ANALYSIS OF THE POTENTIAL AND EFFECTIVENESS OF PARKING TAX REVENUE IN INCREASING REGIONAL ORIGINAL INCOME (PAD) IN MANADO CITY

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ABSTRACT

Parking tax is a tax on the implementation of off-road parking lots, both provided in connection with the principal business and provided as a business, including the provision of motorized vehicle storage. This study aims to determine the potential and effectiveness of parking tax revenue in increasing local revenue (PAD) in the city of Manado. The method used in this study is descriptive qualitative. Methods of collection through observation, interviews and documentation. The results showed that the city of Manado has great potential in increasing PAD through parking tax, but the effectiveness of the reception is still not optimal. Factors such as taxpayer awareness and supervision from related parties are the main obstacles in the realization of parking tax revenue. Therefore, stricter policies and more effective collection systems are needed to maximize parking tax revenue and increase its contribution to PAD.
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JEL Classification : M40, M41, M48

1. INTRODUCTION

Indonesia, as a developing country, requires stable sources of financing to support development and improve public welfare. One of the largest sources of state revenue is taxation, which is divided into central taxes and regional taxes. Through regional autonomy, local governments are granted the authority to explore the potential of regional taxes in order to increase Regional Original Income (PAD). Regional taxes are important not only as a source of development funds but also as an instrument for regulating economic activities at the regional level.

Regional taxes consist of provincial taxes and regency/municipal taxes. Based on Law No. 1 of 2022, several types of taxes were abolished and consolidated, one of which is the parking tax. However, in the City of Manado, parking tax is still enforced under Regional Regulation No. 2 of 2011. Parking tax is collected using the self-assessment system, where taxpayers calculate and pay their own tax obligations. The purpose of parking tax is to increase PAD, regulate land use for parking, and support equitable economic distribution in the community.

The potential of parking tax in Manado is quite significant, in line with the increasing number of motor vehicles, which rose from 779,290 units in 2021 to 878,922 units in 2022.

This growth in vehicles has driven greater demand for parking spaces in various public facilities, thereby opening up more opportunities for tax revenue. With a parking tax rate set at 30%, this sector is expected to make a significant contribution to the increase of PAD.

Despite its considerable potential, the realization of parking tax revenue in Manado has not been optimal and has failed to meet the target. This is due to weak planning, lack of supervision, and the persistence of self-managed and illegal parking areas that are not recorded as PAD revenue. Moreover, the low awareness of taxpayers in fulfilling their obligations is also a challenge. Therefore, this research is conducted under the title "Analysis of the Potential and Effectiveness of Parking Tax Revenue in Increasing Regional Original Income (PAD) in the City of Manado."

2. LITERATURE REVIEWS
2.1 Accounting Concept

Accounting is a systematic process that includes identifying, recording, classifying, summarizing, and reporting transactions in accordance with generally accepted accounting standards. The primary objective of accounting is to provide relevant and reliable economic information through financial statements, which can be utilized by internal parties (such as management and executives) as well as external parties (such as shareholders, creditors, and owners) in making decisions. The functions of accounting include planning and controlling organizational activities, serving as a basis for managerial decision-making, and acting as a means of accountability to stakeholders.

2.2 Tax Concept
2.2.1 Tax

Tax is a levy imposed on the people by the state treasury under the law (which can be enforced) without receiving direct reciprocal services (counterprestations) and is used to finance public expenditures (Mardiasmo, 2019:30). Thus, tax refers to a mandatory contribution to the state, owed by individuals or entities, coercive in nature under the law, without direct compensation, and utilized for state purposes to achieve the greatest prosperity of the people.

2.2.2 Tax Accounting

Tax accounting is a specialized branch of accounting that focuses on recording, measuring, and reporting financial transactions for the purpose of determining tax obligations in accordance with prevailing tax laws and regulations (Mulya, 2023:1). Unlike commercial accounting, which is based on Financial Accounting Standards (SAK), tax accounting is regulated by statutory tax provisions and serves to assist taxpayers in fulfilling their fiscal responsibilities.

2.2.3 Tax function

According to Mardiasmo (2019:33), there are two functions of tax, namely:
1. Budgetary Function (Budgetair)
   Tax serves as a source of funds for the government to finance its expenditures.
2. Regulatory Function (Regulerend)
   Tax functions as a tool to regulate or implement government policies in the social and economic sectors.

2.2.4 Tax Type

According to Siti Resmi (in Masrun, 2020:40-41), taxes can be classified into three categories:
1. By Category
   a. Direct Tax: borne by the taxpayer and cannot be shifted to others (e.g., Income Tax).

   b. Indirect Tax: can be shifted to other parties (e.g., Value Added Tax and Restaurant Tax).
2. By Nature
   a. Subjective Tax: based on the taxpayer, considering their personal condition (e.g., Income Tax).
   b. Objective Tax: based on the object, regardless of the taxpayer's condition (e.g., Value Added Tax, Restaurant Tax, Luxury Goods Sales Tax).
3. By Collecting Authority
   a. State (Central) Tax: collected by the central government, including Income Tax, Value Added Tax, Luxury Goods Sales Tax, Stamp Duty, and Land and Building Tax.
   b. Regional Tax: collected by local governments, consisting of provincial taxes and district/municipal taxes

2.2.5 Tax Collection System

According to Mardiasmo (2019:11), there are several tax collection systems, namely:

1. Official Assessment System

   The official assessment system is a tax collection method in which the authority is given to the government (tax authorities) to determine the amount of tax payable by the taxpayer.

2. Self Assessment System

   The self assessment system is a tax collection method that authorizes taxpayers to calculate and determine the amount of tax payable by themselves.

3. Withholding System

   The withholding system is a tax collection method that grants authority to a third party (neither the tax authorities nor the taxpayer concerned) to withhold or collect the tax payable by the taxpayer.

2.2.6 Tax Sanctions

Tax sanctions are legal consequences imposed on taxpayers who fail to fulfill their tax obligations as regulated by law. These sanctions are divided into two types:

1. Administrative Sanctions

   These consist of payments to the state, such as fines, interest, and surcharges.

2. Criminal Sanctions

   These consist of punishments intended to impose suffering and serve as a last resort to ensure compliance with tax regulations. They may take the form of criminal fines, detention, or imprisonment.

2.3 Local Own-Source Revenue (PAD)

Local Own-Source Revenue (PAD) refers to regional revenue derived from local taxes, local retributions, income from regionally owned enterprises, separated regional assets, and other legitimate local revenues (Mardiasmo, 2019:130). Based on Law No. 23 of 2014 Article 157, PAD is sourced from:

1. Local Taxes
2. Local Retributions
3. Proceeds from the management of separated regional assets
4. Other legitimate local revenues

2.4 Regional Tax

Regional (Local) Tax

According to Government Regulation (PP) No. 35 of 2023 concerning General Provisions of Regional Taxes and Regional Levies, regional tax (hereinafter referred to as

"tax") is a mandatory contribution to the region owed by individuals or entities, which is coercive under the law, without receiving direct compensation, and used for regional needs for the greatest prosperity of the people. According to Manado City Regional Regulation No. 2 of 2011, there are several types of regional taxes applied in Manado City, namely:

1. Hotel Tax
2. Restaurant Tax
3. Entertainment Tax
4. Advertisement Tax
5. Street Lighting Tax
6. Parking Tax
7. Ground Water Tax
8. Swallow Nest Tax
9. Non-Metallic Mineral and Rock Tax

2.5   Parking Tax

Parking tax in Manado City, regulated under Regional Regulation No. 2 of 2011, is imposed on the operation of parking facilities outside public roads, including motor vehicle storage services. The tax object is the provision of parking outside public roads, except those organized by the government, offices exclusively for employees, and foreign consulates. The tax subjects are individuals or entities operating parking facilities. The tax base is the amount paid or that should be paid to the operator, and with a fixed rate of 30%, the tax is calculated as Tax Payable = Tax Rate × Tax Base (DPP). Despite being nationally merged into the Specific Goods and Services Tax under Law No. 1 of 2022, parking tax remains enforced in Manado City and serves as an important source of local revenue.

2.6   Parking Tax Potential

The term *potential* comes from the Latin *potential*, meaning ability. According to the Indonesian Dictionary (KBBI), potential refers to the ability or capacity that can be developed. In the context of regional economy, potential is an existing capability that can be utilized and expanded to support local livelihoods and economic growth. For parking tax, potential means the capacity of parking tax to be developed as a source of local revenue.

2.7   Effectiveness

According to Mardiasmo, effectiveness is a measure of success or failure in achieving organizational goals and is closely related to policy targets or objectives. Effectiveness shows the extent to which planned outcomes are achieved— the higher the achievement, the more effective the activity. In the context of parking tax, effectiveness can be measured using the formula:

Parking Tax Effectiveness = (Realization / Target) × 100%

The effectiveness level is categorized as follows:

100%	: Very effective
90%–100%	: Effective
80%–90%	: Quite effective
60%–80%	: Less effective
<60%	: Ineffective

3.   RESEARCH METHODOLOGY
3.1.   Type of Reseach

The The type of research used is descriptive qualitative research. The descriptive qualitative research approach is intended to describe, analyze, and interpret existing

conditions and current situations related to the object under study. Descriptive qualitative research aims to explain and illustrate actual events or what really happened, and the data produced will only be in the form of written or spoken words from the observed objects (Igrecia, 2021:24). The use of this research approach is to evaluate the management of parking tax in increasing Regional Original Revenue (PAD) in Manado City and whether it is in accordance with the applicable regulations.

3.2 Place and Time of Research

The research will be conducted at the Regional Revenue Agency (Badan Pendapatan Daerah) of Manado City, located at the Public Service Mall, Sario Tumpaan Sub-district, Sario District, in front of the Four Points Hotel Manado, North Sulawesi. The research period will take place from August 2024 – Completed.

3.3 Type, Sources fo Data, and Data Collection Methods

3.3.1 Type of Data

The types of data used in this research consist of qualitative and quantitative data. Qualitative data refers to information presented in written or spoken form and not in numerical form, such as a brief history of BAPENDA, general description, vision and mission, and organizational structure of BAPENDA. Meanwhile, quantitative data refers to information presented in numerical form and not in descriptive written form, which in this research includes documents that can be calculated and measured (Igrecia, 2021:27–28), such as the target and realization of parking tax revenue, potential parking tax revenue, and other related data.

3.3.2 Sources of Data

Data sources are everything that can provide relevant information for the research, consisting of primary and secondary data. Primary data refers to information obtained directly from the source and processed for research purposes, serving as the basis for decision-making (Sugiyono, 2022:213). Meanwhile, secondary data are obtained indirectly through intermediary media (recorded or provided by other parties) and are used to complement primary data or previous research (Sugiyono, 2019:149).

3.3.3 Data Collection Methods

Data collection methods in this research are divided into 3, namely observation, interviews, and documentation. Observation is carried out through direct observation to understand the context of the data, interviews are conducted through question and answer to obtain information, while documentation involves collecting records of events in the form of writings, photos, or monumental works.

3.4 Method of Analysis Data and Processes

The data analysis method in this study is descriptive qualitative analysis. The data analysis process in this research is as follows:

1. Collecting data and information to be used in this study, including regulations and other sources related to the potential and effectiveness of parking tax revenue.
2. Presenting the data in the form of brief descriptions, graphs, and tables.
3. Analyzing and calculating data related to the potential and effectiveness of parking tax revenue for the years 2021–2023.
4. Drawing conclusions and providing suggestions based on the results of the research and discussion carried out.

4. RESULTS AND DISCUSSIONS

4.1 Results

4.1.1 Potential Parking Tax Revenue

The potential for parking tax revenue in Manado City is considered high, especially at strategic points such as shopping centers, office buildings, and public facilities with heavy

traffic flows. On certain days, particularly weekends and holidays, the volume of vehicles entering parking areas can reach hundreds to thousands of units. With parking fees ranging from IDR 2,000–5,000 for two-wheeled vehicles and IDR 3,000–10,000 for four-wheeled vehicles, this sector holds great opportunities to contribute significantly to Local Own-Source Revenue (PAD).

However, not all active parking locations can continue to operate. Some sites have ceased operations due to land use changes, infrastructure development, or transfers of management without official cooperation with the local government. This situation affects the number of parking points that can be taxed. Nevertheless, new parking areas are emerging in developing economic zones, which hold great potential if managed systematically and in accordance with regulations.

In addition to vehicle volume and applicable rates, the potential for parking tax revenue is also influenced by strategic location, crowd density, and the management system applied. Locations that implement digital recording systems and electronic payment methods tend to produce more accurate and transparent reports, thereby facilitating tax calculation. Through comprehensive data collection, stricter control of illegal parking, and strengthened management systems, parking taxes can be optimized to become one of the main sources of increased PAD in Manado City.

4.1.2 Effectiveness of Parking Tax Revenue

In this study, the researcher obtained data from the Regional Revenue Agency (Badan Pendapatan Daerah) of Manado City. The data collected consists of the parking tax targets and realizations in Manado City for the period 2021–2023.The data is presented in Table 1 as follows:

Table 1. Parking Tax Target and Realization in Manado City 2021–2023

Year	Target	Realization
2021	13.900.000.000	7.189.828.814
2022	12.000.000.000	10.714.632.651
2023	17.684.062.500	15.115.247.787

Source: Regional Revenue Agency of Manado City, 2025

From Table 1, it can be seen that both the targets and realizations of parking tax revenue increased each year from 2021 to 2023. However, not all increases in realized revenue were accompanied by the achievement of the predetermined targets. Based on the data in Table 4.1, in 2021 the realization was far lower than the set target. The realization only reached around 51.7% of the target, indicating that the achievement in that year was less than optimal compared to expectations.

In 2022, the realization improved compared to 2021, although it still did not reach the desired target. The realization reached around 89.3% of the target, showing progress despite a remaining shortfall of IDR 1,285,367,349.00. Although better than the previous year, there were still aspects that required evaluation and improvement.

In 2023, despite a significant increase in the target compared to the two previous years, the realization still did not achieve 100% of the set target. The realization in that year reached approximately 85.5% of the target. Although this shows significant progress compared to 2021, the data indicate that challenges remain in fully achieving the targets, even though improvements have been made over the past years.

4.2. Discussions

4.2.1 Potential Parking Tax Revenue

The potential of parking tax revenue represents the economic capacity of a region that can be developed into a source of Local Own-Source Revenue (PAD). Based on data from

2021–2023, revenue showed fluctuations. In 2021, revenue decreased by -2.07% due to the impact of the COVID-19 pandemic, which reduced parking activities. However, in 2022 and 2023, there were significant increases of 32.89% and 29.11%, respectively, in line with the recovery of community activities. The average increase over the three-year period was 19.97%, although it was still considered ineffective since realizations did not meet the targets.

Based on this trend, the projected potential of parking tax revenue in the coming years is expected to continue to rise. In 2024, revenue potential is estimated at around IDR 18.1 billion, then increasing to IDR 21.7 billion in 2025, and IDR 26 billion in 2026. These figures indicate that parking tax is making an increasingly significant contribution to the Local Own-Source Revenue (PAD) of Manado City.

The potential for parking tax revenue may decline if various factors supporting the optimization of revenue do not function properly. One of the main causes is a decrease in the number of vehicles using parking services, whether due to changes in mobility patterns, increased use of public transportation, or mobility restrictions such as during the pandemic. Conversely, parking tax potential is considered to increase when there is significant growth in the number of motor vehicles in a region, as is the case in Manado City, where the number of vehicles continues to rise each year. The more vehicles there are, the greater the demand for parking space, which directly creates opportunities for additional taxable parking objects. The potential also increases if the local government actively carries out mapping and data collection of new parking locations, as well as strengthens supervision of revenue reporting by parking operators. In addition, the integration of digital and transparent tax collection systems can encourage more accurate reporting and reduce the risk of data manipulation.

4.2.2 Effectiveness of Parking Tax Revenue

Effectiveness can be defined as a measure of the success of an organization or institution in achieving its goals. When related to taxation as the research object, this refers to parking tax. Effectiveness analysis can be described as a measure of the success or failure of tax revenue realization in achieving its true potential within a certain period. Tax revenue is considered effective if it reaches or exceeds the predetermined target—in other words, if the effectiveness ratio is greater than 100%, and vice versa. The following presents the results of the calculation of the effectiveness level of parking tax in Manado City for each year:

Year 2021

$$\text{Effectiveness of Parking Tax} = \frac{7.189.828.814}{13.900.000.000} \times 100\% = 57{,}17\%$$

Year 2022

$$\text{Effectiveness of Parking Tax} = \frac{10.714.632.651}{12.000.000.000} \times 100\% = 89{,}28\%$$

Year 2023

$$\text{Effectiveness of Parking Tax} = \frac{15.115.247.787}{17.684.062.500} \times 100\% = 85{,}47\%$$

In 2021, parking tax revenue experienced a decline, reaching only 51.73%, which is categorized as ineffective. Although there was a decrease in 2021, in 2022 revenue increased and reached 89.29%, placing it in the fairly effective category. In 2023, the realization decreased again to 85.47% but was still categorized as fairly effective.

The decline occurred due to several obstacles, such as taxpayers failing to pay on time or being in arrears, as well as a lack of understanding among taxpayers regarding their tax obligations. Based on the three-year average of 75.49%, parking tax revenue in Manado City can be categorized as ineffective. Therefore, the Regional Revenue Agency of Manado City

has reviewed several of the issues encountered during tax collection in order to improve revenue in the following years. The agency also urges the public to cooperate and provide support so that parking tax collection can be carried out effectively, thereby increasing the city's local own-source revenue (PAD).

5. CONCLUSION AND RECOMENDATIONS
5.1 Conclusion
Based on the research results, the conclusions of the study on the potential and effectiveness of parking tax revenue in increasing Regional Original Revenue (PAD) in Manado City are:

1. Parking tax revenue has great potential to boost PAD, supported by the growing number of vehicles and parking locations. However, this potential is not fully optimized due to many self-managed or illegal parking areas that do not contribute taxes, as well as limited data collection and mapping.
2. The effectiveness of parking tax revenue from 2021–2023 remains suboptimal. Although revenues have increased annually, they often fall short of targets due to low taxpayer awareness, weak supervision and enforcement, and a tax collection system that is not yet fully integrated or transparent.

5.2 Recommendations
Based on the results of the research and discussion regarding the potential and effectiveness of parking tax revenue in Manado City, the author provides the following suggestions for future improvements:

1. The Manado City Government, particularly the Regional Revenue Agency, is advised to conduct mapping and re-inventory of all parking locations, including those managed by private parties or independently. In addition, regulations or cooperation agreements should be established so that these parking locations can contribute to regional tax revenue, thereby optimizing the existing potential.
2. There is a need to improve taxpayers' understanding and awareness through regular outreach programs, as well as to develop a technology-based and integrated tax collection system to ensure transparency. Furthermore, field supervision and enforcement of violations must be strengthened to encourage compliance and achieve more effective parking tax revenue collection.

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