

## Analysis of Regional Tax and Regional Retribution Management in Increasing Local Own Revenue (PAD) of Binjai City Government

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### ARTICLE INFO

*Kata Kunci:* Contribution, Efficiency, Effectiveness, PAD

*Received :* 1 February

*Revised :* 20 March

*Accepted:* 18 April

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### ABSTRACT

This study uses a quantitative approach and was conducted at the Binjai City Government located at Jl. Jambi No.1, Rambung Barat, Kec. South Binjai, Binjai City, North Sumatra. The data used is the Report on the Realization of the Regional Revenue and Expenditure Budget (APBD) of Binjai City for the 2020-2023 period, with quantitative data types and secondary data sources. Data collection techniques include documentation, literature studies, and observations. The results of the study indicate that the contribution of Regional Tax to PAD is in the "Very Good" category, while the contribution of Regional Retribution is categorized as "Very Poor". In terms of efficiency, the collection of Regional Tax and Regional Retribution is categorized as "Very Efficient". However, in terms of effectiveness, both Regional Tax and Regional Retribution are categorized as "Ineffective". This finding indicates the need for a more optimal management strategy to increase the effectiveness of regional revenue

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## INTRODUCTION

Local Own Revenue (PAD) is the main source of financing for regional governments in the context of implementing regional autonomy as regulated in Law Number 23 of 2014. PAD plays a strategic role in supporting development, strengthening fiscal capacity, and reducing dependence on central funds (Gea, 2023).

The two main components of PAD are Regional Tax and Regional Retribution. Regional Tax, in accordance with Law Number 28 of 2009, are mandatory and are used for regional interests without direct compensation to the payer. These taxes include provincial taxes (Motor Vehicle Tax, Cigarette Tax) and district/city taxes (Hotel Tax, Restaurant Tax, Advertising Tax). Well-managed taxes are the foundation for stable and sustainable regional revenues (Gea, 2023).

Meanwhile, Regional Retribution is a retribution on certain services or permits granted by the regional government (Hasibuan & Nursiam, 2020). Retribution consists of three main types: public services, business services, and certain permits. However, its contribution to PAD is generally smaller than Regional Tax due to varying coverage and levels of compliance.

Binjai City, which has economic potential and a strategic location on the Sumatra route, has the opportunity to increase PAD through optimization of Regional Tax and Retribution. However, according to Putri (2024), its management is still not optimal, marked by the failure to achieve tax targets, a weak payment system, and low public awareness. Therefore, more transparent, accountable, and regulatory management is needed to increase Binjai City's PAD.

Table 1. Realization of Regional Tax, Regional Retribution, and Local Own Revenue of Binjai City Government in 2020-2023

Year	Regional Tax	Regional Retribution	PAD
2020	65,331,052,512.88	3,686,524,990.00	112.273.545.241,12
2021	54,479,285,636.48	4,028,860,805.00	91,986,343,406.38
2022	63,712,081,831.00	5,562,488,614.00	107,762,359,864.53
2023	72,523,266,925.24	5,336,495,748.00	113,119,618,446.61

Source: BPKAD Binjai City (2025)

Based on Table 1 above, the realization of Regional Tax, Regional Retribution, and Local Own Revenue (PAD) of the Binjai City Government in 2020-2023 shows fluctuations. Regional Tax in 2020 were recorded at IDR 65.33 billion, then decreased in 2021 to IDR 54.48 billion. However, in 2022 and 2023, Regional Tax revenues increased again by IDR 63.71 billion and IDR 72.52 billion, respectively.

Regional Retribution also shows a fluctuating pattern. In 2020, the retribution was recorded at IDR 3.69 billion. This figure increased in 2021 to IDR 4.03 billion and rose again in 2022 to IDR 5.56 billion. However, in 2023, Regional Retribution decreased to IDR 5.34 billion.

Meanwhile, the Local Own Revenue (PAD) in 2020 reached IDR 112.27 billion, but experienced a significant decline in 2021 to IDR 91.99 billion. In 2022 and 2023, PAD increased again by IDR 107.76 billion and IDR 113.12 billion, respectively.

Regional Tax and Regional Retribution are the main components of Local Own Revenue (PAD) which reflect the fiscal independence of a region. Increasing revenue from these two sources is important to support development and public services. However, its realization still faces various obstacles that affect its contribution, efficiency, and effectiveness to PAD. This condition reflects the gap between theory and practice in Binjai City, so further in-depth research is needed. Previous studies have discussed the contribution and effectiveness of Regional Tax and Regional Retribution in various regions. Way & Djaelani (2024) in a study entitled "Analysis of the Contribution of Regional Tax and Retribution to the Local Own Revenue (PAD) of Sorong City in 2018-2021" found that the contribution of Regional Tax was still low, while Regional Retribution reached the highest value of 5% of PAD in 2021. Meanwhile, Darmawanto & Mufidah (2023) in the study "Analysis of the Contribution and Effectiveness of Regional Tax and Regional Retribution to the Local Own Revenue (PAD) in Tana Tidung Regency" showed fluctuating PAD effectiveness, with regional tax contributions being relatively low and Regional Retribution being very low.

This finding indicates that Regional Tax are generally more optimal than Regional Retribution in supporting PAD. Based on the research gap, this study is entitled "Analysis Of Regional Tax And Regional Retribution Management In Increasing Local Own Revenue (PAD) Of Binjai City Government".

## LITERATURE REVIEW

### Stewardship Theory

Stewardship theory emphasizes the role of managers as stewards who prioritize organizational interests over personal interests to achieve maximum organizational success (Jatmiko, 2020). In this study, this theory is relevant because it describes the local government as a steward who is responsible for managing Regional Tax and Retribution in order to increase Local Own Revenue (PAD) for the welfare of the community (Nugroho, 2018).

The application of this theory in Binjai City is reflected in transparent and accountable budget management through the Regional Government Financial Report (LKPD). Good management not only increases PAD, but also strengthens public trust through achieving the best opinion from the audit institution. Therefore, the Stewardship theory is an important foundation in this study, reflecting the role of government in effective, responsible, and service-oriented governance.

### Local Own Revenue (PAD)

PAD is the main source of regional income that supports governance and development. According to Mardiasmo (2018), PAD comes from Regional Tax, Regional Retribution, results of regional wealth management, and other legitimate income. This definition is in line with Law No. 28 of 2009, which emphasizes that PAD is collected based on regional regulations.

## **Tax**

Tax is a mandatory contribution from the community to the state which is regulated by law, is mandatory without direct compensation, and is used for the public interest (Adriani, 2020). According to Soemitro (2020), taxes function to finance state expenditures and form public savings allocated for investment and development. In addition to being the main source of state revenue, taxes also play a role in economic stabilization and improving public welfare.

### **Regional Tax**

Regional Tax are one source of income for local governments which are used to finance routine and development expenses. This tax is collected based on regional regulations (Perda) and is mandatory without direct compensation (Nababa, 2020). According to Mardiasmo (2018), Regional Tax are the obligations of people living in certain areas who have the authority to regulate and manage the interests of their regions in accordance with the Indonesian government system. Based on Law Number 28 of 2009, Regional Tax are mandatory contributions that must be paid by individuals or agencies to the region, are mandatory, and are used for the benefit of the community.

### **Regional Retribution**

Regional Retribution, according to Mardiasmo (2019), are retribution imposed by local governments as payment for certain services or permits granted to individuals or agencies. Unlike local taxes, retribution are reciprocal, where services or permits granted by the local government are the basis for the retribution.

In Law of the Republic of Indonesia Number 28 of 2009, retribution is defined as a regional retribution imposed as payment for certain services or permits provided by the regional government. These services or permits are directly beneficial to the party charged with the retribution. This retribution is one of the sources of regional income allocated to finance government affairs that are the authority of the region, while also reflecting the principle of justice by ensuring contributions from the community or agencies that utilize the services or permits.

### **Regional Tax and Regional Retribution Contribution**

According to Mahmudi in Wahyuni (2021), contribution measures the extent to which Regional Tax and retribution contribute to Local Own Revenue (PAD). Contribution is calculated by comparing the realization of regional tax or retribution revenue with the total realization of PAD in the same period. A high contribution indicates a significant role, while a low one indicates a small role. Formula for calculating Regional Tax and Retribution Contribution:

$$\text{Regional Tax Contribution} = \frac{\text{Realization of Regional Tax Revenue}}{\text{Realization of Local Own Revenue}} \times 100\%$$

$$\text{Regional Retribution Contribution} = \frac{\text{Realization of Regional Retribution Revenue}}{\text{Realization of Local Own Revenue}} \times$$

### **Regional Tax and Regional Retribution Efficiency**

According to Halim in Sulistiyanto (2018), measuring the effectiveness of Regional Tax and Regional Retribution is important to measure the cost of collection against the revenue generated. This measurement is needed to see

whether the management of Regional Tax and retribution has improved. Regional Tax and retribution are important sources of income to finance the implementation and development of regions in the context of Regional Autonomy. The formula for calculating Regional Tax and Retribution Efficiency:

$$\text{Regional Tax Efficiency} = \frac{\text{Regional Tax Collection Cost}}{\text{Realization of Regional Tax Revenue}} \times 100\%$$

$$\text{Regional Retribution Efficiency} = \frac{\text{Regional Retribution Collection Cost}}{\text{Realization of Regional Retribution Revenue}} \times 100\%$$

### **Regional Tax and Regional Retribution Effectiveness**

According to Mahmudi in Wahyuni (2021), effectiveness measures the extent to which the results achieved are in accordance with the objectives set. A program is declared effective if it succeeds in achieving the expected target, without taking into account the costs incurred. In this study, effectiveness is used to evaluate the performance of Regional Tax and Regional Retribution as the main source of PAD for Binjai City in the 2022-2023 period. The formula for calculating Regional Tax and Retribution Effectiveness:

$$\text{Regional Tax Effectiveness} = \frac{\text{Realization of Regional Tax Revenue}}{\text{Target of Regional Tax Revenue}} \times 100\%$$

$$\text{Regional Retribution Effectiveness} = \frac{\text{Realization of Regional Retribution Revenue}}{\text{Target of Regional Retribution Revenue}} \times 100\%$$

### **METHODOLOGY**

This study uses a quantitative approach. According to Sugiyono (2019), quantitative research methods are methods used to research certain populations or samples with sampling techniques that are generally carried out randomly. Data collection uses structured research instruments and is analyzed using a statistical approach to test the established hypotheses. This research was conducted at the Binjai City Government, located at Jl. Jambi No.1, West Rambung, South Binjai District, Binjai City, North Sumatra 20722.

The population and sample in this study are the Regional Revenue and Expenditure Budget Realization Report (APBD) of Binjai City for the period 2020–2023 (4 years). The data used are quantitative data, with secondary data sources. Data collection techniques in this study include documentation, literature studies, and observations. Meanwhile, data analysis techniques include data collection, calculation of research variables, data analysis, measurement of variables, and drawing conclusions.

## RESULTS

### Analysis of Regional Tax and Regional Retribution Contribution

The formula used to calculate the contribution of Regional Tax to Local Own Revenue (PAD) is as follows:

Table 2. Contribution Criteria

Presentation	Criteria
0%-10%	Very less
10%-20%	Not enough
20%-30%	Currently
30%-40%	Pretty good
40%-50%	Good
Above 50%	Very good

Source: Wahyuni (2021)

Table 3. Regional Tax Contribution in 2020-2023

Year	Realization of Regional Tax	PAD Realization	Regional Tax Contribution	Criteria
2020	65,331,052,512.88	112.273.545.241,12	58.2	Very good
2021	54,479,285,636.48	91,986,343,406.38	59.2	Very good
2022	63,712,081,831.00	107,762,359,864.53	59.1	Very good
2023	72,523,266,925.24	113,119,618,446.61	64.1	Very good
Average	64,011,421,726.40	106,285,466,740.66	60.2	Very good

Source: Processed Data (2025)

Based on the table above, the realization of Regional Tax fluctuated. In 2020, the realization of Regional Tax was IDR 65.33 billion, decreased in 2021 to IDR 54.47 billion, then increased again in 2022 to IDR 63.71 billion, and in 2023 reached IDR 72.52 billion. The average realization of Regional Tax during the 2020-2023 period was IDR 64.01 billion. Meanwhile, the realization of Local Own Revenue (PAD) also fluctuated. In 2020, the realization of PAD was IDR 112.27 billion, decreased in 2021 to IDR 91.98 billion, then increased in 2022 to IDR 107.76 billion, and in 2023 reached IDR 113.11 billion. The average realization of PAD for 4 years was IDR 106.28 billion. The average contribution of Regional Tax to PAD during the 2020-2023 period was 60.2%, with the category of "Very Good". This shows that Regional Tax are the main source of revenue for Local Own Revenue (PAD).

The formula used to calculate the contribution of Regional Retribution to PAD is as follows:

$$\text{Regional Retribution Contribution} = \frac{\text{Realization of Regional Retribution Revenue}}{\text{Realization of Local Own Revenue}} \times 100$$

Table 4. Regional Retribution Contribution in 2020-2023

Year	Realization of Regional Retribution	PAD Realization	Regional Retribution Contribution	Criteria
2020	3,686,524,990.00	112.273.545.241,12	3.3	Very less
2021	4,028,860,805.00	91,986,343,406.38	4.4	Very less
2022	5,562,488,614.00	107,762,359,864.53	5.2	Very less
2023	5,336,495,748.00	113,119,618,446.61	4.7	Very less
Average	4,653,592,539.25	106,285,466,739.66	4.4	Very less

Source: Processed Data (2025)

From the table above, the realization of Regional Retribution fluctuated. In 2020, the realization of Regional Retribution was IDR 3.69 billion, increasing gradually to IDR 5.56 billion in 2022, but experiencing a slight decrease in 2023 to IDR 5.34 billion. The average realization of Regional Retribution for 4 years was IDR 4.65 billion. The realization of Local Own Revenue (PAD) also showed a fluctuating pattern, with an average realization of PAD during the 2020-2023 period of IDR 106.28 billion. The average contribution of Regional Retribution to PAD for 4 years was 4.4%, which is included in the "Very Low" category. This shows that Regional Retribution are not the main source of Local Own Revenue (PAD), although they still provide additional income for local governments.

#### Analysis of Regional Tax and Regional Retribution Efficiency

In general, tax collection costs can be calculated based on the percentage of the budget or realization of Regional Tax. One method that can be used is to take the average percentage of collection costs in other regions, which ranges from 2-5% of the total taxes collected. In this study, a percentage of 3% of the realization of Regional Tax and Regional Retribution was used to estimate the collection costs. The calculation of regional tax collection costs is as follows:

$$\begin{aligned} \text{Regional Tax Collection Cost (Realization)} &= 3\% \times \text{Regional Tax} \\ 3\% \times \text{Rp } 65,331,052,512.88 &= \text{Rp } 1,959,931,575.39 \\ 3\% \times \text{Rp } 54,479,285,636.48 &= \text{Rp } 1,634,378,569.09 \\ 3\% \times \text{Rp. } 63,712,081,831.00 &= \text{Rp. } 1,911,362,454.93 \\ 3\% \times \text{Rp } 72,523,266,925.24 &= \text{Rp } 2,175,698,007.76 \end{aligned}$$

The formula used to calculate regional tax efficiency is:

$$\text{Regional Tax Efficiency} = \frac{\text{Regional Tax Collection Cost}}{\text{Realization of Regional Tax Revenue}} \times 100\%$$

Table 5. Efficiency Criteria

Presentation	Criteria
<60%	Very Efficient
60%-80%	Efficient
80%-90%	Quite Efficient
90%-100%	Less Efficient
>100%	Not efficient

Source: Sulistiyanto (2018)

Table 6. Regional Tax Efficiency in 2020-2023

Year	Regional Tax Collection	Realization of Regional Tax	Regional Tax Efficiency	Criteria
2020	1,959,931,575.39	65,331,052,512.88	3	Very Efficient
2021	1,634,378,569.09	54,479,285,636.48	3	Very Efficient
2022	1,911,362,454.93	63,712,081,831.00	3	Very Efficient
2023	2,175,698,007.76	72,523,266,925.24	3	Very Efficient
Average	1,920,342,651.79	64,011,421,726.40	3	Very Efficient

Source: Processed Data (2025)

In 2020, the local government spent Rp1.96 billion on tax collection, with tax revenue realization of Rp65.33 billion. In 2021, tax collection costs decreased to Rp1.63 billion, along with a decrease in tax realization to Rp54.48 billion. In 2022, tax collection costs increased to Rp1.91 billion, with tax realization of Rp63.71 billion. In 2023, tax collection costs increased to Rp2.18 billion, with tax realization reaching Rp72.52 billion. On average, local tax collection costs over four years were Rp1.92 billion, with an average tax realization of Rp64.01 billion. Tax collection efficiency remains in the “Very Efficient” category with a value of 3%.

Calculation of regional retribution collection costs uses the same method, namely 3% of regional retribution realization:

Regional Retribution Collection Cost (Realization) = 3% × Regional Retribution

3% × Rp 3,686,524,990.00 = Rp 110,595,749.7

3% × Rp 4,028,860,805.00 = Rp 120,865,824.15

3% × Rp 5,562,488,614.00 = Rp 166,874,658.42

3% × Rp 5,336,495,748.00 = Rp 160,094,872.44

The formula used to calculate the efficiency of Regional Retribution is:

$$\text{Regional Retribution Efficiency} = \frac{\text{Regional Retribution Collection Cost}}{\text{Realization of Regional Retribution Revenue}} \times 100\%$$

Table 7. Regional Retribution Efficiency in 2020-2023

Year	Collection of Regional Retribution	Realization of Regional Retribution	Regional Retribution Efficiency	Criteria
2020	110,595,749.70	3,686,524,990.00	3	Very Efficient
2021	120,865,824.15	4,028,860,805.00	3	Very Efficient
2022	166,874,658.42	5,562,488,614.00	3	Very Efficient
2023	160,094,872.44	5,336,495,748.00	3	Very Efficient
Average	139,607,776.18	4,653,592,539.25	3	Very Efficient

Source: Processed Data (2025)

In 2020, the cost of collecting retribution was IDR 110 million, with a revenue realization of IDR 3.68 billion. In 2021, the cost of collection increased to IDR 120 million, along with an increase in the realization of retribution to IDR 4.02 billion. In 2022, the cost of collection increased to IDR 166 million, with the realization of retribution reaching IDR 5.56 billion. However, in 2023, the cost of collection decreased slightly to IDR 160 million, with a revenue realization of IDR

5.33 billion. On average, the cost of collecting Regional Retribution over four years was IDR 139 million, with an average revenue realization of IDR 4.65 billion. The efficiency of retribution collection remains in the “Very Efficient” category with a value of 3%.

**Analysis of Regional Tax and Regional Retribution Effectiveness**

The effectiveness of Regional Tax is calculated using the following formula:

$$\text{Regional Tax Effectiveness} = \frac{\text{Realization of Regional Tax Revenue}}{\text{Target of Regional Tax Revenue}} \times 100\%$$

Table. 8 Effectiveness Criteria

Presentation	Criteria
>100%	Very Effective
90%-100%	Effective
80%-90%	Quite Effective
60%-80%	Less Effective
<60%	Ineffective

Source: Wahyuni (2021)

Table 9. Regional Tax Effectiveness in 2020-2023

Year	Realization of Regional Tax	Regional Tax Targets	Effectiveness of Regional Tax	Criteria
2020	65,331,052,512.88	82,481,771,175.00	79.21	Less Effective
2021	54,479,285,636.48	109,231.122.122,00	49.88	Ineffective
2022	63,712,081,831.00	135,077,107,047.00	47.17	Ineffective
2023	72,523,266,925.24	124,123,000,778.00	58.43	Ineffective
Average	64,011,421,726.40	112,728,250,280.50	58.67	Ineffective

Source: Processed Data (2025)

From the processed data, the effectiveness of Regional Tax in the last four years shows a less encouraging trend. In 2020, the effectiveness of Regional Tax reached 79.21%, which is categorized as less effective because it has not reached the minimum limit of 80%. Furthermore, the effectiveness of Regional Tax experienced a drastic decline in 2021 to 2023, with percentages of 49.88% (2021), 47.17% (2022), and 58.43% (2023), all of which are categorized as ineffective because they are below 60%. On average, the effectiveness of Regional Tax during the 2020-2023 period only reached 58.67%, which is still included in the "Ineffective" category. This shows that regional governments have not been able to achieve their regional tax revenue targets optimally.

The effectiveness of Regional Retribution is calculated using the following formula:

$$\text{Regional Retribution Effectiveness} = \frac{\text{Realization of Regional Retribution Revenue}}{\text{Target of Regional Retribution Revenue}} \times 100\%$$

Table 10 Regional Retribution Effectiveness in 2020-2023

Year	Realization of Regional Retribution	Regional Retribution Targets	Effectiveness of Regional Retribution	Criteria
2020	3,686,524,990.00	4,809,906,662.00	76.64	Less Effective
2021	4,028,860,805.00	19,250,737,584.00	20.93	Ineffective
2022	5,562,488,614.00	20,536,897,932.00	27.09	Ineffective
2023	5,336,495,748.00	25,381,205,888.00	21.03	Ineffective
Average	4,653,592,539.25	17,494,687,016.50	36.42	Ineffective

Source: Processed Data (2025)

From the data obtained, the effectiveness of Regional Retribution in 2020 reached 76.64%, which is categorized as less effective because it is still below 80%. However, in 2021 to 2023, the effectiveness of Regional Retribution decreased significantly to 20.93% (2021), 27.09% (2022), and 21.03% (2023), all of which are in the ineffective category.

On average, the effectiveness of Regional Retribution during the 2020-2023 period only reached 36.42%, which is still in the "Ineffective" category because it is below 60%. This condition indicates that regional governments face challenges in achieving the target of retribution revenue, so further evaluation is needed regarding the strategy for collecting and managing Regional Retribution.

## DISCUSSION

### 1. Analysis of Regional Tax and Regional Retribution Contribution

Based on the analysis results, the contribution of Regional Tax to Local Own Revenue (PAD) over the past four years has reached an average of 60.2%, which is included in the "Very Good" category. This shows that Regional Tax have a dominant role in increasing regional income. Meanwhile, the contribution of Regional Retribution to PAD during the same period only reached an average of 4.4%, which is included in the "Very Poor" category. This finding indicates that Regional Retribution are not the main source of PAD, although they still provide additional income for the regional government.

The results of this study are in line with the study conducted by Keintjem et al. (2021) in a study entitled "Analysis of the Contribution of Regional Tax Revenue and Regional Retribution to Increasing Local Own Revenue (Empirical Study in Manado City)", which shows that the contribution of Regional Tax to PAD falls into the very good criteria, while the contribution of regional retribution falls into the very poor criteria. Thus, based on the results of the analysis and supported by various previous studies, it can be concluded that Regional Tax have a dominant contribution to PAD, while regional retribution are still not the main source of income for local governments. Therefore, a more effective strategy is needed to optimize retribution revenues in order to increase regional fiscal independence.

### 2. Analysis of Regional Tax and Regional Retribution Efficiency

The results of the analysis show that the efficiency of regional tax collection over the past four years has remained at a value of 3, which is included in the "Very Efficient" category. This indicates that the tax collection process has been carried

out optimally, so that the collection costs incurred remain balanced with the results obtained. Likewise, the efficiency of regional retribution collection over the past four years has also remained at a value of 3, which indicates that regional retribution collection as a whole is also included in the "Very Efficient" category. This indicates that although the contribution of retribution to PAD is relatively small, its management has been carried out effectively by minimizing administrative and operational costs.

This study is in line with the findings of Waroh et al. (2024) in a study entitled "Analysis of the Effectiveness and Efficiency of Regional Tax and Regional Retribution at the Regional Revenue, Finance, and Asset Management Agency (BPPKAD) of Probolinggo Regency in 2018-2022". The study shows that the efficiency of Regional Tax is in the very efficient category, as is the efficiency of Regional Retribution. This confirms that the effectiveness of good tax and retribution management can increase efficiency in regional revenue receipts. Thus, the results of this study confirm that the regional tax and retribution collection system has been running efficiently, although efforts are still needed to improve the effectiveness aspect to maximize overall regional revenue.

### 3. Analysis of Regional Tax and Regional Retribution Effectiveness

The results of the analysis show that the average effectiveness of Regional Tax over the past four years has only reached 58.67%, which is included in the "Ineffective" category. This indicates that the performance of regional tax collection is still not optimal in achieving the targets that have been set. Likewise, the average effectiveness of Regional Retribution during the same period was only 36.42%, which is also included in the "Ineffective" category. This achievement shows that regional governments are experiencing obstacles in optimizing revenue from the retribution sector, so that the targets that have been set cannot be realized optimally.

This study is in line with the findings of Siregar (2024) in a study entitled "Analysis of the Effectiveness of Regional Tax and Regional Retribution on Local Own Revenue". The study shows that the effectiveness of Regional Tax and Regional Retribution is still relatively ineffective, confirming that various challenges are still faced in increasing the effectiveness of regional tax and retribution revenues. Thus, the results of this study confirm that the effectiveness of regional tax and retribution collection still needs to be improved through evaluation of more optimal collection policies and strategies in order to contribute more to Local Own Revenue (PAD).

## CONCLUSIONS

Based on the analysis of the contribution, efficiency and effectiveness of Regional Tax and Regional Retribution during the four-year period, the following conclusions can be drawn:

### 1. Regional Tax and Regional Retribution Contribution

Regional Tax provide a very good contribution to Local Own Revenue (PAD), with an average contribution of 60.2%. This shows that Regional Tax are one of the main sources of regional income that plays a significant role in supporting regional finances. On the other hand, the contribution of Regional Retribution to PAD is very low, with an average contribution of only 4.4%.

Nevertheless, Regional Retribution still play a role as an additional source of income for local governments, although not as the main contributor to the PAD structure.

## **2. Regional Tax and Regional Retribution Efficiency**

Local tax collection shows a very good level of efficiency, with a score of 3, indicating that the cost of tax collection is relatively low compared to the realization of revenue obtained. Likewise, the collection of local retribution is also classified as very efficient, with a score of 3, indicating that the collection system is running effectively and does not burden regional finances excessively.

## **3. Regional Tax and Regional Retribution Effectiveness**

Although the efficiency of tax collection is relatively high, the effectiveness of Regional Tax is still relatively low, with an average effectiveness of only 58.67%, which is categorized as ineffective. This indicates that regional tax collection has not been optimal in achieving the set revenue targets. Likewise, the effectiveness of Regional Retribution is even lower, with an average of only 36.42%, which is also categorized as ineffective. This condition indicates that regional governments face challenges in optimizing regional tax and retribution revenues.

## **RECOMMENDATIONS**

To increase regional tax and retribution revenues, regional governments need to take the following strategic steps:

1. Improve the collection system by utilizing information technology to make it easier for taxpayers to make payments.
2. Increasing public awareness through socialization and education regarding the obligation to pay taxes and retribution and the benefits obtained from compliance with these obligations.
3. Conduct stricter monitoring and evaluation of tax and retribution collection policies to identify obstacles and find appropriate solutions to increase the effectiveness of collection.

By implementing the right strategy, it is hoped that the effectiveness of Regional Tax and Regional Retribution can increase, so that their contribution to PAD becomes more optimal.

## **FURTHER STUDY**

This research still has limitations, so further research is needed on the Analysis of Regional Tax and Regional Retribution Management in Increasing Local Own Revenue (PAD) of Binjai City Government in order to perfect this research and increase insight for readers.

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