

**Analysis of the effect of taxpayers and per capita income and private investment on local original income (PAD) and economic growth in Samarinda city****Ririn Dharmiyanti<sup>1</sup>, Priyagus<sup>2✉</sup>, Rahmad Budi Soeharto<sup>3</sup>**

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**Abstract**

The purpose of this study is to analyze and determine the effect of taxpayer influence analysis and per capita income as well as private investment on local original income (PAD) and economic growth in Samarinda City. The variables used in this study consist of exogenous variables (X), namely taxpayers, and per capita income and private investment, and endogenous variables (Y), namely Regional Original Income and Economic Growth. In this study, the type of data used was secondary data from 2006 – 2016. The analysis tool used is SPSS (statistical package for service solution) software version 23. From the results of the analysis, it is obtained that Taxpayers have a positive and significant effect on Regional Original Revenue. Per Capita Income has a positive and insignificant effect on Regional Original Income. Private Investment has a positive and insignificant effect on Local Original Income. Taxpayers have a positive and insignificant effect on Economic Growth. Per Capita Income has a positive and insignificant effect on Economic Growth. Private investment has a negative and insignificant effect on economic growth. Local Original Income has a negative and insignificant effect on Economic Growth. Regional Taxpayers have an indirect effect on Economic Growth through Local Original Revenue. Per Capita Income has an indirect effect on Economic Growth through Regional Original Income. Private Investment has an indirect effect on Economic Growth through Local Original Income.

**Key words:** Taxpayers; per capita income; private investment; local original income; economic growth

## **INTRODUCTION**

The development of the autonomous region including Samarinda City is basically an integral part of national development. However, the level of development of autonomous regions also varies, because it is relatively determined by the factors of the ability and potential of the resources owned, both natural resources, human resources, capital resources, financial resources and other relevant resources.

In order to realize the implementation of autonomous regional development policies, sufficient provisions are needed for each region (Sidik, 2001: 4). In macro terms, the basic capital for the successful implementation of regional development policies is determined by the availability of supporting factors, such as adequate local government equipment capacity, the availability of optimal equipment / infrastructure and the availability of optimal equipment / infrastructure and the availability of sufficient sources of financing.

### **State Finance**

According to Suparmoko (2000: 19), state finance is defined as part of economics that studies government activities in the economic sector, especially regarding receipts and expenditures along with their influences in the economy. Meanwhile, according to Azmi Achir (2000: 17) the definition of financial science is all rights and obligations assessed with money related to state rights.

### **Regional Finance**

The definition of daerah finance is all rights and obligations that can be assessed with money and goods that can be used as regional wealth as long as they are not owned / controlled by the state or higher regions and other parties in accordance with the provisions / regulations of the applicable laws according to Mamesah (2004: 2) which include: 1. Collection of local sources of original income 2. Implementation of management, accountability, and control of regional finances. 3. Determination of the Regional Original Revenue budget.

### **Local Revenue**

Regional Original Revenue (PAD) is revenue obtained from sources within its own territory which is collected based on regional regulations (perda) in accordance with applicable legislation. The laws and regulations in question are in the form of government regulations or decisions from the Law (Jami, 200: 6).

### **Taxes and Taxpayers**

Taxes according to Law of the Republic of Indonesia Number 6 of 1983 concerning General Provisions and Tax Procedures as amended several times most recently by Law of the Republic of Indonesia Number Law No. 16 of 2009 in this Law which is meant by: Article 1 paragraph 1 "Tax is a mandatory contribution to the state owed by a person or entity of a coercive nature under the Law, by not getting direct remuneration and being used for the needs of the state for the greatest prosperity of the people."

### **Gross Regional Domestic Product (GDP)**

Gross Regional Domestic Product (GDP) is the total value of production of goods and services produced in a particular (regional) region in a certain time (usually one year). (Anonomic, 2004:1). According to Arsyad (1992: 163) Gross Regional Domestic Product (GRDP) is a number of added production values generated by various sectors or business fields that carry out their business activities in a region or region without choosing production factors.

### **Economic Growth**

According to Prof. Simon Kuznets, economic growth is "a long-term increase in a country's ability to provide more and more types of economic goods to its population. This capability grows according to technological advances, and the institutional and ideological adjustments it requires. This definition has 3 components: 1. The economic growth of a nation is seen from the continuous increase in the supply of goods. 2. Advanced technology is a factor in economic growth that determines the degree of growth in the ability to provide a wide variety of goods to the population. 3. The widespread and efficient use of technology requires adjustments in the institutional and ideological fields so that innovations produced by human science can be utilized appropriately. (Jhingan, 2000:57).

## METHOD

### Analysis Methods

The analysis method to test the influence of intervening variables is used path analysis method. Path analysis is the use of regression analysis to assess causality relationships between variables (casual models) that have been previously established based on theory. Some of the benefits of Path Analysis are: 1. Explanation of the phenomenon studied or the problem studied. 2. Prediction of endogenous variable value (Y) based on exogenous variable value (X). 3. Determinant factors, namely the determination of exogenous variables (X) that have a dominant influence on endogenous variables (Y), also to trace the mechanisms of the pathways of influence of exogenous variables (X) on endogenous variables (Y). 4. Model testing, using trimming theory, either for testing the reliability of existing concepts or testing new concept developers. Based on the framework of the concept above, the regression equation can be formed as follows:

Model Struktur  $Y_1 = \rho_{y1x1}X_1 + \rho_{y1x2}X_2 + \rho_{y1x3}X_3 + c_1$

Model Struktur  $Y_2 = \rho_{y2x1}X_1 + \rho_{y2x2}X_2 + \rho_{y2x3}X_3 + \rho_{y2y1}Y_1 + c_2$

Where:

$X_1$  is a Local Taxpayer

$X_2$  is Per Capita Income

$X_3$  is Private Investment (PMA and PMDN)

$Y_1$  is District Nature Income (PAD)

$Y_2$  is Economic Growth

## RESULT AND DISCUSSION

Results of Analysis of Regional Taxpayers, Per capita Income, Private Investment to Local Original Income (Sub Structure 1).

**Table 1.**  
Results Substructure 1

Pattern	Non-standardized coefficients		Standard Coefficient	t	Say
	B	Std Error	Beta		
(Constant)	.798	.728		1.096	.309
Local Taxpayers	.334	.094	.379	3.548	.009
Per Capita Income	.271	.118	.203	2.300	.055
Private Investment	.587	.089	.526	6.566	.000

So that the equation of substructure 1 can be given the following equation:

$$Y_1 = 0.379 X_1 + 0.203 X_2 + 0.526 X_3 + \epsilon_1$$

Results of Analysis of Regional Taxpayers, Per capita Income, Private Investment and Local Original Income on Economic Growth (Sub Structure 2).

**Table 2.**  
Results of Substructure 2

Pola	Non-standardized coefficients		Standard Coefficient	t	Say
	B	Std Error	Beta		
(Konstan)	38.004	29.796		1.275	.249
Local Taxpayers	.446	3.756	.058	.119	.909
Per Capita Income	4.908	4.805	.423	1.022	.346
Private Investment	-3.844	4.004	-.395	-.960	.374
Local Revenue	-5.849	3.210	-.661	-1.822	.118

So that the equation of substructure 2 can be given the following equation:

$$Y_2 = 0.058 x_1 + 0.423 x_2 - 0.395 x_3 - 0.661 y_1 + \epsilon_2$$

### Direct Influence of Local Taxpayers on Local Original Income in Samarinda City

The results showed that Regional Taxpayers proved to have a positive and significant effect on Local Original Revenue in Samarinda City. This can be interpreted when Regional Taxpayers increase, it will increase Regional Original Revenue markedly. The results of the study are in line with

Okta Sigit Utomo's research, (2013) on "Analysis of the effect of regional taxes and regional levies on Regional Original Revenue in the Surakarta Residency area "The results show that partially regional taxes and regional levies have a significant effect on Regional Original Revenue (PAD) in city and district governments in the Surakarta region.

#### **The Direct Effect of Per Capita Income on Local Original Income in Samarinda City**

The results showed that Per Capita Income proved to have a positive and insignificant effect on Local Original Income in Samarinda City. This can be interpreted when per capita income increases, it will increase regional original income intangibly. The results of the study are in line with Lidia Elly's research, (2013) on "The Effect of Per Capita Income and Regional Original Income (PAD) in the previous year on the Realization of Regional Original Income (PAD) in West Kutai Regency". The results show that Per Capita Income has a significant positive relationship with the realization of Regional Original Income. Meanwhile, the previous year's Regional Original Revenue (PAD) has a positive relationship with Regional Original Revenue Realization.

#### **Direct Effect of Private Investment on Local Original Income in Samarinda City**

The results showed that Private Investment proved to have a positive and significant effect on Local Original Income in Samarinda City. This can be interpreted when Private Investment increases, it will increase Regional Original Income markedly. The results of this study are not in line with Doni Julfiansyah's research, (2013) on "The Effect of PMA/PMDN Investment and Number of Population on GRDP and PAD of Samarinda City". The results show that there are no variables of Foreign Investment and Domestic Investment that affect Regional Original Income.

#### **Direct Influence of Local Taxpayers on Economic Growth in Samarinda City**

The results showed that Regional Taxpayers proved to have a positive and insignificant effect on Economic Growth in Samarinda City. This can be interpreted when Private Investment increases, it will increase Economic Growth untangibly. The results of this study are not in line with the research of Dwika Julia Mutiara, (2015) on "Regional Taxpayers and Their Effects on GRDP in East Kalimantan Province" the results of the study show that taxpayer variables have a significant effect and have a statistically positive relationship with Gross Regional Domestic Product.

#### **Direct Effect of Per Capita Income on Economic Growth in Samarinda City**

The results showed that Per Capita Income proved to have a positive and insignificant effect on Economic Growth in Samarinda City. This can be interpreted when Per Capita Income increases, it will increase Economic Growth untangibly. The results of this study are not in line with the research of Guspa Yeni, (2014) on "Analysis of the Effect of the Number of Workers and Per Capita Income on Economic Growth in Pasaman Regency" the results show that per capita income has a significant effect on economic growth.

#### **Direct Influence of Private Investment on Economic Growth in Samarinda City**

The results showed that Private Investment proved to have a negative and insignificant effect on Economic Growth in Samarinda City. This can be interpreted when Private Investment increases, it will reduce Economic Growth untangibly. The results of this study are not in line with Doni Julfiansyah's research, (2013) on "The Effect of PMA/PMDN Investment and Number of Population on GRDP and PAD of Samarinda City". The results show that there is a significant relationship between the variables of Foreign Investment, Domestic Investment, and the number of population to Gross Regional Domestic Product simultaneously.

#### **Direct Effect of Local Original Income on Economic Growth in Samarinda City**

The results showed that Regional Original Income proved to have a negative and insignificant effect on Economic Growth in Samarinda City. This can be interpreted when Original Income increases, it will reduce Economic Growth untangibly. The results of the study are not in line with the research of Chindy Febry Rori, (2016) on "Analysis of the Effect of Regional Original Income (PAD) on Economic Growth in North Sulawesi Province in 2001-2013" The results show that the independent variable or Regional Original Income has a positive and significant influence on the dependent variable or Economic Growth.

### **Indirect Influence of Regional Taxpayers on Economic Growth through Local Original Revenue in Samarinda City**

From the results of the indirect influence test analysis, the results of the calculation of the influence of regional taxpayers (X1) on economic growth (Y2) through Regional Original Income (Y1) of -0.192 were obtained which means that it has a negative but not significant effect. This means that every increase in Regional Taxpayers will be able to reduce Economic Growth through Regional Original Revenue in Samarinda City.

### **Indirect Effect of Per Capita Income on Economic Growth Through Local Original Income in Samarinda City**

From the results of the indirect influence test analysis, the results of the calculation of the effect of per capita income (X1) on economic growth (Y2) through Regional Original Income (Y1) of 0.289 are obtained which means a positive effect. This means that every increase in Per Capita Income will be able to increase Economic Growth through Regional Original Income in Samarinda City but not significantly.

### **Indirect Effect of Investment on Economic Growth through Local Original Income in Samarinda City**

From the results of the indirect influence test analysis, the results of the calculation of the effect of investment (X3) on economic growth (Y2) through Regional Original Income (Y1) of -0.742 are obtained which means that it has a negative effect. This means that every increase in investment will be able to reduce Economic Growth through Regional Original Income in Samarinda City but not significantly.

## **CONCLUSION**

Based on the results of analysis, discussion and hypothesis testing, several conclusions can be drawn as follows:

Taxpayers have a positive and significant effect on Local Original Revenue in Samarinda City, with a coefficient value of 0.379. It can be interpreted that when the Regional Taxpayer increases by 1 percent, it will increase the Local Original Revenue significantly by 37.9 percent.

Per Capita Income has a positive and significant effect on Regional Original Income in Samarinda City, with a coefficient value of 0.203. It can be interpreted that when Per Capita Income increases by 1 percent, it will increase Regional Original Income significantly by 20.3 percent.

Private Investment has a positive and significant effect on Regional Original Income in Samarinda City with a coefficient value of 0.526 percent. It can be interpreted that when Private Investment increases by 1 percent, it will increase Regional Original Income significantly by 52.6 percent.

Regional taxpayers have a positive and insignificant effect on Economic Growth in Samarinda City with a coefficient value of 0.058. It can be interpreted that when Private Investment increases by 1 percent, it will increase Economic Growth insignificantly by 5.8 percent.

Per Capita Income has a positive and insignificant effect on Economic Growth in Samarinda City with a coefficient value of 0.423. It can be interpreted when the Per Capita Revenue increases by 1 percent, then will increase Economic Growth by an insignificant 42.3 percent.

Private Investment has a negative and insignificant effect on Economic Growth in Samarinda City with a coefficient value of - 0.395. It can be interpreted that when Private Investment increases by 1 percent, it will reduce Economic Growth insignificantly by 39.5 percent.

Local Original Income has a negative and insignificant effect on Economic Growth in Samarinda City with a coefficient value of -0.661. It can be interpreted that when Original Income increases by 1 percent, it will reduce economic growth insignificantly by 66.1 percent.

Regional Taxpayers have an indirect influence on Economic Growth through Local Original Revenue in Samarinda City of -0.192. Which means it has a negative but not significant effect. It can be interpreted that when regional taxpayers increase by 1 percent, it will reduce economic growth by 19.2 percent through local original income.

Per Capita Income has an indirect effect on Economic Growth through Regional Original Income in Samarinda City of 0.289. Which means it has a positive but not significant effect. It can be

interpreted that when Per Capita Income increases by 1 percent, it will increase Economic Growth by 28.9 percent through Regional Original Income.

Private Investment has an indirect effect on Economic Growth through Local Original Income in Samarinda City by -0.742 percent. Which means it has a negative but insignificant effect. It can be interpreted that when Private Investment increases by 1 percent, it will reduce Economic Growth by 74.2 percent through Regional Original Income.

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