy to the increase in local tax receipts is very strong obtained the implementation value of local tax policy by 2,979 and mean while with sig 0.05; n-k, which is  $50-1=49$  obtained by 2,010 so that the value>.

**Table 2.**Test t: Effect of Local Tax Policy Implementation  
On Increasing Local Tax Receipts

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
	B	Std. Error	Beta		
1 (Constant)	14.052	2.752		5.106	.000
Policy Implementation	.224	.075	.395	2.979	.005
a. Dependent Variable: Tax Receipt					

Source: SPSS processed products (Researcher:2020)

Table 1.2 above shows that the coefficient of determination is 0.156 or 15.60%, which means that the implementation of local tax policy against the increase in local tax receipts is 15.60%. Thus, Ha stated that there is an influence on the implementation of local tax policy on the increase in local tax receipts can be declared acceptable, positive and significant effect.

**2.Effect of Implementation of Local Tax Policy through Performance of Padang Lawas District Employees**

Testing hypotheses of the influence of local tax policy implementation through employee performance is tested using the following statistical calculation results:

**Table 3.** Determination Coefficient

Effect of Implementation of Local Tax Policy through Employee Performance

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.370 <sup>a</sup>	.137	.119	6.34468
a. Predictors: (Constant), Policy Implementation				
b. Dependent Variable: Employee Performance				

Source: SPSS processed products (Researcher:2020)

Based on the calculation result obtained correlation or R=0.370 analysis resulted from the figure of 0.370 that the relationship of the variable implementation of local tax policy through the performance of employees is strong. It is known that  $t_{hitung}$  the implementation value of local tax policy is 2,756, mean while  $t_{tabel}$  with sig 0.05; n-k, is 50-1=49 obtained  $t_{tabel}$  by 2,010 so that the value of  $t_{hitung} > t_{tabel}$ .

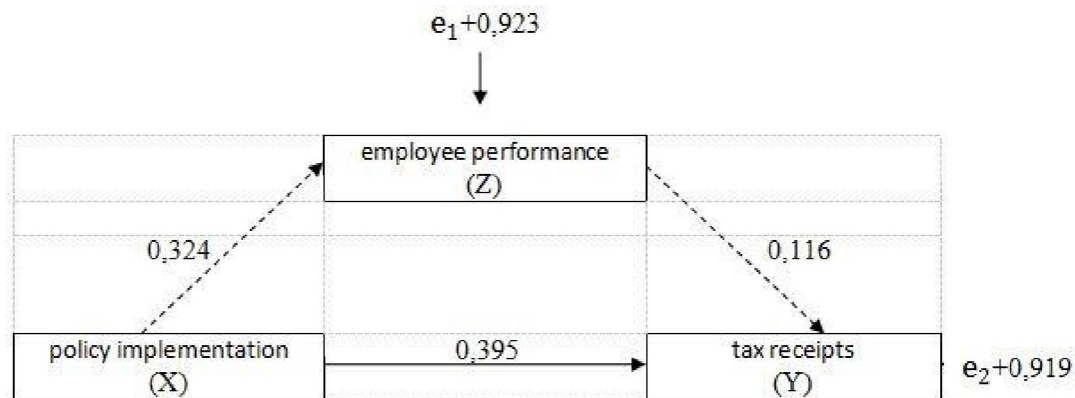
**Table 4.** Effect of Implementation of Local Tax Policy through Employee Performance

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
	B	Std. Error	Beta		
1 (Constant)	24.077	8.105		2.971	.005
Policy Implementation	.610	.221	.370	2.756	.008
a. Dependent Variable: Employee Performance					

Source: SPSS processed products (Researcher:2020)

The result is that the coefficient of determination is 0.137 or 13.70%, which means that the effect of local tax policy implementation through employee performance is 13.70%. Thus, Ha stated that there is an influence on the implementation of local tax policy through employee performance can be declared acceptable, positive and significant effect.

Further intervening tests were conducted to prove variables that affect the relationship between independent variables and dependent variables into indirect relationships performed calculations of direct and indirect influence between employee performance variables to variable increases in local tax receipts. If the indirect influence between the variables of implementation of local tax policy on the increase in local tax receipts, then the performance of employees is biased into intervening variables. In performing calculations either directly or indirectly done by looking at *the standardized value of coefficients* regression of each variable independent of dependent variables and can be created an analyst image of the path as follows:



**Fig 1.** Intervening Analysis of Policy Implementation on Increasing Local Tax Receipts Through Employee Performance

Direct influence of X to Y = 0.395

Indirect effect of X to Z to Y =  $0.324 \times 0.116$

Total influence (correlation X to Y) =  $0.395 + (0.324 \times 0.116)$

=  $0.395 + 0.038$

= 0.433

Based on the analysis figures above, the direct effect of local tax policy implementation variables on variables increased local tax receipts by 0.395, while the indirect influence through employee performance variables was  $0.324 \times 0.116 = 0.036$ . Based on these results showed that the indirect influence through employee performance variables was greater than the direct influence on tax receipt variables. The result of the calculation can be concluded that the implementation of local tax policy has an indirect effect on the increase of local tax receipts through employee performance or employee performance variables that mediate between variables of implementation of local tax policy to variables of increasing local tax receipts.

## Discussion

### A. Effect of Implementation of Local Tax Policy on Increasing Tax Revenue in Padang Lawas Regency

#### 1. Implementation of Local Tax Policy

##### A. Communication

Based on the results of communication factors that determine the success of a policy implementation above, researchers can conclude that *consistency* factors obtain the lowest average value from the other two factors, obtaining poor criteria. Thus the statement stating that the top boss/level gives a work order / disposition holds the principle of concentration in accordance with the objectives of achievement of the task is obtained less well. This becomes the main thing in terms of communication to be further improved and improved in carrying out communication related to the implementation of local tax policy, so two other factors, namely *transmission* and *clarity* are in sufficient criteria so that it is necessary to improve effective communication in the implementation of local tax policy in the Regional Revenue Agency of Padang Lawas Regency.

### B.Resources

The latest education level of human resources of Padang Lawas District Revenue Agency is 42% SMA, 10% D3, 32% S1, and 16% S2. Thus, the level of education at the Regional Revenue Agency of Padang Lawas Regency varies, but is dominated by high school graduates. Human resources at the Regional Revenue Agency of Padang Lawas Regency are 56% male and the remaining 44% are women. The marital status of this study sample was 72% married while the other 28% were unmarried. The age of human resources in the Regional Revenue Agency of Padang Lawas Regency is 30% aged 20-30 years, 36% beumur 31-40 years, 26% aged 41-50 years, and 8% aged 51 years. This shows that human resources owned by the Regional Revenue Agency of Padang Lawas Regency are still in the productive area in the efforts to implement local tax policy.

Success in a work unit objective is one of them is caused by adequate staff / employees, adequate or good level of competence. While the concentration in the field / part of work in accordance with the educational background and skills are not good. The placement of human resources in the Regional Revenue Agency of Padang Lawas Regency has not been in the field / part of work in accordance with the educational background and skills available. In addition, related to the resources in this study, success in a work unit objective is one of them is caused by adequate staff / employees, adequate or competency level in the good category. This shows that the resources in the Regional Revenue Agency of Padang Lawas Regency have adequate staff/ employees.

### C.Disposition

From the results of the study, researchers concluded that indicators of poor policy implementation attitudes mean that the implementing personnel are chosen and appointed from policies that have been set more specifically by people who have dedication to the interests of the community is still carried out poorly. The disposition or attitude of the implementers in the Regional Revenue Agency of Padang Lawas Regency can launch or impede policies or programs determined by the willingness of policy actors to have a strong position on the policy that is being implemented knowledge, deepening, and rejecting a policy, this attitude will give rise to the disposition of policy actors, therefore it is very important that the Regional Revenue Agency of Padang Lawas Regency pays attention to the disposition in terms of implementation of local tax policy.

### D.Bureaucratic Structure

Based on the results of the study, researchers can conclude that the division of bureaucratic structures in terms of division of work in accordance with the main tasks and functions in the position and position of each implementer is good. In addition, what needs to be improved is the Standard Operational Procedure (SOP) in the state of implementation has been carried out in accordance with the existing rules are still in the category of sufficient, therefore the Regional Revenue Agency of Padang Lawas District is very necessary to improve the ability of the actors of bureaucratic structures through the appropriate SOP to achieve the implementation of local tax policies that have been prepared and planned.

## 2. Increase in Local Tax Receipts

### a)Intensification

Researchers can conclude that in terms of the intensity of the tax levy in the Regional Revenue Agency of Padang Lawas Regency is running quite well. Thus the occurrence of tax administration that has been in accordance with the provisions well, while the existence of programs and activities to improve the quality of employees or public servants are still running poorly. This needs to be considered by the Regional Revenue Agency of Padang Lawas Regency to carry out programs and activities to

improve the quality of employees or public servants so that the intensity of tax levies can increase and be more effective and efficient in their implementation.

b)Extension

Researchers can conclude that the Regional Revenue Agency of Padang Lawas Regency is quite good in terms of Tax Extension, efforts to expand the subject and object of tax and tariff adjustment. Thus, the improvement of tariffs in accordance with local tax collection rules has been carried out properly.

## **B. Effect of Implementation of Local Tax Policy through Performance of Padang Lawas District Employees**

### **1.Implementation of Local Tax Policy through Employee Performance**

Performance is not just about achieving results but it is necessary to pay attention to the factors that affect employee performance in this study are as follows:

a)Quality of Work

researchers can conclude that the quality of work owned by employees of the Regional Revenue Agency of Padang Lawas Regency is still less effective and efficient. Thus a statement stating that all employees are able to complete the job in a timely manner, all employees show a conscientious attitude in carrying out the task given, and all employees have the ability to complete the job with a minimal level of error is still carried out poorly, while the statement that states all employees understand the work given well is on sufficient criteria. The results of the work quality criteria can be said that employees of the Regional Revenue Agency of Padang Lawas Regency do not yet have an effective and efficient quality of work.

b)Quantity of Work

that the quantity of work owned by employees of the Regional Revenue Agency of Padang Lawas Regency is still not good related to the quantity of work. All indicators of the quantity of work are on the criteria of less good means that all employees have the ability to complete all the work assigned well, all employees have the ability to be able to complete the work beyond what is assigned, all employees are able to work faster when needed is still done poorly. Thus, the quantity of work of employees of the Regional Revenue Agency of Padang Lawas Regency is still not good.

c)Working Relationship

The working relationship of employees of the Regional Revenue Agency of Padang Lawas Regency has been running well enough that all employees are able to undergo good communication with fellow colleagues and all employees are able to have good communication with superiors have been carried out quite well, while the statement stating that all employees are able to cooperate with other ASN in the working group is still carried out poorly.

d)Toughness

employees of the Regional Revenue Agency of Padang Lawas Regency related to the toughness of the four indicators there are three of them have poor criteria that all employees do not delay the work given, all employees are always loyal to the boss to the job, all employees always come and go home from work in accordance with the provisions that have been determined is still carried out poorly. All employees are able and able to work alone without the help of other employees have been done well enough.

Thus, the data and information that has been obtained by researchers during the study can be seen that there is a decrease in local tax revenues every year in Padang Lawas Regency. This in itself is not influenced by weak development and economic growth in Padang Lawas Regency.

In recent years, local tax receipts in Padang Lawas Regency (2014-2018) have decreased and are far from the target with realization in the field.

**Table 5.** Total Tax Receipts of Padang Lawas Regency 2014-2018 (in Rupiah)

Total	2014	2015	2016	2017	2018
Realization	38.278.173.915	46.986.769.175	54.391.831.285	68.645.389.126	30.421.870.437
Target	57.541.899.959	57.795.715.960	72.840.570.485	78.044.325.885	86.520.121.941
Percentage	66,53	81,30	74,67	87,96	35,16

Source : Processed by researchers (2020)

Furthermore the percentage of tax receipts is explained by the following graphic image:



**Fig 2.** Percentage of Total Tax Revenue of Padang Lawas District 2014-2018

Source : Processed by researchers (2020)

The state of such local tax receipts will slow or hinder the acceleration of development in various sectors in Padang Lawas Regency. There are 5 (five) priorities of the Regional Medium Term Development Plan (RPJMD) Padang Lawas regency which is sourced from income funds, namely the first: strengthening planning and budgeting through e-planning and e-budgeting, second: eradication of illiteracy, third: the development of sustainable food area agrotourism areas (LP2B) as the basis of food security of the district, fourth: the development of local government facilities and infrastructure, fifth: the establishment of large religious social events as a mandatory and iconic agenda of the region. With the priority of rpjmd Padang Lawas district should be the implementation of local tax policy on local tax receipts through the performance of employees of Padang Lawas Regency there is an increase in local tax receipts continuously in order to fund development and regional development so that the priority plan is realized.

#### IV. CONCLUSION

Based on the results of empirical data statistics and the basis of the theory on the paper, it can be concluded that:

1. The implementation of local tax policy has a positive and significant effect on the increase in local tax receipts in Padang Lawas Regency.



2.Implementation of local tax policy has a positive and significant impact through the performance of padang lawas district employees.

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