Analysis of Regional Tax Potential of Pamekasan Regency

Damas Dwi Anggoro
Indriani Indriani
Wilopo Wilopo

Follow this and additional works at: https://scholarhub.ui.ac.id/jbb

Part of the Taxation Commons

Recommended Citation
DOI: 10.20476/jbb.v29i1.1296
Available at: https://scholarhub.ui.ac.id/jbb/vol29/iss1/4

This Article is brought to you for free and open access by the Faculty of Administrative Science at UI Scholars Hub. It has been accepted for inclusion in BISNIS & BIROKRASI: Jurnal Ilmu Administrasi dan Organisasi by an authorized editor of UI Scholars Hub.
Analysis of Regional Tax Potential of Pamekasan Regency

Damas Dwi Anggoro¹, Indriani², Wilopo³

Faculty of Administrative Science, Universitas Brawijaya, Indonesia¹ ¹
Faculty of Administrative Science, Universitas Indonesia, Indonesia²

damasdwia@ub.ac.id¹, indriani31@ui.ac.id², wilopo@ub.ac.id³

Abstract. Fiscal decentralization is a critical element in the implementation of regional autonomy where the central government gives authority to local governments to manage their finances independently. Pamekasan regency is one of the region that has succeeded in increasing the ratio of local own-source revenue (Pendapatan Asli Daerah/PAD) by rising the potential of its regional tax sector. However, several problems arising may cause inaccuracies in collecting local tax revenues. This study aims to analyze the potential loss of local taxes in Pamekasan regency. A qualitative approach sourced from primary data (interviews or filling the questionnaires) and secondary data (obtained and recorded by other parties, secondary data are the realization of Pamekasan Regency's original revenue) was adopted in this study. Results showed several potential tax leakages have occurred in Pamekasan regency with tax gap of 43% was sourced from total hotel tax revenue realization, 60.4% of total restaurant tax realization, 86% of total entertainment tax realization, 81% of total parking tax realization, and 32% of the total in groundwater tax realization. This study provides several policy recommendations for local governments to increase the potential for local tax revenues in the future.

Keywords: Fiscal Decentralization, Local Own-source Revenue, Local Tax, Tax Effort, Tax Potential, Potential Loss

INTRODUCTION

Indonesia is the largest archipelagic country in the world which consists of many islands with different regional characteristics. Despite its vast and diverse area, Indonesia was once a country with apparent centralized government systems under the New Order regime (Setyaningsih, 2017). The centralistic government system emphasizes the role of the central government in determining the direction and all aspects of Indonesian development (Hill, 1996). According to economist Amatya Sen, the year 1998 was the beginning of fostering democracy and regional empowerment. Their demand became very strong due to various irregularities in the government system and development gaps between regions.

Responding to this phenomenon, President Habibie issued Law Number 22 of 1999 concerning Regional Government and Law Number 25 of 1999 concerning Financial Balance between Central and Regional Governments. These two regulations were the beginning of the fiscal decentralization. According to the Secretary of Finance of the Directorate General of Central and Regional Fiscal Balance, the implementation of regional autonomy in Indonesia effectively began on January 1, 2001. As a consequence, there were several fundamental changes in the governance of regional government, namely (1) the concept of decentralization was more prominent compared to deconcentration (2) accountability was more horizontal than vertical (3) clearer arrangements regarding the allocation of funds from the centre to the locals and (4) financial management authority was given in full to the regional government (wikiapbn, 2015).

According to Yushkov (2015), fiscal decentralization defines as the transfer of revenue and expenditure responsibilities from the central government to the regional and local level. Thus, the local government has the authority to collect and impose taxes and independently determine areas of focus. Similarly, Sun’an & Senuk (2017) define fiscal decentralization as one of the mechanisms for diverting funds from the state revenue and expenditure budget to achieve sustainable fiscal resilience and stimulate community economic activity. Lee and Gilbert (1999) show that 63 out of 75 developing countries have implemented fiscal decentralization, one of which is Mexico. The Mexican government transfers almost all their tax responsibilities to the state. Mexico became the first country to introduce decentralization in terms of taxation through the application of a Representative Tax System (RTS) to evaluate tax efforts and analyze the country's potential tax. As a result, the implementation of RTS provides input for the Mexican government for decision making in designing fiscal decentralization strategies such as which types of taxation should...
be decentralized and to what extent these taxes are decentralized (Sobarzo, 2004).

Besides Mexico, fiscal decentralization is a relevant and significant system to be implemented in Indonesia because it plays an important role in accelerating the creation of community welfare independently in accordance with the potential of each region (Christia & Ispiyarso, 2019). Moreover, fiscal decentralization has many advantages. One of which is that it can positively influence economic growth. It has been proved by many parties who argue that fiscal decentralization policies have the potential to improve economic performance significantly at the macroeconomic and regional levels (Rasbin, 2016). Researchers in many countries have analyzed the relationship between fiscal decentralization and economic growth through various studies. Many experts argue that macroeconomic stability is the responsibility of the central government, not of the regional governments. In practice, coordination between regions and the central government is needed in using their fiscal authority to control and maintain macroeconomic stability of each region. (Rasbin, 2016)

To encourage economic growth in Indonesia, the government allocated Rp 832.3 trillion in the 2019 draft national state budget (Rancangan Anggaran Pendapatan Belanja Negara, RAPBN) for transfers to the region to strengthen fiscal decentralization policy in Indonesia (Ministry of Finance, 2019). That amount of the fund means the government has placed high trust in the regional government to exercise the authority delegated to them autonomously. Under the principle of “money follow function”, financial relationship between regional and central government in this case concerns the management of revenue and expenditure, both for the benefit of routine expenditures and regional development in order to provide public services based on the law (Jaya et al, 2020).

Then based on Law Number 28/2009 concerning Tax and Regional Retribution, it is stated that strengthening regional taxation through the system of collecting regional taxes and regional retributions is useful to encourage an increase in local own-source revenue (Pendapatan Asli Daerah hereinafter called ‘PAD’). PAD reflects the level of regional independence that the higher the PAD, the more optimal the regional authority to control and maintain macroeconomic stability of each region. (Rasbin, 2016)

Table 1. Percentage of Local Own-source Revenue (PAD) Compared to Total Revenue in Pamekasan Regency

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>PAD</th>
<th>Total Revenue</th>
<th>PAD ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>171,518,201,167</td>
<td>1,527,493,494,941</td>
<td>11.22%</td>
</tr>
<tr>
<td>2015</td>
<td>170,259,936,684</td>
<td>1,681,794,669,633</td>
<td>10.12%</td>
</tr>
<tr>
<td>2016</td>
<td>178,478,990,994</td>
<td>1,827,846,755,475</td>
<td>9.76%</td>
</tr>
<tr>
<td>2017</td>
<td>243,296,609,520</td>
<td>1,906,188,651,044</td>
<td>12.76%</td>
</tr>
<tr>
<td>2018</td>
<td>163,640,118,924</td>
<td>1,724,975,522,500</td>
<td>9.48%</td>
</tr>
</tbody>
</table>

The concept of decentralization is closely related to the administration of government systems and the
implementation of the development process. The implementation of decentralization in the form of regional autonomy is an unavoidable condition and is implemented by almost all countries in the world with different conditions and characteristics. This adjusts to the conditions of different political and social structures between countries. This condition strengthens the argument of Bahl and Linh (1992) that fiscal decentralization includes decentralization of government, expenditure allocation and mobilization of regional revenues, the implementation of fiscal decentralization varies greatly depending on the government system.

Fiscal Decentralization is the transfer of fiscal authority from the central government to regional governments. Decentralization is the delegation of authority in making decisions and policies to managers or people who are at the bottom level in an organizational structure. Its success, according to Saputra and Mahmudi (2012); Nurman (2013); Sunardika (2018); Sudita and Budiartha, 2017; Mauri et al, 2017; Sulistyowati, 2016) it was found that local taxes have a significant and positive effect on local government revenue, that is, income obtained by regional government.

Regional Tax
The theory of development from below argues that people will be more willing to pay taxes to local governments than to the central government because they can easily see the direct benefits in development in their area, Davey (in Anggoro, 2017). At least from previous studies (Hendaris, 2018; Iqbal and Sunardikia, 2018; Sudita and Budiarttha, 2017; Mauri et al, 2017; Sulistyoowati, 2016) it was found that local taxes have a significant and positive effect on local revenue so that the influence formed between the two is unidirectional influence. This opinion shows the importance of local taxes for regional development and the higher local taxes, the greater increasing in PAD. In addition, the benefits of local taxes can be directly seen by the local community.

Bahl and Smoke (2003), argue that: “local government taxes must be politically acceptable.
One rule of thumb is that less visible taxes tend to be more acceptable.”

It means that the structure, rate, taxpayer, sanctions against violators are a political agreement between the executive and the legislature as a representation of the community. According to Davey (1988), local taxes can be interpreted as:

1) Taxes levied by the Regional Government with the regional regulation; 2) Taxes levied based on national regulations, but the rate is determined by local governments; 3) Taxes which are determined and or levied by the Regional Government;

Taxes are levied and administered by the Central Government but the results are given to, billed with, or burdened with additional levies by the Regional Government. Meanwhile, further explained by Budiarto (2016) that the types of Regency/City taxes include hotel tax, restaurant tax, entertainment tax, advertisement tax, street lighting tax, non-metallic mineral and rock tax, parking tax, groundwater tax, nest. swallow, land, rural and urban buildings taxes, land and building rights acquisition tax.

**Tax potential**

Potential is something that already exists. According to Mahmudi (2009), the analysis of potential income is extensive because many factors must be identified related to income. This statement shows that tax potential refers to the maximum level of tax revenue that a country can achieve, by considering a range of economic, social, demographic and institutional factors (Mawejje and Rachel, 2019). The formula for potential tax or retribution revenues according to Mahmudi (2009) is:

\[
\text{Potential Tax Revenues} = \text{Tax Base} \times \text{Tax Rates}
\]

The potential for taxes really determines the amount of regional tax that can be collected, thus, the size of the potential tax is depends on the government's knowledge of the factors that affect the potential for local taxes, which are useful for designing revenue from local sources, as well as assisting the government in determining the formula for transfer funds to the regions (Ering et al, 2016).

Calculation of potential revenue can basically be done two approaches, namely the macro basis and micro basis. Macro basis calculations can be done through estimation techniques with econometric regression models that use macroeconomic variables as proxies. Whereas micro base calculations are done by conducting surveys and observations of tax objects and subjects and then calculating their income potential. The calculation of tax potential used in this study uses the following formula: (Wenur et al., 2016)

\[
\text{PU} = \text{JU} \times \text{Rt} \times \text{Rp} \times \text{Jh}
\]

\[
\text{NPP} = \text{PU} \times \text{Tax Rates}
\]

1) **Description:**

a. PU: Operating Income (Rupiah)

b. NPP: Value of tax potential (Rupiah)

c. JU: Number of Units

d. Rt: Average guests coming (People per day / year)

e. Rp: Average payment per guest (Rupiah / per person)

f. Jh: Number of days

2) **Tax Rates**

Pamekasan regency local tax rates are regulated in the Regulation (Perda) Number 3 of 2018 concerning Amendments to Perda Number 2 of 2011 concerning Regional tax, amounting to:

a. Entertainment Tax = 15%

b. Restaurant Tax = 10%

c. Hotel Tax = 10%

d. Parking Tax = 20%

e. Advertisement Tax = 20%

f. Street Lighting Tax = 1.5-10%

g. Royalty of non-metallic minerals and/or non-metallic mineral products (PMBLB) = 25%

h. Groundwater Tax = 20%

i. Land and building transfer duty (Bea Perolehan Hak Atas tanah dan Bangunan/BPHTB) = 3.5%

**RESEARCH METHODS**

The approach used in this research is qualitative. Qualitative research will collect as much data as possible and from these data to look for patterns, laws, principles, and in the end, the writer will conclude the analysis (Prasetya, 2006). In addition, the research method used is a survey method with primary data in the form of individual or group subject opinions related to the data or information needed, such as the results of interviews or filling out questionnaires. And secondary data is a source of data obtained indirectly through intermediary media (obtained and recorded by other parties, secondary data in the form of realization of local revenue Pamekasan regency).

The population in this study were restaurant taxpayers, hotels, entertainment, billboards, street lighting, PMBLB, parking, and groundwater in Pamekasan regency which recorded 242 taxpayers. Based on a predetermined population, a calculation is then performed to obtain the number of samples used as respondents, specifically to dig up information related to the condition of the restaurant which is used as material for doing tax base calculations and other analysis needs. Calculations to determine the number of samples based on the number of known populations can be used Slovin formula. The determination of sample taking precision is set at 1% with a confidence level of 99%, then the sample size can be calculated as follows:

1) **Slovin Formula**

\[
n = \frac{N}{1 + Ne^2}
\]
2) Calculation

\[ n = \frac{240}{1 + (240 \times 0.01)^2} \]

\[ n = 35.502 \]

\[ n = 36 \]

Based on the calculation result, the number of samples taken is 36 business entities. The sampling technique used in this study is stratified random sampling, and the method used is sampling population members by taking into account the proportion in the population (proportionate random sampling). The sample proportions for each tax type are as follows:

<table>
<thead>
<tr>
<th>Type of Tax</th>
<th>Number of Taxpayer</th>
<th>In %</th>
<th>Number of samples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel</td>
<td>47</td>
<td>20</td>
<td>8</td>
</tr>
<tr>
<td>Rentiment</td>
<td>79</td>
<td>33.33</td>
<td>12</td>
</tr>
<tr>
<td>Entertainment</td>
<td>16</td>
<td>6.67</td>
<td>2</td>
</tr>
<tr>
<td>Advertisement</td>
<td>9</td>
<td>3.75</td>
<td>0</td>
</tr>
<tr>
<td>Street Lighting</td>
<td>1</td>
<td>0.42</td>
<td>1</td>
</tr>
<tr>
<td>PAMIBL</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Parking</td>
<td>50</td>
<td>20.85</td>
<td>7</td>
</tr>
<tr>
<td>Groundwater</td>
<td>36</td>
<td>15</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>240</td>
<td>100</td>
<td>36</td>
</tr>
</tbody>
</table>

The use of approaches and the method in this study aims to find an understanding of the potential of regional tax studies in Pamekasan with the local revenue office and related local officials as research objects.

Besides analyzing the potential, this study also performs an overlay analysis, to see the description of the potential of local tax collection based on growth and contribution criteria. This identification is done by metrics between the composition of revenue and growth revenue. The matrix table for the composition of revenue and growth of regional tax revenues can be seen as follows:

Table 2. Sample proportions for each tax type

Table 3. Composition of revenue and growth of regional tax revenues

Table 4. Regional Tax Realization Data for 2014 to 2018 Pamekasan Regency Government

As shown in the table 4 it can be seen that the realization of regional taxes had increased from 2014 to 2018 globally, from the 10 types of local taxes, the revenue from street lighting tax has predominated the most in the last 5 years. This increase occurred in almost all types of taxes and the highest street lighting tax in 2018 is 18,049,339,870. On the other hand, groundwater tax revenue has been low for 4 consecutive years compared to the other types of tax realizations. Thus, in general the income in Pamakasan Regency from year to year has increased well. However, as table 1 shows, the PAD ratio is still far from the figure standardized by the world bank. With the potential in the tax sector, it can directly make an increasing economic projections in Pamakasan Regency.
for the composition of revenue and revenue growth for types of local taxes can be seen as follows.

Based on the table 5 shown in the overlay analysis, it is known that the Pamekasan Local Tax which is generated is as follows:

1) Hotel Tax is categorized as prime. From the data in the table above, it shows that the growth rate is 20.75% while the contribution is 1.85%. It means that the hotel tax contributes and grows equal to or more than 1%. If for each type of hotel, it can be seen that five-star hotels and boarding houses/homestays have prime status, the growth rate and contribution to the restaurant tax have been above 1%, so that they can be maintained and further increased in order to increase the increase. Meanwhile, budget hotels/inns can be categorized in potential status, with a contribution of above 1% and growth below 1%, so that it can be maximized for collection every year, considering growth is still low.

2) Restaurant tax is categorized as potential. The potential categorized show that the growth rate is -58.5% while the contribution is 0.68%. This means that the restaurant tax contributes above 1% and growth below 1%. When looking at each type of tax, it can be seen that cafes and bakeries have prime status, with a contribution of above 1% and growth below 1%, so that it can be maintained and further increased in order to increase the increase. Meanwhile, restaurants, restaurants, depots and food stalls can be categorized as potential status, with a contribution of above 1% and growth below 1%, so that it can be maximized for collection every year, considering growth is still low.

3) Entertainment Tax is categorized as underdeveloped because the number of growth rate is -58.8% while the contribution is 0.68%. This means that the Entertainment Tax both at contributes and grows less than 1%. When looking at each type of entertainment tax, it can be seen that for sports competitions, motor vehicle racing, bathing, and karaoke have a backward status, where the contribution and growth rate is less than 1 percent so that it can be maintained and be more optimized in its collection. Meanwhile, mega-zones can be categorized as developing status where the contribution is less than 1% while growth is equal.
to or more than 1 percent.

4) Advertising tax is categorized as potential. This means that the billboard tax contributes is 2.0% or above 1% and growth is -10.54 or below 1%. If you look at each type of billboard tax, it can be seen that for boards, billboards and billboards, cloth/banners, and attached/walking billboards have potential status, where the contribution is above 1% and growth is below 1%, so that it can be maximized for collection every year, considering that growth is still low.

5) Parking tax is categorized as underdeveloped. This means that the parking tax contributes is -28.18% while growth rate is 0.38% so both of them mean less than 1%. Therefore, it must be optimized in the collection to support the increase in parking taxes considering its growth and contribution is still low.

6) Groundwater tax is categorized as underdeveloped. When looking at each type of groundwater tax, the type of groundwater in hotels has a backward status and in companies such as CV and PT it has a developing status. This means that the parking tax contributes and grows less than 1% with the data of 0.7% and 0.19%. Therefore, it must be optimized in the collection to support the increase in parking taxes considering its growth and contribution is still low.

7) Street lighting tax is categorized as prime. It can be seen from the growth rate as 22.9% while the contribution rate is 49.4%. According to Mahsun (2013) it can be conclude that the street lighting tax contributes and grows is equal to or more than 1%, so that it can be maintained and further optimized in its collection to support the increase in street lighting tax.

The general problem in extracting local tax sources is that they have not contributed significantly to overall regional revenue. That is because regional government has not optimally made efforts to intensify and extend regional tax which causes potential loss. This finding has strengthen the previous studies (Hendaris, 2018; Iqbal and Sunardi, 2018; Sudita and Budiartha, 2017; Mau et al, 2017; Sulistyowati, 2016) that the higher local taxes, the greater increase in street lighting tax.

As for the advertisement tax, street lighting tax, and PMBLB, the data is not available because there is no taxpayer found in the tax sectors. Referring to the tax gap result, the potential loss figure is as follows:

Potential loss is several tax revenues that should be received by the Pamekasan regency government which is a reduction of the tax potential and realization in the current year. The table above shows that the highest potential loss or leakage in the Restaurant Tax is Rp. 1,125,804,258. The hotel tax follows second with a tax leak of Rp.291,644,494. This loss and leakage is in line with the magnitude of the figure for the formation of regional gross domestic product in the accommodation and food and drink sector of 118.89 million rupiah (BPS, 2020). Third is the Entertainment Tax with tax leakage of Rp.216,649,222. The fourth is Parking Tax with tax leakage of Rp.114,696,000. Last is the Groundwater Tax with a tax leak of Rp. 22,222,976. There is no data on tax leakage for royalty from non-metallic minerals and/or non-metallic mineral products because Pamekasan regency does not have the tax object. The amount of tax leakage for advertisement tax is unknown because the author cannot get a detailed sample to see the gap.

As shown in the table 6, Pamekasan has the highest tax gap on Entertainment Tax, with a percentage of 86%. The second highest is the parking tax with a tax gap of 81%. Restaurant tax ranks third with a tax gap of 60.4%. Next is the hotel tax with a tax gap of 43%, followed by the groundwater tax of 32%

The second highest is the parking tax with a tax gap of 81%. Restaurant tax ranks third with a tax gap of 60.4%. Next is the hotel tax with a tax gap of 43%, followed by the groundwater tax of 32%. As for the advertisement tax, street lighting tax, and PMBLB, the data is not available because there is no taxpayer found in the tax sectors. Referring to the tax gap result, the potential loss figure is as follows:

Potential loss is several tax revenues that should be received by the Pamekasan regency government which is a reduction of the tax potential and realization in the current year. The table above shows that the highest potential loss or leakage in the Restaurant Tax is Rp. 1,125,804,258. The hotel tax follows second with a tax leak of Rp.291,644,494. This loss and leakage is in line with the magnitude of the figure for the formation of regional gross domestic product in the accommodation and food and drink sector of 118.89 million rupiah (BPS, 2020). Third is the Entertainment Tax with tax leakage of Rp.216,649,222. The fourth is Parking Tax with tax leakage of Rp.114,696,000. Last is the Groundwater Tax with a tax leak of Rp. 22,222,976. There is no data on tax leakage for royalty from non-metallic minerals and/or non-metallic mineral products because Pamekasan regency does not have the tax object.

The amount of tax leakage for advertisement tax is unknown because the author cannot get a detailed sample to see the gap. Meanwhile it is assumed there are no tax leaks for street lighting tax, land and building tax for rural and urban areas (PBBPP) and Land and building transfer duty (BPHITB) because they already have a clear calculation and local tax collection system. This makes the total of regional tax leak in Pamekasan regency Rp. 1,771,016,950.

As shown in the table 6, Pamekasan has the highest tax gap on Entertainment Tax, with a percentage of 86%. The second highest is the parking tax with a tax gap of 81%. Restaurant tax ranks third with a tax gap of 60.4%. Next is the hotel tax with a tax gap of 43%, followed by the groundwater tax of 32%.
potential entertainment tax for the management of recreational parks in Batu City which was 82.38 percent. This means that Batu City Regional Finance Agency (BKD) has not been optimal in exploring tax revenue in the sector. In addition, research was also conducted in the City of Probolinggo on the potential of restaurant tax for food stall businesses, cafeteria businesses, restaurants, and catering businesses. Overall, the potential loss for each type of business is quite high, which is above 50%, so the government is expected to manage to increase its tax effort in collecting the Restaurant Tax (Anggoro et al., 2019).

In agreement with previous researches, this study reported that restaurant tax and hotel tax dominated the highest potential tax leakages in Pamekasan regency. The tax is a regional tax called PB1 (Pajak Pembangunan Satu) or PHR (Hotel and Restaurant Tax) of 10% which collected by local government. The rapid growth of restaurants and hotels is a promising source of local revenue, but many problems arise from both sectors. This finding is supported by research conducted in Bandar Lampung. A plausible explanation for the weakness of the Restaurant Tax sector is the result of a poor monitoring system (Putri et al., 2019). In addition, there might be a possibility that fraud has occurred in the industry related to tax and service: 1) Smaller restaurants and hotels will likely to keep the tax for themselves by neglecting the obligation in paying tax to local government; 2) They will give some parts of taxes for the local government, not a full tax; 3) Some smaller restaurants are not even charged for 10% tax, but they still include the 10% tax on the menu to be paid by customers, thus they will increase their revenue for themselves.

It has been known that tax leakage become an issue in many years, not only in Indonesia but also in other countries. Its practice may be related to the different processes of economic development in each region. Several factors causing tax leakage include a low standard of living, mishandling of tax funds, and the illiteracy rate of taxpayers (Amahalu, 2018). A Nigerian study also reported that the challenge associated to tax leakages is weak of good governance to encourage the residents in obeying their obligations to pay tax (Onyewuchi and Njemanze, 2016). Therefore, local governments are suggested to enhance their strategy to mitigate any tax leakage so that they would not have suffered themselves.

**CONCLUSION**

This present study investigated the implementation of the fiscal decentralization and the occurrence of tax leakages in Pamekasan regency. This regency has the potential to increase Local Own-source Revenue through the regional tax component in which hotel tax is categorized as prime with the tax contribution and grows equal to or more than 1%. However, local tax sources did not contribute significantly to overall regional revenue. The evidences reported that there were potential tax leakages in several sectors in Pamekasan regency with the highest tax gap was generated from total entertainment tax realization (86%), followed by total parking tax realization (81%), restaurant tax realization (60,4%), total hotel revenue tax realization (43%), and total groundwater tax realization (32%). However, the highest potential loss was observed in Restaurant Tax.

This study suggests that local governments need to improve their strategy to prevent any tax leakage in the future by conducting the similar analysis. Several policies that can be submitted to maximize the potential regional tax revenue in Pamekasan regency in terms of intensification is that it is necessary to (1) Improve the quality and quantity of local tax dissemination, (2) Improve the quality of the regional tax administration system, which includes the WP registration system, calculation, payment and reporting, (3) Improve the quality of human resources to improve the quality of services to taxpayers, (4) Conduct a compliance assessment and reward giving to taxpayers, (5) Optimize the regional tax collection by basing on the census results of compulsory regional tax, (6) Implement and strengthen the function of local tax auditor through information technology such as tapping boxes, (7) Law enforcement is carried out on taxpayers who are late or don’t even pay taxes, (8) Strengthen and expand the database of mandatory regional tax, (9) Evaluate the policy of determining regional tax rates and (10) Increase taxes through broadening the tax base.

However, this paper still has a limitations in data of the advertisement tax, street lighting tax, land and building tax for rural and urban areas (PBBPP) and building return fees (BPHTB). The author does not find taxpayer data in the tax sector so that the amount of data leakage on each of these indicators cannot be determined. Therefore, Future research is expected to explore effectiveness of all tax efforts in Pamekasan regency and to enhance the methodology by adopting macro-based calculations through estimation techniques with econometric regression models using macroeconomic variables as proxies.

**REFERENCES**


Setyaningsih, K. (2017). Esensi Tranformasi Sistem Sentralisasi-Desentralisasi Pendidikan Dalam...
Pembangunan Masyarakat. *Journal of Islamic Education Management*, 3(1).


