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The Role of Financial Recording in Restaurant Tax Revenue In Banyuwangi District, Indonesia

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ABSTRACT: This research aims to find out how financial records have been carried out by restaurant businesses in Banyuwangi Regency, as well as their relation to the obligation to report restaurant taxes. Apart from that, this research also tries to find out the level of effectiveness and contribution of restaurant taxes to regional revenues. The research was conducted through quantitative and qualitative descriptive research on restaurant business actors and involved the Banyuwangi Regional Revenue Agency. This research resulted in the finding that the majority of restaurant operators still record manually. The effectiveness of restaurant tax revenue is in the very effective category, but it is felt that its contribution to regional income needs to be optimized further.

Keywords - Restaurant Tax, Financial Recording, MSMEs

I.   INTRODUCTION

Banyuwangi is a district located at the eastern tip of the island of Java and is called The Sunrise of Java because of its undeniable natural beauty. Banyuwangi Regency has a variety of natural riches, making Banyuwangi a tourism city. With the diversity of natural wealth that Banyuwangi has, it certainly has the potential to increase the district's economic growth. Banyuwangi Regency has various tourist destinations and cultural festivals, which are of particular interest to domestic and foreign tourists visiting Banyuwangi. So this has a big impact on tourist visits and Banyuwangi Regency's Regional Original Income. Apart from that, one of the sectors affected is the increase in the number of MSMEs, one of which is the MSMEs in the restaurant sector which has experienced a very significant increase. The increase in the number of MSMEs in the restaurant sector has boosted economic growth in Banyuwangi Regency. This can be seen in the Banyuwangi Regency restaurant tax revenue data which shows a cumulative increase in the period 2018-2022, namely as follows:

Table 1. Realization of Restaurant Tax

Year	Realization
2018	16.385.738.904
2019	22.783.435.282
2020	17.551.116.734
2021	18.436.296.118
2022	23.348.574.000

Source: Bapenda Banyuwangi, 2023

The data above is the performance of restaurant tax realization in Banyuwangi Regency over the last five years. Restaurant tax and hotel tax are related to investments made by investors in the area, so they will attract tourists. The presence of tourists will generate local taxes, one of which is restaurant tax (Mauludin et al, 2022). Based on table 1, it explains that the realization of Banyuwangi Regency's restaurant tax revenue in 2019 has increased from 2018, whereas during the pandemic in 2020 there was a decrease and many restaurants had

their business disrupted, but in 2021 it has increased because the economy is recovering until 2020. 2022 by experiencing an increase in restaurant tax revenue. However, behind the increase in the number of MSMEs in Banyuwangi Regency, one of which is the MSMEs in the restaurant sector, there are still many problems, including business financial management that is not implemented properly and a lack of understanding by MSME actors about the importance of the role of records in determining business success factors. Previous research by Kurniawansyah, D. (2016) regarding the implementation of accounting records and preparation of financial reports based on SAK ETAP in MSMEs in Gembongsari Village, Kalipuro District, Banyuwangi Regency, shows that MSME actors' understanding of the importance of financial reports is still lacking, they think they do not need to record financial information. and stated that financial recording was difficult to do because there were limitations, and considered it a waste of time and money. The majority of MSMEs in Gembongsari Village have carried out financial records but still use financial records that do not comply with standard standards.

Sulistyowati (2017) believes that one of the factors that influences the lack of awareness of financial recording is due to a lack of educational background and socialization or training from the government and institutions that oversee MSMEs is still not optimal so that the understanding of the importance of financial reports is still not understood by MSME players. According to Armakqit, Y. (2021), it shows that business actors in Gintangan Village, Blimbingsari District, Banyuwangi Regency consider that financial recording related to the accounting process is complicated and are reluctant to do it. MSME actors in Gintangan Village prefer to record their finances only by memory and are only concerned with getting as much profit as possible, and MSME actors in Gintangan Village are not yet able to differentiate between personal finances and business finances. Financial recording is very important for any business, but MSMEs, which are still dominated by micro and small businesses, often ignore this. The purpose of financial records is to record all business income and expenses every day so that they can be controlled properly. Every business must at least know how much the operational costs of the business are, how much profit it makes, and how much capital is used for the business.

Many problems arise in the MSME sector, both in their development and business management, which ultimately become the dominant factor causing business failure. The human capital factor in managing a business is a determining factor in the success of MSMEs in developing their business. Financial management functions in terms of seeking business capital in the context of business development, as well as allocating business capital so that what is obtained is as expected, namely earning profits. With this, the MSME sector must be able to be developed, one way that can be done is through the development of a business support system, namely appropriate financial recording. Managing finances is very important for a business. The more the business you run develops, the more complicated it becomes to manage the finances of the business. Financial management can influence the running of a restaurant business because it can measure business success from the financial sector. With financial management, you can look at the regional tax sector, namely restaurant tax, and can influence the effectiveness and contribution of Banyuwangi Regency's original regional income. The explanation of this problem is interesting to discuss in more detail regarding the importance of financial recording which can support increasing restaurant tax revenues, especially those in Banyuwangi Regency. Furthermore, according to Imaniar & Wahyudiono (2019), the production process is still very simple and capital is still minimal, making it difficult to develop the business. Apart from that, the procurement of raw materials is limited and the marketing reach is narrow.

The need to implement restaurant tax policies online must be supported by adequate resources, both human resources and supporting information technology, so that the implementation can be successful (Yulianto & Zaini, 2021). Sulila (2018) stated that for restaurant tax policy to be effective, it is necessary to pay attention to human resources, infrastructure and inherent bureaucratic structures.

II.   LITERATURE REVIEW

2.1 Financial Recording

Financial recording is a process that must be carried out before a financial report is made. Financial recording and reporting are determining factors for the success of a company. Financial records contain reporting of several transactions that occur daily, monthly or annually. Financial recording is important to do, if financial recording has been done well then the resulting financial reports will be valid and good too. Financial recording usually takes the form of manual recording, system recording (Ms. Excel), and recording via financial applications.

2.2 Restaurant Tax

According to Law Number 28 of 2009 concerning Regional Taxes and Regional Levies, Restaurant Tax is a tax on services provided by restaurants. Meanwhile, what is meant by restaurant is a facility that

provides food and/or drinks for a fee, which also includes restaurants, cafeterias, canteens, stalls, bars, and the like, including catering/catering services. Suleman (2017) states that restaurant tax can be classified as an indirect tax, where the imposition is based on the services provided to consumers, so that the restaurant owner or entrepreneur is the party who collects and deposits the tax proceeds to the agency authorized to collect the tax proceeds.

2.3 Tax Effectiveness

Mahmudi (2010) defines that effectiveness is used to measure the relationship between the results of a tax collection and the goals or targets that have been set. The greater the percentage of targets achieved, the higher the effectiveness. Regional tax effectiveness analysis is an analysis that describes the ability of regional governments to realize planned regional original income compared to targets set based on regional potential. The tax effectiveness analysis calculation formula is:

$$\text{Tax effectiveness analysis} = \frac{Realization}{Target} \; x \; 100\%$$

2.4 Contribution of Restaurant Tax to Original Regional Income

Contribution is the amount of donations given for an activity carried out (Handoko, in Octovindo et al, 2014). Regional Tax Contribution Analysis is an analysis used to find out how much contribution can be made from tax revenues to local original income, then the realization of regional tax revenues to local original income is compared, according to the following formula:

$$\text{Analysis of local tax contributions} = \frac{Realization \; of \; Local \; Tax}{Realization \; of \; PAD} \; x \; 100\%$$

III.   METHOD

This research is a type of combination research, which attempts to combine two approaches, namely quantitative and qualitative. A quantitative approach is used to measure the effectiveness and contribution of restaurant taxes to Banyuwangi Regency's Original Regional Income (PAD). The qualitative descriptive method is research carried out to examine an object, a condition, a group of people, or other phenomena with natural conditions or in accordance with actual conditions, then a systematic general picture or detailed description that is factual and accurate will be created. A qualitative approach in the form of interviews with informants who own restaurant businesses and the like regarding financial management has been carried out to be able to see business development. The population in this research is restaurant business actors. Meanwhile, the samples were restaurant business actors who made financial losses and were registered with BAPENDA Banyuwangi.

The data sources used in this research are primary and secondary. Primary data was obtained by conducting direct interviews with several restaurant business owners in Banyuwangi Regency. The secondary data used is Restaurant Tax receipts, restaurant tax targets, and the realization of Banyuwangi Regency's Original Regional Income (PAD) for 2018-2022. The analysis steps are as follows:

1.   Calculate the percentage of effectiveness using the restaurant tax effectiveness calculation formula. If the effectiveness calculation for 2018 to 2022 has been carried out, you will get results that can be used to review the level of tax effectiveness. If the calculation results exceed 100%, the level of tax effectiveness can be said to be very effective.
2.   Calculate the percentage of regional tax contribution to Original Regional Income (PAD). If the calculation of restaurant tax contributions from 2018 to 2022 has been carried out, you will get results that can be used to review the contribution of restaurant tax revenues to Banyuwangi Regency's Original Regional Income.
3.   After knowing the use of financial handicaps, calculating the effectiveness and contribution of restaurant taxes to Original Regional Income for 5 years from 2018 to 2022, conclusions can be drawn on the analysis of the role of financial handicaps in increasing restaurant tax revenues in Banyuwangi Regency from 2018 to by 2022.

IV.   RESULT AND DISCUSSION

Based on the results of a field survey carried out by the research team. The research team successfully conducted interviews with 25 restaurant entrepreneurs in Banyuwangi Regency. The field survey focused on extracting information related to financial records that had been carried out by business actors and the results obtained were that the majority of business actors had carried out financial records. There are business actors who record their finances manually through simple bookkeeping which is done every day, and there are business

actors who record their finances through systems, such as Microsoft Excel and applications. However, there are still some business actors who do not keep financial records due to limited human resources.

Several business actors in Banyuwangi Regency who record their finances manually expressed the reason that they chose to record their finances manually because it was considered easier and more economical. They consider that recording finances through the system is complicated and a waste of money, because in some applications that they know of, there are costs that must be incurred so that the application can be operated. Apart from that, it is known that there are two main factors that restaurant business owners in Banyuwangi Regency prefer to record their finances manually, namely a lack of understanding regarding technology and concern that if they record using the system there will be gaps for the government to find out the income from their business. Although in its implementation, business actors who record manually also experience several problems, including records that are prone to damage and loss, records that have been made every day must be recapped at the end of the month, and experience difficulties in calculating profits and losses.

Meanwhile, business actors who record their finances through the system reveal that recording through the system is more effective and efficient when compared to manual recording. If you record through the system, the archives will be integrated and stored in your system so you don't have to worry about them being damaged or lost. Using the system also makes it easier for business actors to monitor their finances, making it easier to carry out financial planning for the future. Apart from that, recording through the system is also considered to save more time because without needing to do a recap at the end of the month, they can easily find out the profit or loss from their business. However, business actors who recorded through the system revealed that in implementing it, they also experienced several obstacles, such as the system undergoing frequent updates so that its performance was disrupted, as well as features that were difficult to use. Because business actors must be willing to incur costs if they want to record through the system, they hope that the system used will provide comparable benefits.

This is also different from business actors in Banyuwangi Regency who do not keep financial records of their businesses, the majority of them are restaurant business actors in the small business sector. Where their focus is only on how to sell every day without thinking about whether their business makes a profit or a loss. According to them, as long as there is income every day and enough to spend on necessities the next day, that is a sign that their business is in fairly good condition. So, for them, financial recording is not an obligation. These business actors also revealed that the reason they did not carry out financial records was a lack of understanding regarding how to carry out good financial records and a lack of knowledge regarding technological developments that could be used to help carry out financial records. This shows that business actors still lack awareness of the importance of financial recording. Meanwhile, the results of research on MSMEs Chepngetich (2016) show that recording financial reports has a very significant influence on business performance. Where financial records can be used to help evaluate your business activities so that it is easier to develop your business.

The G20 Summit in 2010 in Seoul revealed that the low level of understanding regarding financial recording and bookkeeping skills had resulted in lost opportunities for MSMEs to develop. On the other hand, Lusimbo & Muturi (2016) revealed that the majority of MSMEs in Kenya have limited understanding regarding the ability to carry out financial records, so it is known that this hinders the development of the businesses they run, and there are even businesses that do not experience development. Apart from hampering the development of the business owned, the lack of awareness and understanding regarding business financial recording also has an impact on the less than optimal Regional Original Income obtained from MSMEs, especially from the restaurant business sector. This impact is also felt by the Banyuwangi Regency Government, where the contribution of restaurant taxes to Banyuwangi Regency's Original Regional Income in 2018-2022 is still not optimal. This research is in line with Kharisma et al (2023) and Antoro et al (2023) that restaurant tax revenues in several regions in Indonesia are fluctuating due to the pandemic.

Table 2. Effectiveness and Contribution of Restaurant Tax to PAD

Year	Restaurant Tax Targets	Realization of Restaurant Tax	Realization of PAD	Effectiveness (%)	Contribution (%)
2018	25.625.800.882	16.385.738.904	450.066.949.215	63,95%	3,64%
2019	19.564.738.040	22.783.435.282	495.686.563.447	116,46%	4,60%
2020	12.771.834.951	17.551.116.734	482.740.174.377	137,43%	3,64%
2021	16.890.904.807	18.436.296.118	520.015.191.180	109.15%	3,55%
2022	18.655.236.380	23.348.574.000	516.757.143.544	125,16%	4,52%

Source: Bapenda Banyuwangi, 2023

The data in table 2 contains the target value and realization of restaurant tax, as well as the realization of PAD and the level of effectiveness and contribution. It can be concluded that the target amount and realization of restaurant tax still fluctuates every year, with the highest realization in 2022 for both restaurant tax and the level of local original income. This increase is due to the post-pandemic impact, so that regional revenues have returned to normal. Based on the data obtained, it can be informed that the realization of restaurant tax revenues in 2018-2022 has not been optimal in contributing to the PAD of Banyuwangi Regency, this is known to be the impact of a lack of awareness on the part of taxpayers in terms of fulfilling their tax obligations. However, the level of effectiveness of restaurant tax revenue shows very effective results even though the level fluctuates every year. This can also happen due to their lack of understanding in carrying out financial records. Lack of understanding in carrying out financial records means that the restaurant's potential tax revenue cannot be maximized. Business people also assume that restaurant tax is only imposed on large restaurants. However, in reality large restaurants do not necessarily have a greater turnover than smaller scale stalls.

Based on the results of research conducted by Puspita and Wicaksono (2017), the results show that there are indications that the target set by Banyuwangi Regency in the restaurant tax sector is still relatively low, so there is a possibility of loss of restaurant tax potential which results in income from restaurant tax not being optimal. Apart from that, the lack of optimal tax revenues can be caused by databases that do not comply with standards, weak law enforcement, and lack of public awareness. This shows that taxpayer knowledge must be optimized through intensive socialization regarding the implementation of tax obligations, monitoring the fulfillment of tax obligations, as well as providing sanctions to taxpayers who do not comply in carrying out their tax obligations in order to raise awareness and compliance in carrying out the fulfillment of tax obligations in the business sector restaurant. With the implementation of an equitable restaurant tax, it is hoped that it can increase restaurant taxpayer compliance. As per the results of research by Pristiwantiyasih (2023) in Banyuwangi, it was found that understanding tax regulations and financial conditions will influence tax compliance.

Therefore, the Banyuwangi Regency government must carry out an evaluation to encourage the realization of restaurant tax revenue so that it makes a maximum contribution to Banyuwangi Regency's PAD. The Banyuwangi Regency Government also needs to provide outreach regarding the importance of financial recording to business actors so that MSMEs in Banyuwangi Regency can understand the urgency of financial recording in a business, because Prasetyo, et al (2020) have proven that correct and continuous financial recording in the Bolu Community has an impact on increase in business turnover up to 75%. Darmawati and Oktaviani (2018) also prove that the implementation of accounting records in MSMEs has a positive impact on e-commerce taxpayer compliance. By having correct and accurate financial records, it will make it easier for business actors to calculate the amount of tax owed, so that MSME taxpayer compliance will increase. Based on this, it is hoped that if MSMEs in Banyuwangi Regency understand the importance of financial recording, then MSMEs can develop further and make a maximum contribution to Banyuwangi Regency's Original Regional Income. According to Rochana & Mardianto (2020), growth in hotel taxes in the prime classification.

The research team has conducted an interview survey of restaurant entrepreneurs in Banyuwangi Regency. From the survey results, it is known that there are still many restaurant business people who carry out simple records and there are still others who have not done any records. They think that recording is important, but implementing information technology-based financial recording such as SIRESTO requires human resource capabilities who understand information technology. However, in general, most of them agree with the implementation of information technology-based financial records.

V.   CONCLUSION

Based on the survey results presented in the results and discussion chapter, it can be seen that the majority of restaurant businesses still record manually. This is due to various obstacles experienced by business actors, including limited human resources and lack of awareness of the importance of financial recording, as well as system limitations. However, the effectiveness of restaurant tax revenue is still in the very effective category, because most of the revenue exceeds the set target. It is felt that the contribution of restaurant taxes to local revenue needs to be optimized further, so that it can provide maximum contribution.

With the various obstacles that have been expressed by MSME actors in Banyuwangi Regency, the research team tried to provide a solution by creating an application called SIRESTO which is friendly to use, making it easier for business actors to record their finances. Through the application, the research team also hopes to help make the Banyuwangi Regency Government's efforts successful in providing outreach to MSMEs regarding the importance of financial recording.

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