



Analysis of Potential and Determination of Regional Tax Revenue Targets to Increase Regional Original Income in Bukittinggi City

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Abstract

The research aims to analyze regional tax potential, the process of setting tax revenue targets, identifying factors that influence target achievement, strategies for increasing local revenue in Bukittinggi City. This research uses a descriptive qualitative approach with data collection techniques through documentation studies and in-depth interviews with informants from the Bukittinggi City Regional Financial Agency. The research results show that the tax potential in Bukittinggi City is very large, especially from the hotel and restaurant sector, but has not been fully explored optimally. Tax target setting is still fluctuating and does not fully reflect the real potential available. Factors that influence the success or achievement of targets include the level of taxpayer compliance, the quality of data collection, the tax administration system, as well as the influence of fiscal policy and local economic conditions. The optimization strategy implemented includes carrying out intensive outreach, developing a digital tax reporting system, updating and registering new data, as well as approaches that provide taxpayer education and awareness. This research recommends strengthening data, taking approaches with various agencies and maximizing tourism management to support a sustainable increase in Regional Original Income (PAD).

Keywords: Regional Tax, Regional Original Income (PAD)

INTRODUCTION

Bukittinggi City, located in West Sumatra Province, Indonesia, has profile economy And interesting demographics. Amount resident around 98,505 people And rate growth population average 2.04% per year, Bukittinggi is city the most populous in West Sumatra province, with density reaching 3,905 people per km². The economy city Bukittinggi dominated by sector trading And services, which contribute almost half from Product Gross Regional Domestic Product (GRDP). This make Bukittinggi City as center trading main in the plains tall Minangkabau. Bukittinggi No own source Power abundant nature, because wide areas that are not so big However sector tourist develop rapidly blessing beauty natural And site history, things This is what makes Bukittinggi City as destination potential tourism. Development tourist this is what makes trading And services in Bukittinggi City experience good development. Sector Superior tourism Also is source potential on reception tax And levies in Bukittinggi City that must be paid developed in a way effective use support development area. Tax relate direct with activity economy sectoral And system, as well as ability apparatus government area For gather source taxes that can be used as base Income Local Original Income (PAD) of the city Bukittinggi. Potential tax Bukittinggi City area can depicted in a way general in tax target setting every year by year, increasingly target height and realization, then the more big contribution tax area in Income Local Original Revenue (PAD) used For interests of Bukittinggi City. With a more approach Good in explore potential real tax area, it is hoped reception tax area can increase in a way significant, supportive development infrastructure And service public in Bukittinggi.

zRealization reception tax Bukittinggi City area show potential significant taxes, especially from sector hotel tax and restaurant. With growth sector rapid tourism, tax revenues from the hotel and restaurant become Wrong One source main income area, can seen that Power pull city Bukittinggi as destination tour public from outside Bukittinggi City. Although hotel tax and restaurant dominant on realization of PAD but realization reception tax besides second tax This estimated not optimal, things This can caused by unachievable target setting real in accordance potential, lack of compliance must taxes, suboptimal supervision and factor other. Based on data from Body Bukittinggi City Finance, revenue targets tax area show relative trend fluctuating on a number of type taxes, especially on time COVID-19 pandemic in 2020–2021. As For example, the hotel tax target has experienced decline drastic from Rp. 14.7 billion on 2019 became only around Rp. 7.1 billion on 2020, before return increase significant to Rp. 17 billion on 2023 and

2024. Similar things Also happen on tax restaurant And entertainment , each of which experience target reduction in 2020 , reflecting impact restrictions social And decline activity tourist .

Then taxes like Lighting Road (PPJ), Tax Earth And Building Tax (PBB), and Acquisition Tax Right on Land and Building (BPHTB) shows more trends stable And tend increased , indicating that sectors This still give contribution significant to income area . For example , the BPHTB target has increased from Rp. 10.7 billion on 2019 became more from Rp. 15.5 billion on 2024. Increase This Can indicated as results from activity transaction property And growing development in the region the.Temporary that , realization data describe as far as where are the targets ? can achieved . In a way general , some type tax show performance realization that exceeds 100%, such as tax entertainment , advertising , PPJ, and BPHTB. As for example , the realization of PPJ on in 2024 it will reach 171.48 % , which is achievements highest in period analysis. However Likewise , there are also types tax with level consistent realization low on a number of year lastly , like tax parking and underground water land matter This due to existence increase rates on 2023 , however increase rates Not yet implemented on 2023 because regulation Not yet completed . Realization tax parking on 2024 only reached 55.67 % , while groundwater land only reached 16.22%. This is indicates existence potential leakage or Not yet optimally mechanism collection And supervision in sectors the.

In a way overall , target analysis and realization tax Bukittinggi City area from 2019 to 2024 shows that although there is improvement on a number of sector main , but Still there is gap in utilization potential tax in a way maximum effectiveness target planning and ability realization need evaluated in a way periodically so that the policy fiscal area can more adaptive to dynamics economy And social public. For can reach level quite a rise means , then must done something analysis rational calculation . Realization reception a number of tax Bukittinggi City area show Still its area existing potential , so that the target relatively easy achieved . By Because That must done businesses For dig existing potential so that can more specific targets are determined realistic And show true potential.

Results study previously show The determination of the target for PAD revenue in Malang City has not yet been fully reflect potential real owned area The process of determining potential as well as tax targets area based on on base law as well as approach intensification And extensification taxes . In addition that , other considerations are used covers indicator Malang City economy , SWOT analysis , number receivables tax areas that are not collectible , and methods used in count potential and revenue targets tax area . (Puspita, 2016) . On study (Fauzan Effendi, Vince Ratnawati, 2024) state that Determination of tax targets the No supported by Internal Regulations of the Pekanbaru City Government in determine formulation adequate methodology so that over-target was found for 4 (four) taxes area . Next in researcher (Gebriany Pirade Wenur, Herman Karamoy, 2019) state that results survey potential to tax area , Bitung City own untapped potential dug by government in matter This Dispenda which has potential For developed that is tax restaurant And hotel tax then calculations performed to potential Actually known that tax area own great potential , because of the targets set government still below appropriate potential with the actual conditions that exist in Bitung City.

For increase PAD, a strategy that can done Wrong the only one that is do analysis or calculation potential tax area . If area have potential data tax available area , then government area can compare realization reception tax with available potential . If realization reception Still not enough from available potential , meaning management tax area the need repaired . Repair in management tax This can done with a number of method including increasing the tax base , carrying out adjustment base imposition tax Then do modernization administration taxation as well as further action big . By Because that , analysis or calculation potential tax area is stages beginning For know potential What only owned something area in matter management tax area . Based on background behind above , researchers assume that Bukittinggi City Government Not yet optimal in count potential tax And determination target tax area , so that researchers want to carry out study.

THEORITICAL REVIEW

A. Autonomy Area And Decentralization Fiscal

The government is an institution that has the authority to regulate and manage the lives of people in a country (Budiardjo, 2008) . According to Rosenbloom (1998), the government is an institution that manages public policies, public services, and state administration in a political system. Law Number 23 of 2014 concerning Regional Government states that Regional Government is the implementation of government affairs carried out by the regional government together with the Regional People's Representative Council (DPRD), which is carried out based on the principles of autonomy and assistance tasks. This implementation prioritizes the principle of autonomy as much as possible within the framework of the system and principles of the Unitary State of the Republic of Indonesia as stated in the 1945 Constitution . The leaders of provincial, district/city, and provincial governments consist of regional heads and Regional Councils, who are assisted by regional apparatus. Regional Government follows the principles of state governance, namely legal certainty, order, proportionality, professionalism, accountability, efficiency, effectiveness, and justice.

All regional governments are led by regional heads, known as provincial governors, regents, and mayors. Each province, regency, and city has a deputy regional head who assists the regional head in carrying out their duties. Both the regional head and their deputy have specific responsibilities, authorities, obligations, and limitations. In addition, the regional head is obligated to submit reports on the implementation of regional government to the central government, submit accountability reports to the Regional People's Representative Council (DPRD), and announce these reports to the public.

The term autonomy comes from Greek, namely *autos* which means "self" and *nomous* which means "rule" or "law". So autonomy on basically contains the meaning of freedom and independence. Muslimin (1978) defines autonomy as the ability to organize and manage one's own government, which is based on the principle of *catur praja*—including the functions of legislation, execution, law enforcement, and justice. Autonomous regional governments carry out these four functions with the aim of meeting the needs and improving the welfare of local communities, especially in areas that cannot be reached directly by the central government.

According to Law of the Republic of Indonesia No. 23 of 2014 concerning Regional Government, Regional Autonomy is the right, authority, and responsibility of autonomous regions to manage and organize government affairs and fulfill the interests of the community in their region, within the framework of the Unitary State of the Republic of Indonesia. Autonomous regions, hereinafter referred to as regions, are legal community entities that have certain territorial boundaries and are given the authority to regulate and manage government affairs and the needs of the local community independently, based on the aspirations of the community and within the unitary state government system. The Principle of Autonomy is the basic principle of organizing Regional Government based on Regional Autonomy.

Obligation area autonomous in operate autonomy area according to the law Number 32 2004 Article 22 is as follows:

1. Protect community, region autonomous must protect society and maintain the security and welfare of the community in its area.
2. Look after unity, unity, And harmony national: Area autonomous must maintaining national unity, unity and harmony as well as the integrity of the Unitary State of the Republic of Indonesia.
3. Protecting integrity Country Unity Republic Indonesia: Area autonomous must protect the integrity of the Unitary State of the Republic of Indonesia and maintain its territorial integrity.
4. Guard interest local community: Area autonomous must safeguarding interests local communities and fulfil need communities in their area.
5. Guard interest national: Area autonomous must guard interest national and defending the interests of the Unitary State of the Republic of Indonesia.
6. Guard interest area: Area autonomous must take care interest area and defend its regional interests.
7. Guard interest public: Area autonomous must guard community interests and fulfilling the needs of the community in its area.
8. Guard interest national: Area autonomous must guard interest national and defending the interests of the Unitary State of the Republic of Indonesia.
9. Guard interest area: Area autonomous must guard interest area and defend its regional interests

B. Fiscal Policy

Fiscal policy is an effort to adjust government revenue and spending as stated in the State Budget (APBN), with the aim of creating economic stability and supporting the achievement of the expected level of economic growth, as directed in the development plan (Sudirman, 2011) .

Fiscal policy is a government's approach to managing a country's economy through state revenue mechanisms, such as taxes, and government spending. Unlike monetary policy, which focuses on controlling interest rates and the money supply to maintain economic stability, fiscal policy relies on two main instruments: taxation and government spending (Amiruddin, 2018) .

Fiscal policy is a crucial tool in managing a country's economy, encompassing the regulation of government revenue and expenditure to achieve balance and dynamic economic growth. In general, this policy aims to manage state financial resources so that they can be used efficiently to support development and public welfare (Zakiyatul Miskiyah et al., 2022) . In Indonesia, research shows that the implementation of effective fiscal policy can make the greatest positive contribution to economic growth, both in the short and long term, through efficient management of government spending and tax collection. (Rantebua et al., 2020) . When facing challenges such as economic crises or pandemics, governments often have to adjust fiscal policies, including budget reallocations and tax adjustments, to maintain public consumption and support economic recovery efforts. (Feranika & Haryati, 2020) .

Fiscal policy is the primary instrument in managing a country's economy, encompassing the management of government revenue and spending to achieve stability and promote economic growth. In general, this policy aims to manage state financial resources so that they can be used efficiently to support development and public welfare (Zakiyatul Miskiyah et al., 2022) . Research reveals that effectively implemented fiscal policy can have a significant

positive impact on economic growth, both in the short and long term, through appropriate allocation of government spending and optimization of tax revenue (Rantebua et al., 2020) . When facing challenges such as economic crises or pandemics, governments often have to adjust fiscal policies, including budget reallocations and tax adjustments, to maintain public purchasing power and support economic recovery (Feranika & Haryati, 2020) .

(Anderson, 1975) defines public policy as decisions made by government agencies and officials, with a number of important implications, including:

1. Public policy is directed at achieving certain goals or reflects actions that are purposeful.
2. The content of public policy includes concrete steps from the government;
3. Public policy refers to concrete actions taken by the government, not just discourse or planning;
4. Public policy can be positive, namely concrete steps taken by the government on an issue, or negative, namely a decision not to take action;
5. In a positive form, public policy generally has a legal basis through statutory regulations.

According to Musgrave and Musgrave (1980) , even though the government has imposed certain types of taxes and regulated spending to influence the economy, additional policies are still needed to achieve broader targets.

C. Income Original Area

Based on Government Regulation Number 58 of 2005 concerning Regional Original Revenue, it is a source of income obtained by regional governments through collections based on regional regulations and in accordance with applicable laws and regulations. PAD is an important component of regional revenue sources, alongside balancing funds and other legitimate income.

According to Law Number 1 of 2022 concerning In the context of financial relations between the central government and regional governments, Regional Original Income (PAD) is a source of income obtained by regional governments through collections regulated in regional regulations in accordance with applicable statutory provisions. PAD components include Regional Taxes, Regional Levies, income from the management of separated regional assets, and other legitimate income. According to Halim 2014, Regional Original Income (PAD) is all regional revenue originating from regional original economic sources. PAD consists of four main types of income, namely:

1. Regional Tax: Taxes collected by regional governments are based on applicable laws and regulations.
2. Regional Retribution: A contribution imposed on the community by the regional government for certain services or facilities provided to the community.
3. Results of Management of Separated Regional Assets: Income obtained from the management of separated regional assets or wealth, such as Regionally-Owned Enterprises (BUMD).
4. Other Legitimate Local Original Income: Other legitimate sources of income that are not included in the previous categories, based on the provisions contained in statutory regulations.

D. Regional Tax Potential

According to the Big Indonesian Dictionary (KBBI), potential is defined as the ability possessed by a person that is latent or stored, and therefore needs to be developed optimally in order to provide maximum benefits. Potential can be interpreted as the capacity to develop further, whether in the form of strength, energy, or abilities acquired by the community, either directly or through a process that takes place over a certain period of time. (Majdi, 2007) .

According to Mahmudi (2010) The method used to determine the potential and levies is to use Klassen Typology mapping, the potential criteria using Klassen Typology analysis can be grouped into four theoretical categories regarding tax potential and the steps for calculating regional tax potential include several approaches that focus on analyzing economic data and local characteristics.

Regional governments possess a variety of potential tax sources, but in practice, not all of this potential is optimally utilized. This indicates a gap between potential tax revenues that should be obtained and actual revenues. This gap is a classic problem in regional tax management, not only impacting low contributions to Regional Original Income (PAD) but also indicating a suboptimal system of tax management, collection, and oversight. A more in-depth analysis of the underlying causes of this gap is needed to formulate more effective strategies to bridge the gap between potential and realized tax revenues. Mahmudi (2016) states that the gap between potential and realized regional tax revenues is often caused by low taxpayer compliance, weak law enforcement, and a lack of human resources for tax management.

Mapping tax potential is a crucial initial step in optimizing regional tax revenue. This effort is carried out systematically to determine the real and actual potential of taxable objects spread across administrative areas, allowing local governments to set more accurate and realistic targets. According to Bapenas (2010) , tax potential mapping is conducted through field surveys, the use of spatial data, and integration with taxpayer administrative data. This approach emphasizes the importance of synergy between information technology, physical data collection, and updating tax databases as the foundation for effective and sustainable tax management.

The Regional Tax and Retribution Potential Exploration Module published by the Ministry of Finance of the Republic of Indonesia aims to serve as a guideline for implementing technical guidance related to regional taxation.

This module contains various policies related to Regional Taxes and Retributions, as well as methods for calculating potential for various types of regional taxes. Calculating tax potential is a crucial step in optimizing regional revenue. This process involves identifying, measuring, and analyzing the existing tax base, as well as taking into account factors that influence taxpayer compliance. Tax potential is calculated by comparing actual tax revenue with the estimated potential that should be achieved based on regional economic and demographic data. This calculation method includes a macro approach, such as economic and sectoral growth analysis, as well as a micro approach through surveys and direct inspections of taxpayers. By accurately understanding tax potential, regional governments can design effective policies to improve compliance and expand the tax base, thereby supporting sustainable regional development.

E. Determination of Regional Tax Revenue Targets

In the Indonesian dictionary, it is explained that a target is a target (limit, provisions, etc.) that has been set to be achieved. Potential and Target are different things, the target is more emphasized as the limit (target) to be achieved, and potential is not at all related to something to be achieved but according to what is possible to be developed. In the Regional Tax Potential Exploration Module for Regional Levies, it is stated that the tax target is the ability to collect taxes by considering internal and external disturbances/obstacles. Internal disturbances/obstacles describe the organization's ability to collect taxes, with the availability of human resources and facilities and infrastructure both in terms of quantity and quality. External disturbances/obstacles describe taxpayer compliance in carrying out their tax obligations. Determining regional tax targets is a crucial aspect in regional financial management that aims to increase Regional Original Income (PAD). This process involves various principles and mechanisms that must be understood by local governments to achieve effectiveness and efficiency in tax collection.

Target projection is the process of estimating or predicting future achievements based on available past and present data and information. In the context of regional tax revenue, target projection is carried out to estimate the amount of tax to be received in the following fiscal year. In determining regional taxes, several supporting factors play a crucial role in improving taxpayer compliance and the effectiveness of tax collection. These factors include taxpayer awareness, regional government policies, and an efficient tax administration system. One of the main factors supporting regional tax determination is taxpayer awareness. Research (Erasashanti et al., 2024) shows that taxpayer awareness significantly influences tax reporting compliance. Taxpayer awareness in the context of motor vehicle tax in Indonesia is crucial for improving tax compliance. Restaurant taxpayer awareness in Depok City contributes to better tax reporting compliance through the use of the E-SPTPD application (Syahnaz, 2021). This suggests that increasing taxpayer awareness can be a key driver in increasing regional revenue through taxes.

Local government policies also play a crucial role in taxation. Research by Hakim & Dewi (2021) shows that tourism-based regional economic growth can be optimized through appropriate tax policies and sound budget management. Policies that support the tourism sector, for example, can increase local revenue (PAD) through taxes imposed on the sector. This study also highlights the importance of clear regulations in advertising tax management to increase PAD in Tulungagung.

F. Conceptual Framework

Based on previous research issues and theoretical reviews, the thinking framework in this research is:

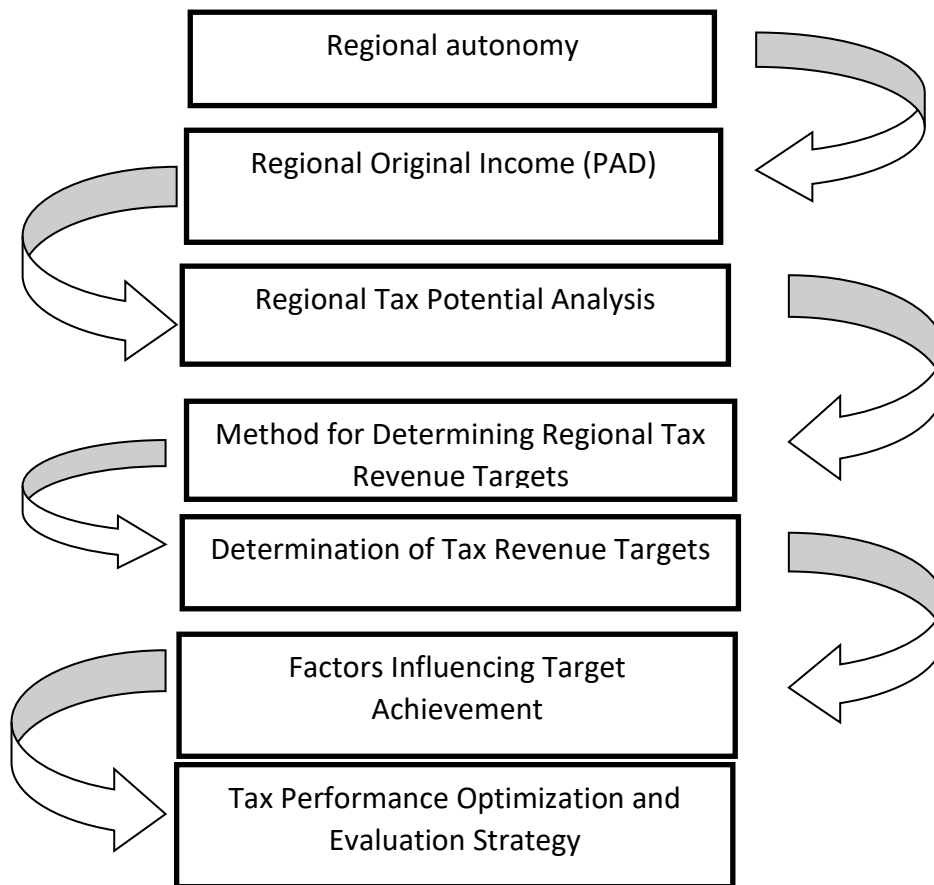


Figure 2.1 Conceptual Framework

Source: Data Processed by Researchers (2025)

Regional autonomy requires the Regional Government to strive independently in meeting regional spending needs, because financial assistance from the central government is very limited. Regional Original Income (PAD) is one source of income that can be managed by the region, to maximize PAD, the Regional Government must explore the existing potential, one of which is the potential for regional taxes because regional taxes are one of the largest sources of revenue in Regional Original Income, especially in Bukittinggi City, which is a Tourism City. By understanding and analyzing the potential for taxes in the region optimally and professionally, the determination of tax targets can be set optimally and more realistically, so that the realization of tax revenue with the set targets can be balanced. Setting clear tax targets ensures that regional tax management by tax agencies is more focused on increasing the effectiveness of tax collection and reducing revenue leakage. However, tax management does involve factors that influence the achievement of established targets. Setting regional tax targets can be done accurately by understanding existing tax potential systematically and in accordance with regulations. Once targets are set, efforts are made to achieve them, including considering factors that can influence tax revenue achievement and other measures. This ensures that tax revenues are achieved in line with the established tax targets.

RESEARCH METHODS

This research uses a descriptive-analytical method with a qualitative approach. This approach was chosen because it is suitable for exploring in depth the dynamics that occur in the process of setting targets and utilizing regional tax potential in Bukittinggi City. According to Bogdan and Taylor in Moleong (2013), a qualitative approach is a research procedure that produces descriptive data in the form of written or spoken words from people and observable

behavior. Moleong also stated that descriptive research with a qualitative approach emphasizes meaning rather than numbers and prioritizes understanding the social context and perspectives of actors.

This research was conducted at the Bukittinggi City Regional Finance Agency. This location was chosen based on the consideration that this agency has primary authority in managing regional taxes, including formulating policies, exploring potential, setting targets, and implementing tax collection. Therefore, this institution serves as a relevant and strategic data source for gaining a comprehensive understanding of the study object. This research focuses on three main aspects: first, identifying the regional tax potential of Bukittinggi City; second, understanding the process of setting regional tax revenue targets; and third, examining the factors influencing the achievement of these tax revenue targets.

The data sources in this study consist of primary and secondary data. Primary data were obtained through in-depth interviews with key informants who have a direct role in regional tax management. The informants in this study consisted of five individuals: the Head of the Finance Agency, the Head of the Revenue Division, the Head of the Data Collection and Determination Sub-Division, the Head of the Collection and Reporting Sub-Division, and Central and Regional Financial Analysts. Meanwhile, secondary data were obtained from official documents such as financial reports, planning documents, laws and regulations, and supporting statistical data.

Data collection was conducted using three main techniques. First, direct observation of activities at the Regional Finance Agency (BAP) and observations of the socio-economic conditions of the community and potential regional tax objects in Bukittinggi City. Second, in-depth interviews were conducted with informants deemed to have the capacity and competence to provide relevant information. Third, analysis of primary and secondary data was conducted to strengthen the findings. Primary data was obtained from interviews and observations, while secondary data came from documentation studies and other written sources. Data analysis in this study follows the interactive model of Miles and Huberman (2014), which consists of three main stages: data condensation, data presentation, and conclusion drawing and verification. Data condensation was carried out by simplifying and selecting relevant information from field notes, interview transcripts, and other documents. Data presentation was carried out in the form of tables, diagrams, and structured narrative descriptions for ease of understanding. The final stage was drawing conclusions and verifying the findings obtained, by continuously reviewing the data to ensure the validity and relevance of the interpretations.

To maintain data validity and reliability, this study employed triangulation techniques. According to Sugiyono (2014), triangulation is the combination of various techniques and data sources to test the consistency of findings. This study employed source triangulation, comparing information from various informants regarding regional tax policies, and method triangulation, combining interviews and observations as the primary approach. This approach assisted researchers in obtaining a comprehensive picture and minimizing bias in data interpretation. With a systematic and in-depth approach, this research method is expected to provide valid and reliable results in explaining the actual conditions regarding the potential and target setting of regional tax revenue in Bukittinggi City.

DISCUSSION

1. Potential revenue tax areas in Bukittinggi City

Research results on potential revenue tax The potential for regional development in Bukittinggi City is in line with Mahmudi (2016) who stated that there is often a gap between potential and realized regional tax revenue. In Bukittinggi City, there is also a gap between tax potential and realized tax revenue of approximately 25% compared to the potential calculated according to Rispoda. The results of this study are also in line with research by Puspita (2016) which states that the method for determining potential and targets regional taxes, namely by carrying out projections potential tax City area Poor during 5 years to Future research and research (Eringa et al., 2016) stated that regional revenue from restaurant taxes in South Sulawesi is lower than its potential, as well as the limited ability of local governments to identify and determine the real potential of tax objects owned by the region. The Bukittinggi City Government is also unable to determine the real potential of all tax objects, only the potential of hotel taxes can be said to be close to the real potential because only hotel taxes have data that is close to accurate while for other tax objects the data available is very minimal. This is what makes the Bukittinggi City Government unable to project the real potential of Bukittinggi City's regional taxes. The unavailability of accurate and complete data makes the Bukittinggi City Government use a simple method in projecting the existing potential, namely by referring to Rispoda, looking at the realization of tax revenues for the previous 5 years, then looking at economic and political conditions in certain years.

Based on the results of this study, the Bukittinggi City Government should make more optimal efforts to comprehensively determine and explore regional tax potential. Determining maximum potential is a strategic step in increasing regional fiscal capacity and is a key factor in supporting sustainable and effective development in Bukittinggi City.

2. The process of determining regional tax revenue targets in Bukittinggi City

The results of the study on the target-setting process at the Finance Agency are in accordance with the Historical/Incremental Approach (Mardiasmo, 2002) , which uses the trend of realized tax revenues over the last 2–3 years, supplemented by assumptions about economic growth, inflation, or other factors. This approach is used because it is simple and easy to apply, but it does not reflect the real potential because the Finance Agency is constrained by inadequate data.

The results of this study are in line with the results of the study (Puspita, 2016) , namely the Determination target reception PAD is not based on the actual potential of Malang City. Bukittinggi City has also been unable to set targets in line with its actual potential due to the constraints of adequate data availability in calculating potential. This research also aligns with research by Fauzan Effendi and Vince Ratnawati (2024), which found that the determination of several tax targets in Pekanbaru City has not been aligned with its actual potential. The determination of tax targets is not supported by the Internal Regulations of the Pekanbaru City Government in determining an adequate methodology formulation so that over-targets were found for 4 (four) regional taxes. The Bukittinggi City Government also does not have adequate internal regulations to support the determination of regional tax revenue targets, but still uses a simple method, namely the Historical Approach, then continued with discussions with related parties from related Agencies to implementing staff in the Revenue Sector then after obtaining the estimated target, this target is submitted to the Budget Sector to be discussed with the Regional Government Budget Team and then discussed again with the DPRD. At the DPRD stage, this target is fully submitted to the DPRD, so there is a possibility that the target will be increased again from the proposal that has been submitted. Based on the results of this study, the Bukittinggi City Government needs institutional strengthening, development of an accurate database, and the preparation of technical regulations that can be the basis for determining regional tax revenue targets more objectively and realistically.

3. Factor Which influence success or failure achievement target Bukittinggi City regional tax

The results of this study are in line with Mardiasmo, (2018) who stated that the first factor influencing regional tax revenue is the level of taxpayer compliance. Based on the results of the study in Bukittinggi City, taxpayer awareness was assessed as quite low, because quite a lot of taxpayers have not reported their taxes in real terms and many taxpayers are still negligent in reporting their monthly taxes, even though reporting taxes monthly is an obligation as regional taxpayers.

Then the second factor is the Tax Administration System, the Bukittinggi City Government has made efforts to improve tax services that make it easier for the public, such as providing a website for tax reporting so that taxpayers do not have to come to the Financial Agency Office to submit their Monthly Tax Reports. However, there are obstacles faced by the Financial Agency, namely in providing accurate data, due to limited Human Resources (HR) in quantity and quality. The imbalance of HR with the amount of PAD managed by the Financial Agency makes the Financial Agency weak in recording real tax objects, in monitoring tax objects, in researching tax reports and collecting tax arrears, this certainly affects the realization

The third is Law Enforcement, in Bukittinggi City, law enforcement for taxpayers cannot be carried out because personnel who have the right to carry out clear law enforcement against taxpayers are not yet available at the Financial Agency, so currently what the Financial Agency does is provide warning letters and always remind taxpayers to fulfill their tax obligations. The Bukittinggi City Government carries out Intensification activities together with related parties including the police and the prosecutor's office in fostering taxpayers who commit violations and taxpayers who delay their tax obligations. The fourth factor is Tax Socialization and Education to Taxpayers, for this point it has been carried out periodically by the Financial Agency as the manager of regional taxes in Bukittinggi City, where the Financial Agency always conducts periodic socialization both directly by inviting taxpayers to discuss in forums held at the Financial Agency and indirect socialization through billboards, newspapers and radio.

Based on the results of this study, the Bukittinggi City Government is expected to be able to use the factors that influence regional tax revenue as a guideline in increasing regional tax revenue and to be able to overcome the obstacles faced by using effective and innovative strategies so as to be able to increase regional tax revenue in a sustainable manner to support the acceleration of regional development.

4. Optimization Strategy and Evaluation of the Performance of the Bukittinggi City Government in Increasing Local Original Revenue

The results of the interviews conducted are in accordance with the theory put forward by Mardiasmo (2009), which states that optimizing regional tax revenue can be achieved by maximizing tax potential through improving the collection system, updating the database, and taking a persuasive approach to taxpayers.

The strategies outlined by officials at the Bukittinggi City Finance Agency reflect these principles, including intensive outreach, the development of a digital tax reporting system, updating and registering new data, and an

approach that emphasizes taxpayer education and awareness. Furthermore, efforts to change the organizational structure and collaborate with vertical agencies also demonstrate institutional and system improvements that support the optimization of tax revenue. These approaches align with Mardiasmo's view that strengthening comprehensive regional tax management is key to increasing Regional Original Income (PAD).

The Bukittinggi City Government, especially the Finance Agency, really hopes that there will be an improvement in the management of regional taxes in Bukittinggi City so that it will have an impact on increasing the PAD of Bukittinggi City which will later be able to increase development in Bukittinggi City, so that the community can feel the real impact, it is hoped that the community, especially taxpayers, can cooperate with the Bukittinggi City Government to realize an independent Bukittinggi City.

The success of this optimization will not only contribute to increased Regional Original Income (PAD) but will also strengthen the region's fiscal capacity to support sustainable development oriented toward public welfare. Therefore, constructive collaboration between the local government and the community, particularly taxpayers, is a crucial element in realizing a fiscally independent and developmentally advanced Bukittinggi City.

Based on the results of this study, the Bukittinggi City Government is expected to carry out constructive collaboration between the regional government and the community, especially taxpayers, in order to strengthen regional fiscal capacity in supporting sustainable development that is oriented towards community welfare.

CLOSING

A. Conclusion

Based on the research results and discussion, the conclusions of this research are:

1. Regional Tax Potential
 - a. Bukittinggi City has enormous tax potential, especially from tourism-supporting sectors such as hotel, restaurant and entertainment taxes.
 - b. potential that grows from the service and tourism sectors has not been fully explored to its maximum potential.
 - c. The estimated potential tax revenue is IDR 200 billion, but the realization in 2024 is only around IDR 130 billion, indicating a significant gap between potential and realization.
2. Tax Target Determination Process
 - a. Target setting is carried out annually by the Regional Finance Agency using a historical approach, taking into account historical achievements, economic growth trends, and documents such as RISPODA.
 - b. The methods recommended by the Ministry of Finance have not been fully implemented due to limited data and human resources.
 - c. Target setting is still conservative and based on past trends, not on real potential.
3. Factors that Influence Target Achievement
 - a. Supporting factors: increasing taxpayer awareness, intensive outreach, and synergy with law enforcement agencies.
 - b. Inhibiting factors: limited personnel and technical training, a suboptimal tax information system, and external influences such as changes in central policy.
 - c. Limited organizational structure and lack of data updates are the main challenges.
4. Performance Optimization and Evaluation Strategy
 - a. Optimization strategies include intensification, extensification, data updating, and digitalization of the tax system.
 - b. Performance evaluations are conducted routinely and form the basis for formulating further policies.
 - c. The government demonstrates its commitment through institutional strengthening (including revising the SOTK) and cooperation with vertical agencies.
 - d. The main obstacles still faced are limited human resources, technological infrastructure, and integrated information systems.
 - e. The effectiveness of tax revenue varies across tax types; advertising tax, PPJ, and BPHTB are considered highly effective, while parking and groundwater taxes are still less effective.
 - f. There is still a significant gap between targets and realization, indicating the need for policy adjustments and a more data-driven approach.

B. Recommendation

Based on the results of research and analysis of potential, target setting process, factors that influence regional tax achievements and strategies for optimizing and evaluating the performance of the Bukittinggi City Government, a number of strategic suggestions are presented that can be used as a basis for formulating future regional fiscal policies, namely,

1. The Bukittinggi City Government is expected to strengthen its data collection so that potential calculations can approximate the actual potential and overcome obstacles in achieving potential, thus approximating the potential for regional tax revenue calculations. The existing application should also be maintained by creating

- SOPs detailing its use, ensuring consistency in the event of a shift in positions.
2. The Bukittinggi City Government is expected to collaborate between SKPDs by integrating data, including with the Licensing Service, so that it can record new tax objects through permits issued by the Licensing Service.
3. The Bukittinggi Government is expected to approach the DPRD through *Forum Group Discussion activities* regarding the potential of Bukittinggi City and provide information regarding the potential of Bukittinggi City's blood tax so that in determining the tax target there will no longer be an over-target which causes an over-target of regional taxes.
4. The Bukittinggi Government is expected to allocate funds in the Regional Budget (APBD) for **technical** training, professional certification, and continuing education in the field of regional taxation, because taxes are the largest source of PAD, so it is very reasonable to budget costs to increase the capacity of human resources managing Regional Taxes.
5. The Bukittinggi government is expected to increase regional tax revenue by maximizing tourism in Bukittinggi City and maintaining the beauty of Bukittinggi City, because the biggest attraction of Bukittinggi City is tourism, fresh air, cleanliness and comfort of Bukittinggi City itself.

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