

# CHAPTER I

## INTRODUCTION

### 1.1. Background of the Study

Indonesia is a country that has abundant natural wealth and is one of the countries that can be said to be the country with the best nature. In the structure of state revenue, Indonesia has a lot of revenue from various sectors, including the oil and gas and non-oil and gas sectors. The two sectors have a very strategic role and are the largest component and main source of domestic revenue to support the financing of government administration and national development. Indonesia is also a country that adheres to a decentralized system in which the central government delegates authority to regional orders to administer its territory. Each region in Indonesia also has the rights and obligations of each in managing the region.

To create the independence of a region, local revenue is very important and will become a source of funds from a region. in Law no. 32 of 2004 concerning regional government and Law no. 33 of 2004 concerning the financial balance between the centre and the regions, "Provide a broad impact on the implementation of regional autonomy. Regional autonomy has implications in the form of the emergence of authorities and obligations for regions to carry out various government activities more independently, including optimizing financial management, especially the management of regional revenues. The performance of regional revenue management is aimed at increasing the revenue of local revenue for the continuity

of financing the administration of government and development. The final expected result is the contribution of revenue from the retribution and local taxes sector to the administration of government and development which is increasing.”

Local government is an institution that has the task of regulating the wheels of government in the region, regional development, and providing services to the wider community. An area can progress and develop if it is able to create a transparent government wheel, high accountability, and the correct application of value for money. As a non-profit-oriented organization, local governments have the main goal of providing services to the community. Every government in a region seeks to improve the regional economy or its local revenue. In order for the original government revenue to increase, high creativity and innovation are needed so that the income earned in these areas is also higher. One way that is quite creative and innovative in increasing original local government revenue is by optimizing the potential in the tourism sector, for example such as the hotel business. The hotel business is a sector that has the potential to be developed as a source of regional income. Hotel is a building specifically provided for people to be able to stay/rest, get paid, and/or other facilities for a fee, including other buildings that are integrated, managed and owned by the same party, except for shops and offices. Hotel Entrepreneur, is a person or legal entity that operates a hotel business for and on his own behalf or for and on behalf of other parties who are his dependents.

The hotel business sector is also expected to contribute to economic development. The main function of the hotel is to provide temporary accommodation for guests who come from various places. However, along with the times, the function of the hotel is not only as a place to stay, but now the function of the hotel is also as a place to conduct business meetings, seminars, where weddings (receptions) take place, workshops, national deliberations and other activities. The hotel is used as a place to carry out various activities because it has complete facilities and infrastructure to support various activities carried out by the guests.

The role of the hotel in the tourism industry is very important as a means of public accommodation that helps tourists who are visiting to travel with lodging services provided by the hotel. The relationship between the hospitality industry and tourism has a close relationship. life and life depends a lot on the number of tourists who come. Hotels have an important role in the tourism industry, and in regional or state development, namely increasing people's industries, creating job opportunities for the community, helping education and training efforts, increasing state foreign exchange, increasing regional and state income and improving relations between nations.

The administration of government and public services does not escape the improvement and development of infrastructure. The implementation of regional government development requires a large enough revenue to finance development. One of the government's revenues that contributes the most, one of which is taxes. To develop regional tourism in Deli Serdang Regency, every year the Deli Serdang/

Regency Government sets aside 10% of the total hotel tax revenue as a special fund for tourism promotion. The 10% tax is in accordance with Regional Regulation (PP) number 11 of 2010. However, it must be acknowledged that the quality and quantity of human resources in the tourism sector still needs serious improvement. This condition requires urgent handling because of its great influence on tourism development and hotel tax contributions in the Deli Serdang district. For now, the Deli area has very few schools majoring in tourism and this does not help in empowering human resources. Tax is a source of state or regional revenue that is paid by the community as collection fees that can be imposed by the government based on applicable regulations. Tax is a manifestation of the participation of the community or taxpayers directly and together in carrying out tax obligations needed for state financing. An increase in the revenue of an area is influenced by various sources of income.

Deli Serdang Regency is a Regency in North Sumatra Province, Indonesia. The capital of this regency is in *Lubuk Pakam*. Deli Serdang Regency is known as one of the 25 regencies/cities in North Sumatra Province. Prior to the Proclamation of Independence of the Republic of Indonesia on August 17, 1945, Deli Serdang Regency, as it is known today, was a government in the form of a Kingdom (Sultanate), namely the Deli Sultanate which was centred in Medan City and the Serdang Sultanate centred in *Perbaungan* about 38 km from Medan City to *Tebing Tinggi* City.

Deli Serdang Regency is one of the regencies in North Sumatra which is dominated by industry, agriculture and tourism and has a very strategic place. The

location of Deli Serdang Regency, which is in the provincial capital and has potential, makes Deli Serdang Regency one of the places in the development of Trade, Business and Industry Tourism. Deli Serdang Regency has great potential to run a business, even though the lack of tourist attractions has resulted in a lack of visitors coming to Deli Serdang Regency and not using or renting facilities in the form of hotels.

Despite the lack of tourists visiting, Deli Serdang Regency is an industrial area that can be said to be advanced. The available hotels are as a means of support for visitors or tourism in Deli Serdang Regency. The Regional Government and Entrepreneurs provide a place to stay as a place of rest and a means of supporting tourism in Deli Serdang Regency, namely hotels, which of course will contribute to Regional Revenue. In this case what is meant by donations, namely mandatory contributions paid by service providers, both individuals and entities, which are commonly referred to as local taxes are one of the sources of regional income in Deli Serdang Regency.

The Deli Serdang Regency Regulation stipulates that the payment of taxes levied forcibly by individuals or entities does not receive direct compensation but the funds are for the prosperity of the people. The source of income to increase regional treasury is from hotel tax contributions. Hotel tax is a tax on in-hotel services provided by the hotel. While the hotel is a stopover facility for many people and the general public to visit tourists by providing room services, food and beverages as well as accommodation with payment terms.

The more hotel in Deli Serdang the greater the hotel tax revenue, so that it can have an impact on the development of the household itself and the impact on the development of the Deli Serdang area which will be smoother. This development may include the construction of infrastructure, markets, mosques, sports facilities, electricity and other public facilities. The ability to achieve maximum hotel tax revenue targets is very important, because hotel taxes are also an item of local taxes that can provide income to local treasuries. Therefore, the regional government of Deli Serdang with all its initiatives and creativity needs to optimize its potential to increase the source of Regional Income obtained from the hotel tax sector, in order to support development so as to prosper the people of Deli Serdang. With the advancement of technology from various circles to open a service business, namely lodging, the taxpayers in the hospitality sector have increased and their contribution is also very influential, originating from hotel taxes.

Deli Serdang Regency government's efforts in increasing local revenue sources have encountered various obstacles, both in terms of funding sources and in terms of capabilities and management and administration systems. The condition of the problems encountered in the management of regional income is not the same in each region, because it involves the availability of sources, the level of progress and the ability of existing sources. To increase sources of regional income in implementing regional development activities and community welfare, local governments must know the contribution of regional taxes including hotel taxes. from the description above, it is necessary to conduct research of **“Analysis Of**

## **Hotel Tax Contribution in Increasing Local Revenue at Deli Serdang, North Sumatra”.**

### **1.2. Problem Limitation**

The problem that will be discussed in this research is how does the hotel tax contribution in increasing local revenue in Deli Serdang, North Sumatra period 2016-2020.

### **1.3. Problem Formulation**

The problem formulation can be separated into primary and minor problem. Based on the background of the study above, the problem limitation are:

1. Does hotel tax have a significant impact on local revenue in deli Serdang regency period 2016-2020?
2. How much impact does hotel tax does on local revenue in deli Serdang regency period 2016-2020?

### **1.4. Objective of Research**

The objective research to solve that found in this research of the contribution of hotel tax to local revenue, which are:

1. To find out whether the hotel tax has a significant impact on local revenue in deli Serdang region period 2016-2020.
2. To find out how much the impact does hotel tax does on local revenue in Deli Serdang region period 2016-2020.

### **1.5. Benefit of the Research**

According to the problems that found during this research of the hotel tax contribution in increasing local revenue, there are two types of the benefit research:

### **1.5.1. Theoretical Benefit**

For further researchers, it is hoped that they can broaden their understanding and knowledge of how big the contribution of hotel taxes is to local revenue. In addition, this research is also expected to assist in ensuring that the hotel tax on the local revenue has been carried out and managed by the local government in accordance with applicable local regulations.

### **1.5.2. Practical benefit**

The benefit that can be obtained from this research is that it helps in increasing the number of individuals who really want to bring about improvements in these practices on the topic of hotel tax contributions in increasing local revenue. In addition, here are some of the benefits that can be obtained:

#### **1. For researchers**

This research is expected to increase the writer understanding of the impact and the contribution of hotel taxes in increasing the local revenue in Deli Serdang, North Sumatra.

#### **2. For readers**

It is hoped that this research can help readers gain insight into taxes and can also create transparency in the regulation and management of hotel taxes in Deli Serdang, North Sumatra.

#### **3. For the government**

This research is expected to be used as input and evaluation material for the regulation and management of hotel taxes in Deli Serdang, North Sumatra.