

CHAPTER I

INTRODUCTION

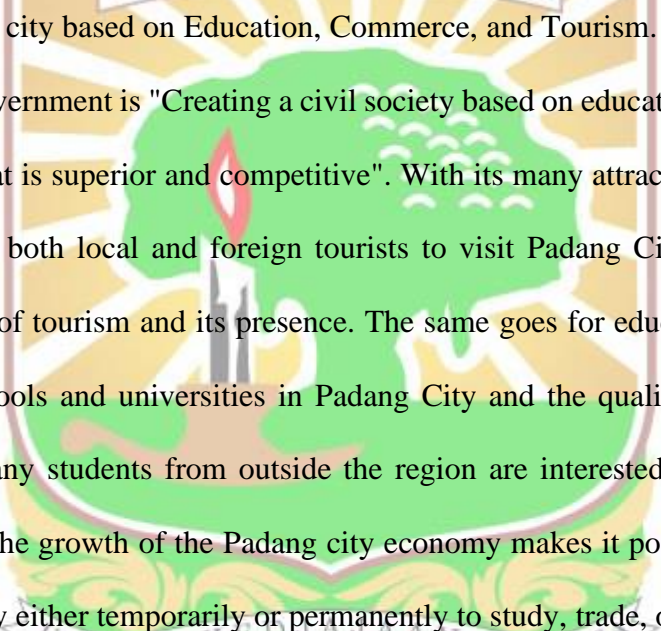
1.1 Research Background

The application of regional autonomy by the local government, in law no.1 of 2022 article 1 point 20, it has been explained that regional original income (PAD) is sourced from local taxes, local levies, the results of separated regional wealth management, and other legitimate regional original revenues. Taxes are a major source of income for Local Governments.

Based on Regional Regulation the City of Padang no. 8 of 2011, the definition of local tax is mandatory contributions to the Regions owed by individuals or entities that are coercive based on the Law, without receiving direct compensation, and are used for the Region for the greatest prosperity of the people. Local taxes are taxes collected by the regions based on tax regulations set by the regions for the benefit of their household financing as a public legal material. In its implementation, local taxes have several objects, these objects are regulated in Law Number 1 of 2022 as a substitute for Law Number 28 of 2009. Local governments can collect several taxes one of which is hotel tax.

Local taxes are administered by local governments through the Regional Revenue Agency (Bapenda). Regional Revenue Agency (Bapenda) is the executive element of local government administration in the area of local revenues, headed

by the head of the agency who reports to and is accountable to the mayor through the local secretary. Regional Revenue Agency is one of the local government agencies that organizes local tax collection and coordinates with other agencies in planning, implementing, and managing local tax collection. Regional Revenue Agency is also tasked with handling local government affairs based on the principle of autonomy and providing assistance in the area of local revenues and other tasks assigned by the local chief.

The logo of Universitas Andalas is a circular emblem. At the top, a banner reads "UNIVERSITAS ANDALAS". The center features a green tree with a red flame-like shape at its base. Below the tree, a banner reads "UNTUK KELAKSANAAN BANGSA".

Padang is a city based on Education, Commerce, and Tourism. The goal of the Padang city government is "Creating a civil society based on education, commerce, and tourism that is superior and competitive". With its many attractions in Padang City, it invites both local and foreign tourists to visit Padang City to enjoy the natural beauty of tourism and its presence. The same goes for education, with the number of schools and universities in Padang City and the quality of education guaranteed, many students from outside the region are interested in studying in Padang City. The growth of the Padang city economy makes it possible for many migrants to stay either temporarily or permanently to study, trade, or travel.

The entrants who settle in Padang city are mostly high school and university students, which has increased the demand for temporary housing. The students generally use the boarding house as their temporary residence, so the boarding house becomes a business field for several people. Boarding house entrepreneurs have sprung up in every corner of the city of Padang. This condition is certainly a potential tax for the Padang city government.

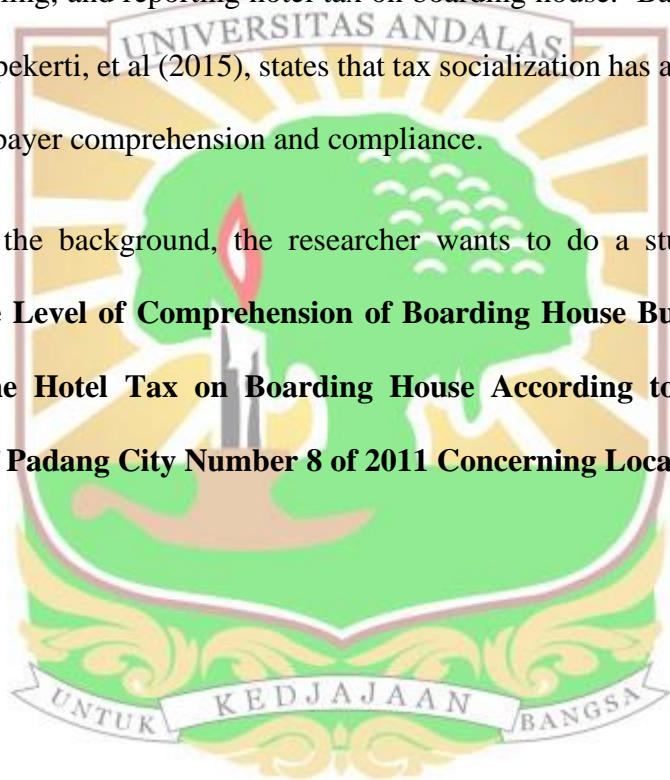
According to the regional regulation of Padang city No. 8 of 2011 on local taxes, the Padang city government collects local taxes on several aspects, one of which is the hotel tax. Referring to the provision in article 3, paragraph 4, point e, a boarding house with 10 rooms or more is subject to taxation and is therefore imposed to pay tax at a rate of 10%.

The tax collection system applied to hotel tax is a self-assessment system. According to Mardiasmo (2018) The self-assessment system is a tax collection system that authorizes taxpayers to determine for themselves the amount of tax payable. The main objective of this system is to raise taxpayers' awareness of how to fulfill their tax obligations, but in the process of implementation, taxpayers appear to lack information on this rather than raising their awareness. Septiana (2019), in his research, found that only 75 out of 212 taxpayers already have a valid Taxpayer identification number. This means that only 35% of taxpayers are aware of the system and fulfill their tax obligations.

Based on the Selviani's research (2018), it is concluded that the application of the self-assessment system is not commonly applied by individual taxpayers, especially boarding house business owners because they often do not report income taxes. With this large potential for income, it is unfortunate that the realization of tax collection has not been carried out optimally. The main factor is that not all boarding houses are registered with the regional revenue agency which is caused by the lack of knowledge of the boarding house business owner on hotel tax on boarding houses. Tilaar et al (2017) found that there is a significant effect between tax knowledge on taxpayer compliance in paying hotel tax on boarding houses.

Since there is a lack of socialization from the Local Government, especially the Regional Revenue Agency (Bapenda) to boarding house business owners concerning the self-assessment system and hotel taxes on boarding houses, it caused the lack of awareness of boarding house entrepreneurs concerning the existence of Hotel tax on boarding house, lack of understanding regarding the self-assessment tax collection system, the process to register as a taxpayer, tax rate, how to calculating, filling, and reporting hotel tax on boarding house. Based on research conducted by pekerti, et al (2015), states that tax socialization has a direct effect on individual taxpayer comprehension and compliance.

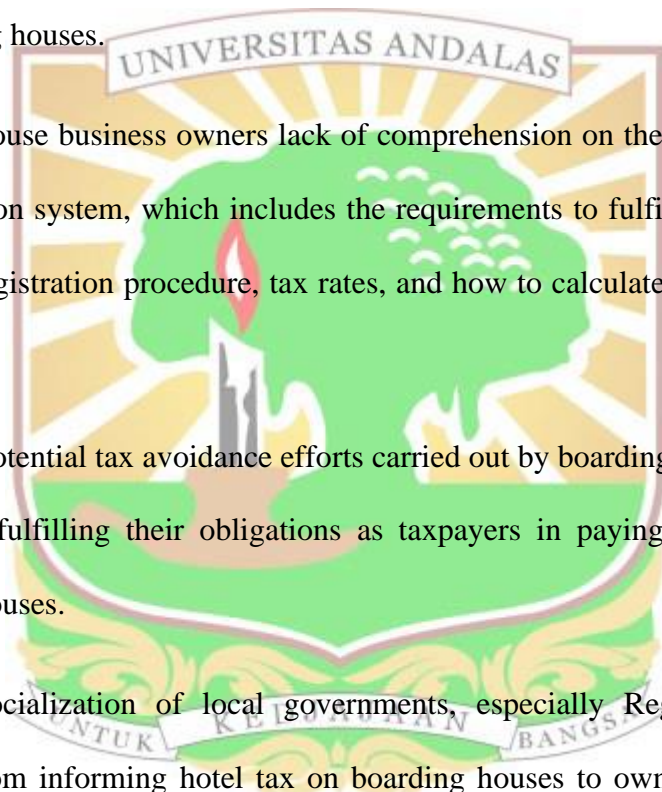
Based on the background, the researcher wants to do a study concerning **"Analysis the Level of Comprehension of Boarding House Business Owners Regarding the Hotel Tax on Boarding House According to the Regional Regulation of Padang City Number 8 of 2011 Concerning Local Taxes"**



1.2 Research Issues

Based on the explanation above, several problems underlie this research, including:

1. Boarding house business owners are refused to register as taxpayers despite they meet the hotel tax on boarding house requirements.
2. Boarding house business owners lack of awareness on the existence of hotel tax on boarding houses.
3. Boarding house business owners lack of comprehension on the self-assessment tax collection system, which includes the requirements to fulfill as a taxpayer, taxpayer registration procedure, tax rates, and how to calculate, fill, and report taxes.
4. There are potential tax avoidance efforts carried out by boarding house business owners in fulfilling their obligations as taxpayers in paying hotel taxes on boarding houses.
5. Lack of socialization of local governments, especially Regional Revenue Service, from informing hotel tax on boarding houses to owners of boarding house businesses.



1.3 Research Objectives

Based on the aforementioned issues, the researcher wants to find out the awareness of boarding house business owners concerning the existence of hotel tax on boarding houses, and the extent to which the boarding house owners understood whether they were fulfilling the requirements of hotel tax on boarding houses. Their understanding of taxpayer registration procedure, tax rate, calculating, filling, and reporting taxes, as well as whether the boarding house owner has fulfilled their obligations as a taxpayer and the possibility of tax avoidance.

On the other hand, the researchers also explored the extent to which local government (Bapenda) socializes local taxes, especially hotel tax on boarding houses to boarding house business owners in terms of requirements for fulfilling their obligations as a taxpayer, taxpayer registration procedure, tax rates, how to calculating, filling and reporting taxes. How the local government (Bapenda) behaves in dealing with the potential for tax avoidance carried out by the boarding house business owners to avoid paying hotel tax on boarding houses. Then how will local governments motivate taxpayers to meet their tax obligations to pay the hotel tax on boarding houses to maximize the local original income (PAD) through the hotel tax on the boarding houses sector.

1.4 Research Contributions

Based on the theoretical aspects, the results of this study are expected to be able to provide wider insight to the community, especially boarding house business owners related to the understanding of the Padang City Regional Regulation number 8 of 2011 for the hotel tax on boarding house category. In addition, this research can also be used as a reference for similar studies in the future.

From the Practical aspects, for local governments, this research can be used as a form of evaluation of local financial management performance on the implementation of Padang City regional regulations number 8 of 2011 for the hotel tax on boarding house category. For boarding house business owners this research help provide information about hotel taxes on boarding houses and is expected to increase awareness, knowledge, and insight regarding these regulations as well as fulfill their obligations to pay taxes to increase the contribution of hotel tax on boarding houses to regional income.

For other parties, the results of this study are expected to be used as a reference in thinking and reasoning to decide new problems in research. Furthermore, it can be used as material for expanding knowledge. In addition, this research is expected to provide practical contributions for taxpayers, especially boarding house business owners, tax advisors or consultants, and the government in making Tax Laws and Regulations in developing a better tax system.

1.5 Research Scope and Limitation

This research was conducted based on regional regulation No. 8 of 2011 concerning local taxes, the scope of this research is hotel tax with the limitation of hotel tax on boarding houses so the subject in this study is the owner of a boarding house business in the city of Padang and also the Regional Revenue Agency of the city of Padang, West Sumatra.

1.6 Writing Systematic

Writing systematic in this study consists of:

Chapter I Introduction

Explaining the background of the research, research problems, research objectives, research contributions, the scope as well as the limitation of conducting this research, and the writing systematic.

Chapter II Explaining the regional autonomy, regional revenue and expenditure budget, regional original income, regional revenue service, local taxes, hotel taxes on boarding houses, self-assessment system, comprehension of taxpayers, and previous research

Chapter III Research Method

Explaining the research design, population sample, research instrument, data type dan data source, data collection technique, research place & time, and data analysis technique.

Chapter IV Analysis and Discussion

Explaining the finding and the result of the research

Chapter V Conclusions

Contains conclusions and suggestions

