

THE EFFECT OF REGIONAL TAX, REGIONAL RETRIBUTION AND BALANCING FUND ON CAPITAL EXPENDITURE DISTRICT GOVERNMENTS IN PROVINCE SUMATRA UTARA

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Abstract: *The purpose of this study is to determine and analyze the effect of Regional Taxes on Capital Expenditures on District Governments in Sumatera utaraProvince for the period 2015-2019, to determine and analyze the effect of Regional Levies on Capital Expenditures on District Governments in Sumatera utara Province for the period 2015-2019, to determine and to analyze the influence of Regional Levies on Capital Expenditures on District Governments in Sumatera utaraProvince for the period 2015-2019 and to determine and analyze the effects of Regional Taxes, Regional Levies, and Balanced Funds on Capital Expenditures on District Governments in Sumatera utaraProvince for the period 2015-2019. The results showed that there was an influence between Local Taxes on Capital Expenditures in District Governments in Sumatera utaraProvince for the 2015-2019 Period. There is an influence between Regional Levies on Capital Expenditures in District Governments in Sumatera utara Province for the 2015-2019 Period. There is an influence between Balanced Funds on Capital Expenditures in District Governments in Sumatera utaraProvince for the 2015-2019 Period. There is the influence of Local Taxes, Regional Levies and Balanced Funds on Capital Expenditures in District Governments in Sumatera utaraProvince for the 2015-2019 Period. The result of the R-Square value is known to be worth 40.9%, meaning that it shows that around 24% of the Capital Expenditure variable (Y) is influenced by Local Taxes, Regional Levies and Balancing Funds. The remaining 59.1% of returns on assets are influenced by other variables not examined in this study.*

Keywords: *Local Taxes, Regional Levies, Balancing Funds, Capital Expenditures*

Introduction

Sumatera utarais divided into 25 districts, 8 city (formerly municipality), 325 districts, and 5,456 sub-district/village. Local budgets are financial plans that serve as guidelines for local governments in implementing public services. In Indonesia, regional budget documents are often referred to as the Regional Revenue and Expenditure Budget, both for provinces and cities / districts. All local government revenues and expenditures in the form of money, goods and services in the fiscal year must be budgeted in the APBD.(Ardhian Sheila Nuarisa, 2013)Capital expenditure is direct expenditure that is used to finance investment activities. Capital Expenditures are expenditures whose benefits tend to exceed one fiscal year and will increase government assets or assets, and further increase the routine budget for operational and maintenance costs.(Mardiasmo, 2013).According toParagraph 39 PSAP 02 states that spending indicators according to the economy (type of expenditure) are grouped into Operational Expenditures, Capital Expenditures and Other Expenditures or unexpected.

In order to increase the level of public trust, local governments have made efforts, one of which is by shifting the composition of spending. This shift is aimed at increasing capital investment in the form of fixed assets, namely equipment, buildings, infrastructure, and other fixed assets. The higher the level of capital investment is expected to be able to improve the quality of public services, because fixed assets owned as a result of capital spending are the main prerequisite for providing public services by local governments. Funds in the form of a capital expenditure budget in the APBD are allocated by local governments to increase fixed assets. The financing of government administration based on the principle of decentralization is carried out at the expense of the APBD. In the context of administering government and services to the community based on the principle of decentralization, regions are given the authority to collect taxes / levies and manage natural resources. Sources of funds for the regions consist of Regional Original Income, Balancing Funds (DBH, DAU, and DAK) and Regional loans. The three sources are directly managed by the Regional Government through the APBD, in collaboration with the Central Government (Halim, 2014).

Regional government financial managers must be able to apply the principle of regional independence by optimizing revenue from the Regional Original Revenue (PAD) sector. In this research, "the researcher limits the object of research to only covering local taxes and levies. This is because the two components of the largest contributor to local revenue are local taxes and levies. So that the two components are expected to represent the components of Regional Original Income (Sianturi, 2014). To increase the allocation of capital expenditures, it is necessary to collect revenue collected by local governments from the community, both mandatory and non-mandatory contributions. This income is from local taxes and levies. Each region has a different tax base depending on the local government policy as well as local user fees.

Local Tax is a tax collected by a region based on tax regulations stipulated by the region for the purpose of financing its household as a public legal entity (Mustaqiem, 2015). Local tax is one of the regional revenues that reflects the level of regional independence. The greater the amount of local taxes, the more that the regions are capable of implementing fiscal decentralization and less dependence on the central government. Kabuapten in Sumatera utara Province is a district that has a fairly high amount of local taxes. This can be seen from the 2015-2019 APBD Report. Therefore, the Kabuapten Government in Sumatera utara Province must make every effort to increase local taxes and levies, as a source of regional income in increasing capital spending. Local governments must strive to increase Local Own Revenue (PAD), especially to explore the potential of Regional Taxes and Regional Levies continuously and sustainably where Regional Taxes and Levies are one of the sources of local revenue which are mainly used to finance the implementation of local government, even though each region has the ability or potential for Taxes. Different regions and levies. (Legrenzi, G., & Milas, 2001) states that regional revenue (especially taxes) will affect the regional government spending budget known as the tax-spend hypothesis. A fee can be interpreted as a levy imposed by the government as a result of contra-performance provided by the regional government or the payment is based on achievements or services provided by the local government which is directly enjoyed by the members of the community and its implementation is based on the prevailing regulations (Baridwan, 2104)

According to (Muqodim, 1999) tax is a source that must be carried out from the private sector (in a broad sense) to the government sector (state treasury) based on laws or regulations, so that it can be enforced, without any direct and balanced contra performance that can be demonstrated individually and the results This tax revenue is a source of state revenue that will be used for government spending, both routine expenditures and development expenditures. The transfer of funds from the central government to regional governments is manifested in the form of a balance fund consisting of general allocation funds (DAU), revenue sharing funds (DBH), and special allocation funds (DAK). The general allocation fund (DAU) is a fund originating from the

Central Government taken from the APBN which is allocated for the purpose of equitable inter-regional finance to finance regional government expenditure needs in the context of implementing decentralization. According to (Halim, 2014) "States that long-term transfer funds in the form of DAU have an effect on capital expenditures and a reduction in the amount of transfer funds can cause a decrease in capital expenditures".

The Balancing Fund consists of the General Allocation Fund (DAU), the Special Allocation Fund (DAK), and the Revenue Sharing Fund (DBH). According to (Darise, 2008), The General Allocation Fund (DAU) is a fund sourced from the State Budget which is channeled to the Regional Government to address financial gaps between regions. The Special Allocation Fund (DAK) is a fund allocated by the central government for specially selected regions for special national purposes. The special needs referred to in the Special Allocation Fund are: 1) the need for infrastructure and physical facilities in remote areas and do not have adequate access to other areas, 2) the need for infrastructure and physical facilities in areas accommodating transmigration, 3) the need for infrastructure and physical facilities located in coastal / island areas and do not have adequate infrastructure and facilities, and 4) the need for physical infrastructure and facilities in the area to overcome the impact of environmental damage (Kuncoro, 2014). Meanwhile, the Profit Sharing Fund (DBH) according to Law no. 33 of 2004, constituting funds sourced from the APBN allocated to regions based on percentage figures to fund regional needs in the context of implementing decentralization of regional autonomy.

This study takes the object of research in the regional budget of Sumatera utara Province, where the authors take 10 districts to be the object of research. The following is the budget for regency capital expenditure income in the province of Sumatera utara as follows:

Table 1.1
District Capital Expenditure Budget Data in the Province of Sumatera utara for the 2015-2019 Period

No	Area	2015	2016	2017	2018	2019
1	Regency. Asahan	163,435,000,000	250,239,881,459	226,816,631,079	188,517,469,886	254,691,770,192
2	Regency. Dairi	123,913,000,000	226,059,936,000	228,408,837,370	156,649,693,100	183,892,124,769
3	Regency. Deli Serdang	883,583,000,000	763,542,419,284	647,202,906,037	697,679,038,693	888,436,518,377
4	Regency. Karo	129,190,000,000	240,247,991,612	264,211,699,436	136,537,351,685	137,501,741,147
5	Regency. Labuhanbatu	232,784,000,000	254,996,647,877	324,160,967,354	317,119,954,870	348,522,396,327
6	Regency. Leake	166,856,000,000	178,408,079,277	405,340,050,736	195,936,324,491	219,386,546,117
7	Regency. Mandailing Christmas	201,316,000,000	243,804,504,471	267,628,603,720	194,466,435,357	221,051,748,746
8	Regency. Nias	172,055,000,000	276,204,194,234	232,139,893,948	200,870,227,906	99,053,914,610
9	Regency. Simalungun	328,523,000,000	148,253,142,162	192,985,309,600	757,902,044,239	383,467,731,832
10	Regency. South Tapanuli	277,972,000,000	317,665,584,012	251,102,481,128	288,503,471,683	347,972,064,954
	Total	2,679,627,000,000	2,899,422,380,388	3,039,997,380,408	3,134,182,011,910	3,083,976,557,071

Source: <http://www.djpk.kemenkeu.go.id> (Processed)

Based on the data above, it can be seen that there was an increase in the capital expenditure budget in 2015, the total capital expenditure in 10 districts in the province of North Sumatra, namely Rp. 2,679,627,000,000. in 2016, namely Rp. 2,899,422,380,388. In 2017 there was a decrease of Rp. 3,039,997,380,408. In 2018 there was a decrease in the capital expenditure budget of Rp. 3,134,182,011,910 while in 2019 there was an increase in the capital expenditure budget of Rp. 3,083,976,557,071.

The rise and fall of the capital expenditure income budget is due to the fact that local revenue (PAD) does not reach. In other words, income is not synchronized with capital expenditure. Moreover, the low absorption of OPD so that local governments try to adjust the budget according to the development priority scale.

The following is the data on Regency Regional Taxes in the Province of Sumatera utara for the 2015-2019 Period as follows:

Table 1.2
Regional Tax Data for Cities in Sumatera utara Province
2015-2019 period

No	Area	2015	2016	2017	2018	2019
1	Regency. Asahan	31,241,119,020	42,930,449,467	39,233,007,558	43,547,841,016	54,164,101,016
2	Regency. Dairi	7,766,000,000	8,766,000,000	9,266,000,000	14,211,500,000	14,372,000,000
3	Regency. Deli Serdang	463,126,000,000	487,186,468,000	484,520,000,000	660,622,000,000	940,882,220,000
4	Regency. Karo	28,023,050,000	30,518,010,000	40,794,923,500	40,794,923,500	45,222,135,500
5	Regency. Labuhanbatu	62,700,000,000	62,700,000,000	49,550,000,000	49,550,000,000	52,550,000,000
6	Regency. Leake	42,120,000,000	45,458,000,000	50,056,000,000	57,560,000,000	61,942,000,000
7	Regency. Mandailing Christmas	19,330,000,000	19,330,000,000	20,267,538,000	22,362,095,600	25,449,689,855
8	Regency. Nias	4,203,000,000	4,547,870,000	5,005,000,000	5,155,000,000	5,382,089,251
9	Regency. Simalungun	80,716,254,516	50,525,000,000	75,350,000,000	98,950,000,000	98,000,000,000
10	Regency. South Tapanuli	24,315,707,341	27,940,052,000	17,370,628,628	19,536,571,066	45,018,686,000
	Total	763,541,130,87	779,901,849,46	701,413,097,68	10,122,8993,118	1,342,982,921,62
		7	7	6	2	2

Source: <http://www.djpk.kemenkeu.go.id> (Processed)

Based on the data above, it can be seen that there was a decrease in local taxes in 2016 amounting to Rp. 779,901,849,467. In 2017 there was an increase of Rp. 701,413,097,686. In 2018 there was an increase in local revenue by Rp. 10,122,8993,1182 and in 2019 there was an increase in local taxes of Rp. 1,342,982,921,622. The decrease in local tax revenue is due to the reduced ability of taxpayers to pay taxes. Increasing local taxes will accelerate infrastructure development and provide various facilities for convenience to increase investment attractiveness. The following is the data for the Regency Levies in the Province of Sumatera utara for the 2015-2019 period as follows:

Table 1.3
Data on Regional Levies in the Province of Sumatera utara
2015-2019 period

No.	Area	2015	2016	2017	2018	2019
1	Regency. Asahan	7,260,372,060	9,586,406,710	8,486,750,000	9,261,760,900	9,893,934,562
2	Regency. Dairi	34,528,145,262	45,717,493,000	30,666,560,000	49,628,550,000	3,422,000,000
3	Regency. Deli Serdang	118,850,000,000	124,485,665,000	112,795,775,000	122,642,060,000	97,195,838,000
4	Regency. Karo	19,634,168,682	12,258,338,800	13,322,127,116	14,375,475,016	12,634,067,700
5	Regency. Labuhanbatu	48,241,585,126	9,241,585,126	11,617,949,395	11,617,949,395	9,170,131,200
6	Regency. Leake	16,927,479,000	16,502,479,000	20,444,850,000	22,899,179,350	24,947,179,350
7	Regency. Mandailing Christmas	15,852,097,000	24,302,097,000	34,275,520,238	44,534,316,025	43,913,510,025
8	Regency. Nias	1,868,200,000	2,206,200,000	2,421,000,000	2,731,000,000	2,936,500,000

9	Regency. Simalungun	7,848,034,147	10,076,451,399	9,264,000,000	16,403,500,000	10,000,000,000
10	Regency. South Tapanuli	8,274,492,028	8,274,492,028	8,905,927,188	16,870,044,188	14,653,658,650
	Total	279,284,573,30	262,651,208,06	252,200,458,93	310,963,834,87	228,766,819,48
		5	3	7	4	7

Source: <http://www.djpk.kemenkeu.go.id> (Processed)

Based on the data above, it can be seen that there was a decrease in Regional Levies in 2016, amounting to Rp. 262,651,208,063. In 2017 there was an increase of IDR 252,200,458,937. In 2018 there was a decrease in Regional Levies of Rp. 310,963,834,874 while in 2019 there was a decrease in Regional Levies of Rp. 228,766,819,487. The reduction in local fees is due to the lack of application of local regulations to increase local fees.

The following is the data for the Regency Balancing Fund in the Province of Sumatera utara for the 2015-2019 period as follows:

Table 1.4
District Balancing Fund Data in the Province of Sumatera utara for the 2015-2019 Period

No	Area	2015	2016	2017	2018	2019
1	Regency. Asahan	795,351,000,000	891,149,644,000	955,691,774,290	877,794,641,000	916,413,719,000
2	Regency. Dairi	560,602,000,000	623,702,000,000	657,581,285,622	612,745,792,000	640,925,580,000
3	Regency. Deli Serdang	1,500,190,000,000	1,494,821,153,000	1,603,084,535,000	1,468,561,952,000	1,516,175,120,000
4	Regency. Karo	686,835,000,000	751,581,176,000	792,406,517,394	738,378,312,000	760,888,872,000
5	Regency. Labuhanbatu	593,026,000,000	696,646,309,000	696,646,309,000	684,408,474,000	714,901,140,000
6	Regency. Leve	1,039,650,000,000	1,099,486,754,000	1,287,427,165,908	1,179,392,864,000	1,179,392,864,000
7	Regency. Mandailing Christmas	722,942,000,000	788,477,434,000	788,477,434,000	783,200,132,000	821,584,130,000
8	Regency. Nias	365,879,000,000	429,582,510,000	442,479,925,600	442,822,379,600	443,235,113,000
9	Regency. Simalungun	1,425,600,000,000	1,230,816,187,000	1,297,673,223,692	1,230,816,187,000	1,253,335,104,000
10	Regency. South Tapanuli	592,764,000,000	654,669,272,000	654,669,272,000	644,304,467,000	673,314,229,000
	Total	8,282,839,000,000	8,660,932,439,000	9,176,137,442,506	8,662,425,200,600	8,920,165,871,000
		0	0	6	0	0

Source: <http://www.djpk.kemenkeu.go.id> (Processed)

Based on the data above, it can be seen that there was an increase in Balancing Funds in 2016 amounting to IDR 8,660,932,439,000. In 2017 there was a decrease of Rp. 9,176,137,442,506. In 2018 there was an increase in Balancing Funds of Rp. 8,662,425,200,600 and in 2019 there was an increase in Balancing Funds of Rp. 8,920,165,871,000.

The increase in balancing funds means a significant transfer in the APBN from the central government to regional governments. Local governments can use financial balancing funds in the form of DAU to provide services to the public which are realized in the form of capital expenditures. The reason the authors took a sample of 10 districts is because these districts are the top 10 districts in the province of North Sumatra.

Literature Review

Capital Expenditures

Permendagri Number 13 of 2006 concerning Guidelines for Regional Financial Management explains the classification of regional expenditures, which states that regional

expenditure groups according to programs and activities consist of direct expenditure and indirect expenditure. The direct expenditure group is the expenditure budgeted directly related to the implementation of local government programs and activities consisting of three components, namely: 1) Personnel Expenditures; 2) Goods and Services Expenditures; and 3) Capital Expenditures. According to (Mardiasmo, 2013) "Capital expenditure is a group of direct expenditures used to finance investment activities (adding assets)". Capital Expenditures are budget expenditures that are part of the classification of regional expenditures, namely groups of regional expenditures according to programs and activities included in the direct expenditure group where capital expenditures are used to finance investment activities or add assets carried out by the government.

According to Government Accounting Standards (SAP, 2013) Capital Expenditures are expenditures made in the context of capital formation which in nature add to fixed assets or inventory that provide benefits for more than one accounting period, including expenses for maintenance costs which maintain or increase the useful life, as well as increase the capacity and quality of assets.

Capital expenditures are regional government expenditures whose benefits exceed one budget and will increase regional assets or assets and further add to routine expenditures such as maintenance costs in the general administration expenditure group.

Based on the above definitions, it can be concluded that capital expenditure is budgetary expenditure which is part of the classification of regional expenditure according to programs and activities that are included in the direct expenditure group, where capital expenditure is used in the context of capital formation which is to acquire or add fixed assets or inventory which provides more benefits of twelve months (one accounting period), including expenses for maintenance costs that are to maintain or increase the useful life, increase capacity and asset quality.

Local tax

Regional tax is a taxpayer's contribution to the region that is owed by private persons or entities that are compelling based on law without receiving direct compensation and used for regional needs for the greatest prosperity of the people (Law No.28 of 2009).

Local taxes are mandatory contributions that are given by individual or corporate taxpayers to regions based on applicable laws without receiving direct compensation, and these mandatory contributions are used for regional needs.

According to (Darise, 2008) discloses about Regional Tax, where Regional Tax is: Compulsory contribution made by an individual or entity to the region without a balanced direct compensation that can be implemented based on the prevailing laws and regulations, which are used to finance the implementation of regional government and regional development.

Based on these various definitions, it can be concluded that what is meant by Regional Taxes is a compulsory contribution made by an individual or entity to a region that is compelling based on the applicable law, which does not receive direct compensation and the proceeds are used to finance regional expenditure to carry out development. , regional administration, and for community services.

Regional Retribution

The legal basis that regulates Regional Levies is the same as Regional Taxes, namely Law Number 28 of 2009 concerning Regional Taxes and Regional Levies. Like local taxes, levies are also an important source of regional income to finance local government implementation. Levies can be interpreted as levies imposed by the government as a result of contra-achievement provided

by the local government or the payment is based on the achievements or services provided by the local government which are directly enjoyed by the community and its implementation is based on applicable regulations.(Zaki, 2013).

Levies are levies imposed by local governments based on services provided by local governments that are directly enjoyed individually and the implementation is based on applicable regulations. According to Law Number 28 of 2009 concerning Regional Taxes and Regional Retributions, Regional Levies are regional levies as payment for services or the granting of certain permits specifically provided and / or given by local governments for the benefit of individuals or entities.

From these two definitions it can be concluded that what is meant by Regional Levies is regional levies as payment for services or the granting of certain permits given or provided by local governments for individuals or entities, where the party paying the Regional Levies gets services or rewards directly and its implementation. based on applicable regulations. The results of the levies are used for government administration and regional development. The definition of services according to the description is the activities of the Regional Government in the form of businesses and services that cause goods, facilities or other benefits that can be enjoyed by private persons or Entities.

Balancing Fund

The central government policy that gives greater authority to local governments in the regional autonomy program certainly increases the responsibility for program management to local governments, work programs that were previously in central government policies are now delegated directly to local governments. This of course has implications for increasing local government budget needs. Therefore, in order to create a fair and proportional system, Law Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments was issued which is an improvement of Law Number 25 of 1999 concerning Financial Balance between the Central and Regional Government. According to Law No. 33 of 2004 describes the meaning of Balancing Funds "Balancing Funds are funds sourced from APBN revenues allocated to regions to finance regional needs in the context of implementing decentralization". The central government provides transfer funds in the form of Balancing Funds to local governments where these funds come from the APBN in the context of decentralization.

According to(Halim, 2014) explain 3 (three) reasons for making transfers between governments from an economic point of view, namely:

- 1) There are vertical fiscal imbalances that occur because the central government controls the main taxes, so that the tax sources controlled by the regions are not sufficient to finance various expenditures;
- 2) The existence of horizontal fiscal imbalances, namely differences in capacity and fiscal needs between regions;
- 3) There is a spill-over effect, namely economic externalities and diseconomic externalities from an activity in one area to another.

It can be concluded that the Balancing Fund is intended to assist regions in funding their authority, reduce imbalances in government funding sources between central and regional governments and to reduce funding gaps between regions. Balanced Fund is a source of regional income which is one of the factors affecting the allocation of capital expenditures in a region.

Research Method

The type of data in this research is quantitative. The operational definition in this research is

Capital Expenditure (Y), Regional Tax (X1), Regional Retribution (X2) and Balanced Fund (DAU) (X3). The population in this study were 33 districts and cities in the province of Sumatera utarawith a time period from 2015 to 2019. The sample in this study was 10 districts / cities in Sumatera utara Province at the Directorate General of Fiscal Balance. The data source used in this research is secondary data. The data used in this research is quantitative data. The data analysis technique used in this research is Multiple Linear Regression Analysis.

Result and Discussion

Descriptive Analysis

The data description provides an overview or description of the characteristics of the variable data used in the study. The data description function is to determine the minimum value, maximum value, average value, standard deviation (the degree of deviation from the spread of data from each variable), and the amount of data analyzed. Table 4.2 shows the descriptive statistical value of each variable.

Table 4.2
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Local tax	50	3.10	3.32	3.1911	.05034
Tax Retribution	50	3.06	3.24	3.1546	.04427
Balancing Fund	50	3.28	3.34	3.3115	.01357
Capital Expenditures	49	3.24	3.31	3.2690	.01865
Valid N (listwise)	49				

Source: Secondary data processed, 2020

Based on Table 4.2, it can be seen that the minimum, maximum, average, and standard deviation values of the variables studied. The local tax variable has a minimum value of 3.10, a maximum value of 3.32, and an average value of 3.1911 with a standard deviation of 0.05034. The local tax variable has a minimum value of 3.06, a maximum value of 3.24, and an average value of 3.1546 with a standard deviation of 0.4427. The Balanced Fund variable has a minimum value of 3.28, a maximum value of 3.34, and an average value of 3.2690 with a standard deviation of 0.01865. The capital expenditure variable has a minimum value of 3.24, a maximum value of 3.31, and an average value of 3.2690 with a standard deviation of 0, .01865.

Classic Assumption Testing

Normality test

Kolmogorov Smirnov

Kolmogorov Smirnov has the test criteria as the following:

If the significant value <0.05 means that the data is not normally distributed.

If the significant value > 0.05 means that the data is normally distributed.

Table 4.3
One-Sample Kolmogorov-Smirnov Test

	Unstandardized Residual
N	50
Normal Parametersa, b	Mean, 3.3115

	Std. Deviation	,01357
Most Extreme Differences	Absolute	,125
	Positive	,125
	Negative	-,120
Statistical Test		,886
Asymp. Sig. (2-tailed)		,413c, d

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

Source: Results of the SPSS 20 study

Based on table 4.3, it can be seen that the sig. A total of $0.413 > 0.05$. This shows that the data is normally distributed because the significance value is > 0.05 .

The value of each variable has met the predetermined standards, and can be seen in the Asym line. Sig. (2-tailed). From that line the Asym value. Sig. (2-tailed) > 0.05 . This shows the variables are normally distributed.

Multicollinearity Test

Multicollinearity test is used to test whether in the linear regression model there is a high correlation between the independent variables, provided as the following:

- 1) If $VIF > 10$ then there is a serious multicollinearity problem.
- 2) If $VIF < 10$ then there is no serious multicollinearity problem.

Table 4.4
Multicollinearity Test Results

Coefficientsa

Model	Collinearity Statistics		Information
	Tolerance	VIF	
1 (Constant)			
Local tax	.213	4,686	There is no multicollinearity
Regional Retribution	.580	1,725	There is no multicollinearity
Balancing Fund	.235	4,255	There is no multicollinearity

a. Dependent Variable: Capital Expenditure
 Source: SPSS Research Results 20

Based on table 4.3, it can be seen that there is no multicollinearity problem because the VIF (Variable Inflation Factory) is smaller than 10, namely the Regional Tax VIF of 4.686 which is smaller than 10, the VIF Value of Regional Levies of 1.725 and the VIF value of the Balancing Fund of 4.255 is also more smaller than 10. And the tolerance value is greater than 0.10, it means that there is no multicollinearity in the regression model.

Multiple Linear Regression Analysis

Multiple linear regression method connects one dependent variable with several independent variables in one model. Multiple linear regression test is used to test the effect of local taxes, levies and balancing funds on regional budgets.

Table 4.6
Multiple Linear Regression Results

Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3,604	.832		4,331	.000
Local tax	.333	.091	.896	3,652	.001
Regional Retribution	.407	.263	.617	7,116	.000
Balancing Fund	.415	.322	.301	4,287	.000

a. Dependent Variable: Capital Expenditure

Source: SPSS Research Results 20

Based on table 4.5 above, the multiple linear regression equation is formulated as the following:

$$Y = 3.604 + 0.333 + 0.407 + 0.415$$

The regression interpretation above is as follows the following:

- 1) The constant value (a) of 3.604 with a positive direction indicates that if all independent variables, namely Local Taxes (X1), Regional Levies (X2) and Balanced Funds (X3) are zero, then the Capital Expenditure (Y) in the District Government in Sumatera utaraProvince for the 2015-2019 period was worth 3,604.
- 2) Local Tax Value (X1) is 0.333. The positive direction of the relationship shows that if Local Taxes are increased by 100%, capital expenditure will increase by 0.333 assuming that the other independent variables are constant.
- 3) The value of regional levies (X2) is 0.407. The positive direction of the relationship indicates that if the Regional Retribution is increased 100%, the Capital Expenditure will increase by 0.407 with the assumption that the other independent variables are constant.
- 4) The value of Balancing Funds (X3) is 0.415. The positive direction of the relationship indicates that if the Balancing Fund is increased 100%, the Capital Expenditure will increase by 0.415 with the assumption that the other independent variables are constant.

Hypothesis test

T test (partial)

The t test is used to test the regression coefficient individually, this test is done to find out whether partially each independent variable has a significant effect or not on the dependent variable. After getting t count compared with t table.

Table 4.6
T test result (partial)

Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3,604	.832		4,331	.000
Local tax	.333	.091	.896	3,652	.001
Regional Retribution	.407	.263	.617	7,116	.000
Balancing Fund	.415	.322	.301	4,287	.000

a. Dependent Variable: Capital Expenditure

Source: SPSS Research Results 20

Based on the table above, it can be seen that the t-test acquisition value for the relationship between Regional Taxes, Regional Levies and Balanced Funds on Capital Expenditure. Value of t_{table} for $n = 50 - 2 = 48$ it is 2.010.

a. The Effect of Local Taxes on Capital Expenditures

The t test is used to find out whether Local Taxes individually (partially) have a significant relationship or not to Capital Expenditures. Based on the test results Partial influence of Local Taxes 3.652 and t table of 2.010. Thus tcount is smaller than ttable ($3.652 > 2.010$) and has a significant number of $0.001 < 0.05$. This means that H_0 is accepted and H_a is rejected, this shows that partially Local Taxes have a positive and significant effect on capital expenditure. This shows a tendency to increase in capital expenditure followed by an increase in local taxes on district governments in Sumatera utaraProvince for the 2015-2019 period.

b. The Influence of Local Levies on Capital Expenditures

The t test is used to determine whether the local levies individually (partially) have a significant relationship or not to capital expenditures.

Based on the results of testing partially the influence of Regional Retribution amounting to 7,116 and t table of 2,010. Thus tcount is greater than ttable ($7,116 > 2,010$) and has a significant number of $0,000 < 0.05$. This means that H_0 is rejected and H_a is accepted, this indicates that partially Regional Levies have a positive and significant effect on capital expenditure. This shows the tendency of increasing Regional Levies followed by an increase in Capital Expenditures on District Governments in Sumatera utaraProvince for the 2015-2019 Period.

c. The Effect of Balancing Funds on Capital Expenditures

The t test is used to determine whether the Balancing Fund individually (partially) has a significant relationship or not to Capital Expenditure.

Based on the partial test results the effect of the Balancing Fund amounting to 4.287 and t table of 2.010. Thus tcount is smaller than ttable ($4.287 > 2.010$) and has a significant number of $0.000 < 0.05$. This means that H_0 is accepted and H_a is rejected, this indicates that partially the Balancing Fund has a positive and significant effect on capital expenditure. This shows the trend of increasing Balancing Funds followed by an increase in Capital Expenditures in District Governments in Sumatera utaraProvince for the 2015-2019 Period.

Discussion

The Effect of Local Taxes on Capital Expenditures

Based on the results of research obtained regarding Regional Taxes on Capital Expenditures in District Governments in Sumatera utaraProvince for the 2015-2019 Period. The results showed that partially local taxes have a positive and significant effect on capital

expenditures. This shows a tendency to increase in capital expenditure followed by an increase in local taxes on district governments in Sumatera utaraProvince for the 2015-2019 period.

The meaning of these findings is that local taxes have an important role in measuring the level of regional financial independence. The higher the realization of Local Taxes, the higher the percentage of regional financial independence ratios in the Sumatera utaraprovincial government and vice versa if the Regional Taxes decrease it can cause the level of regional financial independence to decrease.

The results of this study are in line with the results of the study(Rizal, 2019)states that the Regional Tax variable has an influence on Capital Expenditures in Regency Governments in Sumatera utaraProvince for the 2015-2019 Period. The results of the study (Sandry Yossi Mamonto, 2016) The results of this study indicate that partially the Local Tax variable has no effect on Capital Expenditure and the Regional Retribution variable also has no effect on Capital Expenditure. The results of the study (Ramlan, 2016) show that partially the local tax variable has no effect on capital expenditure and the regional levy variable also has no effect on capital expenditure.

Based on the results of research conducted, the authors conclude that regions that have high local taxes will have a good effect on regional capital expenditures.

The Effect of Local Retribution on Capital Expenditure

Based on the results of research obtained regarding Regional Levies on Capital Expenditures in District Governments in Sumatera utaraProvince for the 2015-2019 Period. The results showed that partially the regional levies have a positive and significant effect on capital expenditures. This shows the tendency of increasing Regional Levies followed by an increase in Capital Expenditures on District Governments in Sumatera utaraProvince for the 2015-2019 Period.

From the research that has been done, it is found that the Regional Retribution variable has a positive and significant effect on the capital expenditure variable. This means that the size of the Regional Levies will have a real influence on the size of the capital expenditures so that the higher the Regional Levies, the higher the capital expenditure. Conversely, the lower the Regional Retribution obtained, the lower the capital expenditure that will be issued by the regional government. The results of this study are in line with research conducted by ArdhianNuarisa (2013) that regional levies have a positive relationship with the allocation of capital expenditures. Research results (UjiantiTawakkal, 2018) The results of this study found that local taxes and levies have no effect on capital spending. The implication of the results of this study is that the increase in local taxes and levies will not affect the capital expenditures of regional financial management agencies and assets in North Luwu Regency. The results of the research (RenidiaDewantiPutriPriwikasari, 2014) show that the level of achievement of the realization of Regional Taxes, Regional Levies, and Capital Expenditures for the year 2009-2013 in each fiscal year the realization of Regional Taxes and Capital Expenditures exceeds the target, while for the budget the realization of Regional Levies for items - certain items exceeded the target, some were not.

1. The Effect of Balancing Funds on the Capital Expenditure Budget

Based on the results of research obtained regarding Balanced Funds against the Capital Expenditure Budget at the District Government in Sumatera utaraProvince for the 2015-2019 Period, the results of the research are that partially the Balancing Fund has a positive and significant effect on capital expenditure. This shows the trend of increasing Balancing Funds followed by an increase in Capital Expenditures in District Governments in Sumatera utaraProvince for the 2015-2019 Period.

Balancing funds have an effect on capital expenditure, this can provide an explanation that the balance funds allocated through the APBN by the center and given to regional governments for increasing regional needs in accordance with national policies and programs are able to improve infrastructure, facilities and infrastructure, public facilities through increased capital expenditures. One of the objectives of providing central government assistance through Balanced Funds for regional governments is to finance the provision of physical facilities and infrastructure, especially infrastructure (Hanafiah, 2015).

From the research that has been done, it is found that the Balancing Fund variable affects the capital expenditure variable. This means that the size of the Balancing Fund will have a real effect on the size of capital expenditure. The results of this study are in line with research conducted by (Yunistin, 2016) that the Balancing Fund has a positive relationship with the allocation of capital expenditures. The results of research from (PandePutuMaesaEka Putra, 2018) Regional Original Income (PAD), and balancing funds have a direct and significant effect on capital expenditure.

The Influence of Local Taxes, Regional Levies and Balancing Funds on Capital Expenditures

The results of the research were obtained regarding the effect of local taxes, levies and balance funds on capital expenditures in district governments in Sumatera utaraprovince for the period 2015-2019. from the ANOVA (Analysis Of Variance) test. In the table above, it is found that Fcount is 10.605 with a significant level of 0.000, while Ftable is known to be 2.81. Based on these results it can be seen that $F_{count} > F_{table}$ ($10.605 > 2.81$) so that H_0 is rejected and H_a is accepted, so it can be concluded that the variables of Regional Taxes, Regional Levies and Balancing Funds together have a significant influence on Capital Expenditures in Regency Governments in Sumatera utaraProvince 2015-2019 Period. The magnitude of the influence of Regional Taxes, Regional Levies and Balancing Funds on Capital Expenditures is 40, The results of this study are in line with research conducted by (Hermawan, 2017), showing that simultaneously there is an effect of P Regional Taxes, Regional Retributions and Balancing Funds on Capital Expenditures (Empirical Studies on Local Governments throughout Malang Raya).

Conclusion

Based on the results of the research and discussion that has been stated previously, conclusions can be drawn from research on the effect of the influence of Regional Taxes, Regional Retributions and Balancing Funds on Capital Expenditures in District Government in Sumatera utaraProvince for the 2015-2019 Period, the authors conclude as follows:

1. There is an influence between Local Taxes on Capital Expenditures in District Governments in Sumatera utaraProvince for the 2015-2019 Period.
2. There is an influence between Regional Levies on Capital Expenditures in District Governments in Sumatera utaraProvince for the 2015-2019 Period.
3. There is an influence between Balanced Funds on Capital Expenditures at District Governments in Sumatera utaraProvince for the 2015-2019 Period
4. There is the influence of Local Taxes, Regional Levies and Balanced Funds on Capital Expenditures in District Governments in Sumatera utaraProvince for the 2015-2019 Period. The result of the R-Square value is known to be worth 40.9%, meaning that it shows that around 24% of the Capital Expenditure variable (Y) is influenced by Local Taxes, Regional Levies and Balancing Funds. The remaining 59.1% of returns on assets are influenced by other variables not examined in this study.

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