

Analysis of the Effectiveness and Efficiency of Regional Tax Revenue on Regional Financial Independence in Ambon City

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ARTICLE INFO	ABSTRACT
<p>Keywords:</p> <p>Effectiveness, Efficiency of Regional Tax Revenue, Regional Financial Independence</p>	<p>The results show that the R Square value is 0.994 which means that 99% of car demand is jointly influenced by the variables described in the model while the rest is influenced by factors outside the model. Partially, the GDP per capita variable has no effect, the length of the road has a positive and significant effect,</p>
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1. INTRODUCTION

The implementation of regional autonomy is based on Law Number 32 of 2004, Law Number 12 of 2008 concerning Regional Government and Law Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments, as well as Government Regulation Number 58 of 2005 concerning Regional Financial Management. Regional Governments are demanded to be independent in financing government administration and development. Routine and development expenditure budgets no longer come from the center, but more come from regional sources themselves. This means that local governments have greater responsibility in managing regional finances. Implementation of regional autonomy was carried out starting in January 2001,

Law Number 9 of 2015 which is the second amendment to Law Number 23 of 2014 concerning Regional Government creates major changes in regional government. The basic thing that is meant is the financial balance between the central government and local governments. General Explanation of Law no. Article 32 of 2004 states that the implementation of regional government functions will be carried out optimally if the implementation of government affairs is followed by providing sufficient sources of revenue to the regions, with reference to the Law on Financial Balance between the Central Government and Regional Governments. All financial sources attached to every government affair submitted to the regions become regional financial sources. Therefore, local governments must be more observant and responsive to view and optimize the utilization of regional potential as regional income. An important criterion for knowing in real terms the ability of a region to organize and manage its household is self-supportive ability in the financial sector. The financial factor is an essential factor in measuring the level of regional capacity in implementing its autonomy. Where the regions are able to finance the implementation of their regional government with the level of dependence on the central government only having a smaller proportion. The financial factor is an essential factor in measuring the level of regional capacity in implementing its autonomy. Where the regions are able to finance the implementation of their regional government with the level of dependence on the central government only having a smaller proportion. The financial factor is an essential factor in measuring the level of regional capacity in implementing its autonomy. Where the regions are able to finance the implementation of their regional government with the level of dependence on the central government only having a smaller proportion.

Whittaker in Bastian (2010) states that performance measurement/assessment is a management tool to improve the quality of decision-making and accountability. Measurement of the performance of public sector organizations is carried out to fulfill the following matters:

- 1) Help improve government performance so as to increase the efficiency and effectiveness of public sector organizations in service delivery
- 2) Allocating resources and making decisions
- 3) Realizing accountability and improving institutional communication.

One of the tools to analyze the performance of local governments in managing their regional finances is to analyze the financial ratios to the APBD that have been set and implemented. The results of this financial ratio analysis are then used as a benchmark for assessing regional financial independence in financing the implementation of regional autonomy, measuring the effectiveness and efficiency in realizing regional revenues, measuring the extent to which regional government activities spend their regional revenues, measuring the contribution of each source of income in the formation regional income, measuring the potential for regional independence by empowering the potential of its original regional income, looking at the growth/development of revenue acquisition and expenditure made during a certain period of time.

Measuring the level of regional financial capacity that is mostly carried out at this time, among others, is by looking at the ratio between PAD and APBD. In principle, the greater the contribution of PAD to the APBD, the less dependence the regions have on the central government. One thing that needs to be noted is that an increase in PAD does not mean that special regions are competing to make new taxes, but that regions are expected to have a high level of foresight and the ability to see and utilize the potential resources they have. On the other hand, the inability of local governments to see and utilize existing potential sources of income can result in low regional financial capacity which will ultimately hinder the smooth implementation of regional autonomy and not achieve the effectiveness and efficiency of local tax revenues.

Efficiency according to (Mardiasmo 2004:4) is the achievement of the maximum output with a certain input or the use of the lowest input to achieve a certain output. Efficiency is the ratio of output / input. Which is associated with performance standards or targets that have been set. Effectiveness is the level of achievement of program results with the targets set. Simply put, effectiveness is a comparison of outcomes with outputs. The definition of effectiveness is generally related to a measure of the ability to achieve certain goals or objectives. The size of the intended ability can vary, depending on the goals or objectives to be achieved or those that have been set. The notion of effectiveness is defined by Hans Kartikaha in Agoes Sukirno (2000; 180) is the final product of an operational activity that has achieved its objectives both in terms of quality of work, quantity of work and targeted time limit. Meanwhile, efficiency is defined as acting in a way that minimizes loss or wastage of resources in carrying out or producing something. Meanwhile Ruchyat Kosasih in Agoes Sukirno (2000: 180) defines effectiveness as "a comparison of inputs - outputs in various activities, up to the achievement of the goals set both in terms of quantity (volume) of work results, quality of work results and targeted deadlines". And efficiency as "acting to make the most appropriate sacrifice compared to the desired result". An organization is considered effective,

Regional financial independence (fiscal autonomy) shows the ability of the region to finance its own governmental activities, development, and services to the people who have paid taxes and fees as a source of income needed by the region.

The implementation of regional development in Ambon City which utilizes the Regional Revenue and Expenditure Budget (APBD) since its establishment until now has experienced development from time to time.

Revenue from the tax sector in Ambon City has a significant effect on Regional Original Income (PAD), therefore it is necessary to study growth, contribution in an effort to identify the level of regional

independence in the future. To see how much influence local taxes have on Regional Original Income (PAD) can be seen in table 1.1 as follows:

Table 1. Target and Realization of Regional Original Income (PAD) Ambon City Government
Year 2016 - 2021

YEAR	TARGET PADS (RP)	PAD REALIZATION (RP)	PRESENTATION PAD (%)
2016	75,683,756,258.08	85,452,810,394.36	112.90
2017	89,719,122,976.08	95,261,571,644.46	106,18
2018	105,274,763,150.00	105,376,823,292.93	100,10
2019	117,365,257,000.00	113,839,098,688.19	97
2020	121,812,103,000.00	89,564,696,965.40	73,53
2021	116,249,107,672.00	102,340,275,716.68	88.04

Data source: Recapitulation of Ambon City PAD Receipts 2016 - 2021

Table 2. Ambon City Government Regional Tax Targets and Realization in 2016 - 2021

YEAR	TAX TARGETS (RP)	TAX REALIZATION (RP)	PRESENTATION TAX (%)
2016	69,179,024,258.08	78,545,724,751.36	113.53
2017	83,214,390,976.08	87,877,226,338.78	105,60
2018	96,124,391,000.00	97,727,724,620.95	101.57
2019	108,760,117,000.00	104,470,104,236.19	96.06
2020	113,148,163,000.00	82,523,813,207.40	72,93
2021	107,047,031,949.00	94,275,569,633.68	88.07

Data source: Recapitulation of Ambon City Regional Tax Revenues 2016 - 2021

Table 3. Report on the Realization of the Regional Budget and Expenditure of the Ambon City Government for 2016 - 2018

No.	DESCRIPTION	YEAR REALIZATION (RP)		
		2016	2017	2018
1	Locally-generated revenue	85,452,810,394.36	95,261,571,644.46	105,376,823,292.93
2	Transfer Income	908,810,346,115.00	851,417,740,634.00	870,819,424,282.00
3	Operating Costs	10,543,103,659.25	11,511,297,487.29	12,183,916,001.91
4	Cost of Capital	1,260,072,350.00	819,805,050.00	2,776,705,825.00
	Surplus/Deficit	73,649,634,385.11	82,930,469,107.17	90,416,201,466.02

Data source: Ambon City APBD Book 2016 - 2018

Table 4. Ambon City Government Regional Budget and Expenditure Realization Report for 2019 - 2021

No.	DESCRIPTION	YEAR REALIZATION (RP)		
		2019	2020	2021
1	Locally-generated revenue	113,839,098,688.19	89,564,696,965.40	102,340,275,716.68
2	Transfer Income	875,902,451,232.00	848,420,834,077.00	891,362,349,747.00
3	Operating Costs	12,802,378,482.50	10,850,942,524.06	11,058,978,890.00
4	Cost of Capital	2,392,779,001.00	2,108,054,776.00	0
	Surplus/Deficit	98,643,941,204.69	76,605,699,665.34	91,281,296,826.68

Data source: Ambon City APBD Book for 2019 - 2021

Based on table 1.1 above, it shows that the average realization of Regional Original Revenue (PAD) from 2016 - 2021 has fluctuated, namely in the realization of revenue. From 2016 - 2019 there was an increase in the average regional revenue (PAD) of 10% and then it increased, but in 2020 it decreased by (- 21%) and in 2021 it will increase again. Furthermore, based on table 1.2 above, it can be seen that the average realization of Regional Tax revenues during 2016 - 2019 from year to year has increased, namely in the realization of increased revenues and then increased but in 2020 it has decreased and in 2021 it will increase again.

Based on the presentation of the table above, it can be said that even though the implementation of development and governance in Ambon City has increased, this increase is still in developments that are very dependent on funds originating from the central government. A funding situation like this illustrates that there are indications of regional autonomy organizers whose important element is the authority to manage regional finances independently requiring an in-depth study.

This research is a replication of research conducted by Vera Sri Endah Cicilia, Sri Murni, Daisy M. Engka at Sam Ratulangi University studying the Analysis of Efficiency and Effectiveness and the Independence of Regional Financial Management in North Minahasa Regency. Regional finance is currently a form of accountability and a manifestation of financial decentralization and authority from the center to the regions. Regions that are able to manage their finances effectively and efficiently are certainly expected to be able to stimulate the economy through absorption of the budget in productive sectors and their potential so that as a whole they will be able to increase regional financial independence and capacity. In this study, an analysis of effectiveness ratios and efficiency ratios was used to see how far the North Minahasa district government managed its finances and was able to improve its economy. The calculation of the ratio carried out resulted in an average efficiency rate of above 75 percent during the year of study (2009 - 2013), while for performance effectiveness it reached an average rate of 90 percent per year.

2. METHODS

2.1 Type and Data Source

According to the research method used in this research is descriptive method. According to Sugiyono (2017: 147) the descriptive method is a method used to analyze data by describing or describing the data that has been collected as it is without intending to make general conclusions or generalizations.

The method used in this research is descriptive method, according to Punaji Setyosari, (2006: 72) Descriptive research is "Research that aims to explain or describe a situation, object events whether people or everything related to variables - variables that can be explained well with numbers or words. The definition of the descriptive method according to Sugiyono (2013: 53), is a formulation of the problem that is concerned with the question of the existence of an independent variable either only on one variable or more (an independent variable is a variable that stands alone, not an independent variable, because independent variables are always paired with variables dependent)." This research approach includes a quantitative approach.

Types and sources of data indirectly or through intermediary media to data collectors, for example through other people or through documents used in this study are secondary data obtained from the Ambon City Regional Financial and Asset Management Revenue Agency (BPKAD) in the form of: Budget and Realization Data (APBD) Ambon City 2016 - 2021.

3. RELUST AND DISCUSSION

3.1 Research Descriptive Analysis

Descriptive analysis is used to describe the data obtained based on the sample method. The data needed in this analysis are from various reports on the realization and target of Ambon City Regional Original Revenue through regional tax revenues which include:

- a. Hotel Tax
- b. Restaurant tax
- c. Entertainment Tax
- d. Advertisement tax
- e. Street Lighting Tax
- f. Tax on Non-Metal and Rock Minerals (GalianC)
- g. Parking Tax
- h. Underground Water Tax
- i. Land and Building Tax (PBB)
- j. Tax on Acquisition of Land and Building Rights (BPHTB)

From 2016 - 2021. The data used in this study uses Time Series data or a time span starting from 2016 - 2021. The analytical method used in this research is regional financial ratios.

3.2 Quantitative Analysis

a. Analysis of Regional Financial Effectiveness in Ambon City

According to Halim (2017: 130), effectiveness is a measure of success or failure

An organization achieves goals. If an organization has achieved its goals, the organization can be said to be running effectively. Effectiveness only looks at whether a program has achieved the activities that have been set, namely:

1) Regional Tax Effectiveness

The effectiveness of local taxes focuses on the outcome or end result. Effectiveness can also be said as the relationship between the output of accountability with its goals or local tax revenue targets.

Realization of Regional Tax Revenue

Regional Tax Effectiveness: _____ X 100 %

Regional Tax Revenue Target

The effectiveness of Ambon City financial management sourced from local taxes can be seen in the following table:

Table 5. Calculation of the Ambon City Regional Tax Effectiveness Ratio for the 2016 - 2021 Fiscal Year

YEAR	EFFECTIVENESS RATIO		RATIO (%)	CRITERIA
	REGIONAL TAX REALIZATION (RP)	REGIONAL TAX TARGET (RP)		ACHIEVEMENTS
2016	78,545,724,751.36	69.179.024.258.08	113.53	Very effective
2017	87,877,226,338,78	83.214.390.976.08	105.60	Very effective
2018	97,727,724,620.95	96.124.391.000.00	101.57	Very effective
2019	104.470.104.236.19	108.760.117.000.00	96.06	Effective
2020	82.523.813.207.40	113.148.163.000.00	72.93	Less effective
2021	94,275,569,633.68	107,047,031,949..00	88.07	Effective enough
	Average		96.29	Effective

Source: Calculation Results

Based on table 5 above, it is explained that the development of targets and realization of regional tax revenues from 2016 to 2021 has fluctuated. Realization of local tax revenues in 2016 to 2021 has fluctuated with the ratio in 2016, 113.53 %, in 2017, 105.60 %, in 2018, 101.57 %, in 2019, 96.06 %, in 2020 72.93 % and in 2021, 88.07 % . So that it achieves very effective criteria in 2016 – 2018, in 2019 it has decreased with Effective achievement criteria, in 2020 the achievement criteria are less effective and in 2021 it will again increase with quite effective achievement criteria.

This is due to a decrease in the realization of regional tax revenues against the regional tax revenue target. The target for 2016 to 2020 has increased and in 2021 it has decreased.

So that in calculating the regional tax effectiveness ratio for Ambon City for 2016 to 2021 by calculating the average for six years, Ambon City reaches the Effective criteria, with an average ratio of 96.29%.

2) Effectiveness of Regional Original Income (PAD)

The effectiveness of Regional Original Income (PAD) is a comparison between the realization and the target of Regional Original Income (PAD), so that it can be used as a measure of success in carrying out levies towards regional independence. The Original Income Potential of each region is different so that it affects the financial independence of each region (Halim, 2002).

There are several variables that can affect the effectiveness of the potential sources of Regional Original Revenue as a benchmark for regional independence, namely:

- Economic and social conditions of an area
- The development of real per capita GRDP
- Population growth
- Inflation Rate
- Changes in tax and retribution regulations

- f) Increase in coverage or extensification and intensification
- g) Regional Original Revenue (PAD)
- h) Policy
- i) Tariff adjustment.

The formula for the effectiveness of Regional Original Income (PAD) is as follows, this formula is in accordance with the research of Vita Amaliah Hakim (2013):

PAD Receipt Realization

PAD effectiveness: _____ **X 100 %**

PAD Revenue Target

The effectiveness of the Ambon City Government's financial management sourced from local revenue (PAD) can be seen in the following table:

Table 6. Calculation of the Effectiveness Ratio of Ambon City PAD for the 2016 - 2021 Fiscal Year

YEAR	EFFECTIVENESS RATIO			CRITERIA ACHIEVEMENTS
	PAD REALIZATION (RP)	TARGET PADS (RP)	RATIO (%)	
2016	85,452,810,394.36	75,683,756,258.08	112.90	Very effective
2017	95,261,571,644.46	89,719,122,976.08	106.18	Very effective
2018	105.376.823.292.93	105.274.763.150.00	100.10	Very effective
2019	113,839,098,688.19	117.365.257.000.00	97	Effective
2020	89,564,696,965.40	121,812,103,000.00	73.53	Less effective
2021	102.340.275.716.68	116.249.107.672.00	88.04	Effective enough
	Average		96.29	Effective

Source: Calculation Results

Based on table 6 above, it is explained that the development of targets and realization of Regional Original Revenue (PAD) revenues from 2016 to 2021 has fluctuated. Realization of Regional Original Revenue (PAD) where from 2016 to 2021 fluctuated with the ratio in 2016, 112.90%, 2017, 106.18%, 2018 100.10%, 2019, 97%, 2020 73.53% and year 2021, 88.04 %. Realization of Regional Original Revenues has increased every year from 2016 to 2019, while in 2020 it has decreased and in 2021 it has increased again. Realization of the effectiveness of Regional Original Revenue (PAD) receipts against the target of Regional Original Revenue receipts for 2016 to 2018 with Very Effective achievement criteria.

So that in calculating the effectiveness ratio of Ambon City's Original Regional Revenue (PAD) for 2016 to 2021 by calculating the average for six years, Ambon City reaches the Effective criteria, with an average ratio of 96.29%.

3.3 Regional Tax Contribution to Regional Original Income (PAD)

Regional Tax Contribution Analysis is an analysis used to find out how much contribution can be donated from Regional Tax Revenue to Regional Original Income, then compared between the realization of Regional Tax revenue to Regional Original Income (PAD) Handoko, 2013: 3), The formula used for calculating the Regional Tax Contribution to Regional Original Revenue is as follows:

Realization of Regional Tax Revenue

Local Tax Contribution: _____ **X 100 %**

Realization of Regional Original Revenue Revenue

The criteria used in assessing the contribution of local taxes to local revenue (PAD) can be seen in the following table:

Table 7. Criteria for assessing the contribution of local taxes to local revenue (PAD)

Percentage	Criteria
0.00 % - 10.00 %	Very less
10.00% - 20.00 %	Not enough
20.00% - 30.00 %	Currently
30.00% - 40.00 %	Pretty good
40.00% - 50.00 %	Good
Above 50.00 %	Very good

Source: Processed Data

The amount of Ambon City local tax contribution can be calculated as follows:

Table 8. The Level of Effectiveness of Regional Taxes on Ambon City Government's Original Regional Revenue (PAD) for the 2016 – 2021 Fiscal Year

YEAR	REGIONAL TAX REVENUE REALIZATION (RP)	REALIZATION OF REGIONAL ORIGINAL REVENUE (PAD) (RP)	REGIONAL TAX CONTRIBUTION TO PAD (%)	CRITERIA
2016	78,545,724,751.36	85,452,810,394.36	91.91	Very good
2017	87,877,226,338.78	95,261,571,644.46	92.24	Very good
2018	97,727,724,620.95	105,376,823,292.93	92.74	Very good
2019	104,470,104,236.19	113,839,098,688.19	91.76	Very good
2020	82,523,813,207.40	89,564,696,965.40	92.13	Very good
2021	94,275,569,633.68	102,340,275,716.68	92.11	Very good
	Average		92.14	Very good

Source: Processed Data

Based on table 8 above, it is explained that the contribution of Regional Tax to Regional Original Income (PAD) in Ambon City from 2016 to 2021 is classified as very good. Where in 2016 to 2021 the contribution of local taxes to Regional Original Income (PAD) with a contribution value of 2016, 91.91%, 2017, 92.24%, 2018, 92.74%, 2019, 91.76%, in 2020, 92.13% and in 2021 92.11%. And in table 4.5 it can be seen that the average amount of Regional Tax contribution to Regional Original Revenue (PAD) for the last six years (2016 to 2021 reaches 92.14% above the standard 50%.

3.4 Analysis of Regional Financial Efficiency in Ambon City

a. Local Tax Efficiency

Expenses incurred to obtain local taxes

Local Tax Efficiency: _____

X 100 %

Realization of Regional Tax Revenue

To analyze the Ambon City Regional Tax Efficiency Ratio, we use a comparison between the costs incurred to obtain local taxes and the realization of local taxes. We can see the results in the table below:

Table 9. Calculation of the Ambon City Regional Tax Efficiency Ratio for the 2016 - 2021 Fiscal Year

YEAR	COSTS INCURRED TO OBTAIN REGIONAL TAX (RP)	EFFICIENCY RATIO		CRITERIA
		REGIONAL TAX REALIZATION (RP)	RATIO (%)	
2016	10,543,103,659.25	78,545,724,751.36	13.42	Very Efficient
2017	11,511,297,487.29	87,877,226,338.78	13.09	Very Efficient
2018	12,183,916,001.91	97,727,724,620.95	12.46	Very Efficient
2019	12,802,378,482.50	104,470,104,236.19	12.25	Very Efficient
2020	10,850,942,524.06	82,523,813,207.40	13.14	Very Efficient
2021	11,058,978,890.00	94,275,569,633.68	11.73	Very Efficient
	Average		12.68	Very Efficient

Source: Calculation Results

Based on table 4.6 above, it is explained that the costs incurred to obtain local taxes from 2016 to 2021 have fluctuated and tended to increase. Realization of local tax revenues in 2016 to 2021 has fluctuated with the ratio in 2016, 13.42%, 2017, 13.09%, 2018, 12.46%, 2019, 12.25%, 2020, 13.14% and in 2021, 11.73%. So that it reaches the very efficient criteria from 2016 to 2021, because the ratio achieved is less than 60%.

b. Efficiency of Regional Original Income (PAD)

Costs incurred to get PAD

PAD Efficiency: _____

X 100 %

PAD Receipt Realization

To analyze the Efficiency Ratio of Ambon City's Local Own Revenue, we use a comparison between the Costs Expended to Obtain Local Own Revenue (PAD) and the Realization of Regional Own Revenue. We can see the results in the table below:

Table 10. Calculation of the Efficiency Ratio of Regional Original Revenue (PAD) for Ambon City for the 2016 - 2021 Fiscal Year

YEAR	EFFICIENCY RATIO			CRITERIA
	COSTS INCURRED TO GET THE PAD (RP)	PAD REALIZATION (RP)	RATIO (%)	ACHIEVEMENTS
2016	10,543,103,659.25	85,452,810,394.36	12.33	Very Efficient
2017	11,511,297,487.29	95,261,571,644.46	12.08	Very Efficient
2018	12,183,916,001.91	105,376,823,292.93	11.56	Very Efficient
2019	12,802,378,482.50	113,839,098,688.19	11.24	Very Efficient
2020	10,850,942,524.06	89,564,696,965.40	12,11	Very Efficient
2021	11,058,978,890.00	102,340,275,716.68	10.80	Very Efficient
	Average		11.68	Very Efficient

Source: Calculation Results

Based on table 4.6 above, it is explained that the costs incurred to obtain local taxes from 2016 to 2021 have fluctuated and tended to decrease. Realization of local tax revenues in 2016 to 2021 has fluctuated with the ratio in 2016, 12.33%, 2017, 12.08%, 2018, 11.56%, 2019, 11.24%, 2020, 12.11% and in 2021, 10.80%. So that it reaches the very efficient criteria from 2016 to 2021, with an average yield of 11.68% because the ratio achieved is less than 60%.

3.5 Ambon City Regional Financial Independence Ratio

a. Income Tax with Balancing Fund, which can be seen in the following table

Table 11. Pattern of Relations, Level of Independence and Regional Financial Capacity

Independence (%)	Financial Ability	Relationship Patterns
0% - 25%	Very Low	Instructive
25% - 50%	Low	Constructive
50% - 75%	Currently	participatory
75% - 100%	Tall	Delegative

Source: Halim (2004)

Analysis of regional independence shows the ability of local governments to finance their own government activities, development and services to the people who have paid taxes and fees as a source of income needed by the region (Mahmudi, 2007: 128).

Regional Original Income (PAD)

Regional Independence Ratio: _____ **X 100 %**

Balancing Funds / Transfer Funds

To analyze the Financial Independence Ratio of Ambon City, we can use the Realization of Balancing Funds (Transfer Funds) and the Realization of Regional Taxes of the Ambon City Government. We can see the results in the table below:

Table 12. Ambon City Financial Independence Ratio Formed from Local Taxes for Fiscal Year 2016 - 2021

YEAR	INDEPENDENCE RATIO			EVALUATION
	REGIONAL TAX REALIZATION (RP)	BALANCED FUND (RP)	RATIO (%)	CRITERIA ACHIEVEMENTS
2016	78,545,724,751.36	908.810.346.115.00	8,64	Instructive / Very Low
2017	87,877,226,338.78	851,417,740,634.00	10.32	Instructive / Very Low
2018	97,727,724,620.95	870,819,424,282.00	11,22	Instructive / Very Low
2019	104,470,104,236.19	875.902.451.323.00	11.92	Instructive / Very Low
2020	82,523,813,207.40	848.420.834.077.00	9,72	Instructive / Very Low
2021	94,275,569,633.68	891.362.349.747.00	10.57	Instructive / Very Low
	Average		10.39	Instructive / Very Low

Source: Calculation Results

From the data table 4.8 above, it can be explained that the contribution of Regional Taxes to regional financial independence through balancing funds has not been able to answer the independence of the Ambon City government for the last 6 years (2016 to 2021), where the average independence ratio for the last six years shows the number 10.39% with an assessment of Instructive relationship patterns. On the other hand, it can be seen that the contribution of local taxes to PAD has very good criteria. During the study period, it was seen that the Balance/Transfer funds exceeded 100% of Realized Local Taxes so that the average ratio for the 6 years was only 10.39% so that an Instructive relationship pattern was formed (Very Low).

The level of independence, it is known that during the research period there was only one research criterion that was successfully achieved by the Regional Government, namely the Very Low assessment criteria (2016 - 2021) with an Instructive relationship pattern, this shows that the role of the Regional Government in the process of regional financial financing is still the mainstay Central government.

b. Local Own Revenue (PAD) with Balanced / Fund Transfer results can be seen in the following table:

Table 13. Ambon City Financial Independence Ratio Formed from Regional Original Revenue (PAD) for Fiscal Year 2016 - 2021

YEAR	INDEPENDENCE RATIO			EVALUATION/ ACHIEVEMENT CRITERIA
	PAD REALIZATION (RP)	BALANCED FUND (RP)	RATIO (%)	
2016	85,452,810,394.36	908,810,346,115.00	9.40	Instructive / Very Low
2017	95,261,571,644.46	851,417,740,634.00	11,18	Instructive / Very Low
2018	105,376,823,292.93	870,819,424,282.00	12,10	Instructive / Very Low
2019	113,839,098,688.19	875,902,451,323.00	12.99	Instructive / Very Low
2020	89,564,696,965.40	848,420,834,077.00	10.55	Instructive / Very Low
2021	102,340,275,716.68	891,362,349,747.00	11.48	Instructive / Very Low
	Average		11.28	Instructive / Very Low

Source: Calculation Results

From table 4.9 above, it can be explained that the contribution of PAD to regional financial independence through balancing funds/transfer funds has not been able to answer the independence of the Ambon City government for the last six years (2016 to 2021), where the average independence ratio for the last five years shows the number 11.28% with an assessment of Instructive relationship patterns. On the other hand, it can be seen that the realization of local revenue (PAD) has fluctuated over the last six years.

3.1 Discussion

a. The Effectiveness of Regional Tax Revenue Has a Positive Influence on the Level of Regional Financial Independence in Ambon City.

The first hypothesis proposed states that the Effectiveness of Regional Tax Revenue has a very high contribution value to Regional Original Revenue (PAD), it can even be said that Ambon City Regional Original Revenue (PAD) relies more on regional tax revenues and less than 10% comes from regional fees and other revenues collected by the Ambon City Regional Government. However, because the value of Regional Original Income (PAD) to the amount of transfer funds is relatively small so that the high contribution from taxes to Regional Original Income (PAD) is dominant, but this contribution is not able to increase the independence of Ambon City Finance.

Through table 4.5 it can be explained that the contribution of local taxes to regional financial independence through balancing funds / transfer funds has not been able to answer the independence of the Ambon City government so that the ratio of regional financial independence has been getting smaller over the past 6 (six) years, where the average ratio of independence for six years lastly shows the figure of 10.39% with an assessment of the Instructive relationship pattern. Thus, the thing that states the effectiveness of local tax revenue has a positive effect on the level of regional financial independence is accepted. This is in line with research conducted by Erawati and Suzan (2015) whose research results show that regional taxes have an effect on the level of regional financial independence.

High regional tax revenues can be indicated that Ambon City has advantages in the field of services. As one of the components forming Regional Original Revenue (PAD), the amount of regional tax revenue

can affect the amount of Regional Original Revenue (PAD). So the higher the tax revenue of an area, the greater the amount of Regional Original Income (PAD) earned. High Regional Original Income (PAD) can reduce dependence on financing from the center so that the level of financial independence of a region increases.

This is in accordance with the participation factor theory put forward by Halim and Kusufi (2014: 15), that the higher community participation in paying regional taxes will describe a high level of regional financial independence. low rated area

The results of this analysis indicate that the level of dependence of the Ambon City Government is very large on the Central Government in carrying out Development and Service responsibilities for the community and is not yet independent in managing Regional Original Revenue (PAD). For this reason, the Ambon City Government manages Regional Original Revenue (PAD), namely Taxes and Retribution and seeks to increase Regional Original Revenue (PAD) so that it is maximized by calculating the potential as accurately as possible and continuing to explore sources of new tax objects so that the expected revenue target can be achieved .

b. The Effect of Regional Original Income (PAD) on the Level of Regional Financial Independence.

As it is known that regional original income is the main source of income in each region. The increase in regional original income is influenced by an increase in the realization of PAD revenue from 2016 to 2021 which can be achieved due to various optimal steps and efforts such as:

- a. Increased intensification and extensification of local taxes.
- b. Carry out continuous tax collection by tax officials in the field to increase PAD.
- c. Improving Services to the Community
- d. Improving coordination with other related agencies or bodies to increase supervision of collection officials and the community.
- e. Increase surveys or observations in the field through examination of taxpayers and retribution obligators.

Furthermore, Halim (2001: 167) explains that the main characteristics of an area capable of implementing autonomy are:

Through the results of the research described in chapter IV, it shows that the Ambon City Government has not been able to realize regional independence. Therefore, it is necessary to optimize regional tax collection as a potential source of local revenue.

The independence of local governments that are still low in financing their government activities is indeed a problem in most cities/regencies in Indonesia. Several previous studies examining the level of regional financial independence showed results of research on the level of regional independence which was still low. the criterion that the level of financial independence of the Regional Government of Maluku Province must always be at very low criteria.

c. Efficiency ratio is very influential on the ratio of Independence.

The efficiency ratio describes the ability of the local government to minimize the costs incurred to obtain local tax revenue and regional original income (PAD). The ability of the region to carry out tasks is categorized as efficiency if the costs incurred are smaller than the realization of regional tax revenue and regional original revenue (PAD).

The results of a very high efficiency ratio show that the costs incurred are relatively small and the results of the levy are far greater than the costs. If seen only from the proportion of costs to regional own-source revenue (PAD) it is clear that it is good and it is only because regional-owned revenue (PAD) is relatively smaller compared to transfer funds that this contribution does not stand out. However, at least the more efficient collection of Local Original Revenue (PAD) will be able to boost the amount of Regional Original Revenue (PAD) by taking into account efforts to increase Regional Original Revenue (PAD) through extensification and intensification of levies which can increase Regional Original Revenue (PAD).

So it can be concluded that the more efficient the management of Regional Original Revenue (PAD) levies, the greater the contribution to Regional Original Revenue (PAD) and of course it will also have an effect on the increasing financial independence of the Ambon City Region.

4. CONCLUSION

From the Research and Discussion in the previous chapter it can be concluded that, during 2016 - 2021 it turns out that the performance of the Ambon City Government has not been maximized in supporting the Implementation of Regional Financial Independence, which can be seen from the Contribution of Realization of Regional Tax Revenue to Ambon City Government's Original Revenue in 2016 - 2021 shows very good results. The performance of the Ambon City Regional Tax and Retribution Management Agency in terms of Effectiveness and Efficiency, The achievement of realization of Regional Tax Revenue to total PAD revenue from 2016 - 2021 is very good, fluctuating but has a tendency to increase even though the APBD is still very dependent on Central Government funds despite the amount of the budget allocated designed for continuous improvement. The Effectiveness Ratio is an effort to realize Ambon City's Local Original Revenue (PAD), it turns out that Realization achievements have fluctuated but tended to increase from 2016 - 2021 which indicates an effective position. The Efficiency Ratio is an effort to use costs used to finance Regional Original Income (PAD) from 2016 - 2021 which have fluctuated and tended to increase. In managing the APBD, it is still dominated by the central government with very high achievements due to the very low realization of Ambon City's own-source revenue (PAD). Based on the Independence ratio application,

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