



Potential, Effectiveness, And Contribution Of Food And Beverage Tax Revenue In Increasing Local Revenue (PAD): An Empirical Study In Palu City 2019-2024

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ABSTRACT

This study aims to analyze the potential, effectiveness, and contribution of food and beverage taxes to the Local Own-Source Revenue (PAD) of Palu City for the period 2019–2024. Food and beverage taxes are an important source of revenue that reflects the level of community participation in regional development. This study uses a quantitative method with a descriptive approach, utilizing primary and secondary data from the Regional Revenue Agency (BAPENDA) and the Regional Financial and Asset Management Agency (BPKAD) of Palu City. The results show that the potential of food and beverage tax in Palu City reaches IDR 78,558,585,000, with the largest contribution coming from the restaurant and eatery sector. The effectiveness of tax collection in 2019–2023 was classified as highly effective, but declined dramatically in 2024 to ineffective. Although tax revenue realization increased every year, its contribution to PAD was still very low, at less than 1%. These findings emphasize the need for strategies to optimize tax collection, improve taxpayer compliance, and innovate in local tax management so that the potential of food and beverage taxes can be maximized to support local fiscal independence.

INTRODUCTION

Indonesia is a developing country, so the government's efforts to advance the country include implementing various development activities, including national development programs. Indonesia's national development is basically carried out by the community and the government. Therefore, the community's role in financing development must continue to be fostered by increasing public awareness of their obligation to pay taxes. Taxes are one of the state's largest sources of revenue, which are used to carry out national development for all Indonesian people.

Taxes are collected from Indonesian citizens and are a compulsory obligation that can be enforced (Dantes & Lasminiasih, 2021) .

Taxes in Indonesia, particularly food and beverage taxes in Palu City, are highly relevant to the concept of accountability. Accountability is an important concept that is promoted in all sectors, whether public, private, or *civil society*, with the aim of ensuring that the decisions and actions of all three parties are accountable (Paranoan, 2022) . Accountability in this context refers to the responsibility of the government and related parties in tax management and transparency in the use of funds obtained from these taxes. The government has an obligation to properly manage the taxes collected from the community so that the food and beverage tax imposed in Palu City can be used effectively to increase Local Own-Source Revenue (PAD).

Based on the authority that collects taxes, central taxes are taxes that are managed directly by the central government. Meanwhile, local taxes are managed by local governments. In this discussion, we will further discuss the differences between central and local taxes (Flazztax, 2021) . Local taxes are divided into two types, namely provincial taxes and regency or city taxes.

According to (Law No. 28 of 2009, t.t.) concerning Regional Taxes and Levies, examples of central taxes are: 1) Income Tax, 2) Value Added Tax, 3) Sales Tax on Luxury Goods, 4) Land and Building Tax, 5) Tax on Acquisition of Land and Buildings, 6) Stamp Duty. Meanwhile, regional taxes are divided into two types, namely provincial taxes and regency or city taxes. Examples of provincial taxes are: 1) Motor Vehicle Tax, 2) Motor Vehicle Transfer Tax, 3) Motor Vehicle Fuel Tax, 4) Surface Water Tax, 5) Cigarette Tax. Examples of regency/city taxes are: 1) Hotel Tax, 2) Restaurant Tax, 3) Entertainment Tax, 4) Advertising Tax, 5) Street Lighting Tax, 6) Non-Metal Mineral and Rock Tax, 7) Parking Tax, 8) Groundwater Tax, 9) Swallow's Nest Tax, 10) Rural and Urban Land and Building Tax, 11) Tax on Acquisition of Land and Building Rights.

Restaurant tax in Palu City has officially been renamed food and beverage tax and will be fully implemented starting in 2024. The Palu City Government has begun to optimize its implementation as part of efforts to increase Local Own-Source Revenue (PAD) from the culinary sector. This change is in line with adjustments to Regional Regulations related to local taxes that follow the latest provisions from the Central Government and (Law No. 1 of 2022, t.t.) concerning Financial Relations between the Central Government and Local Governments (HKPD Law). Whereas in *the*(t.t.) Article 50 explains that the object of PBJT (Tax on Certain Goods and Services) is the sale, delivery, and/or consumption of certain goods and services, including: a. Food and/or Beverages, b. Electricity, c. Hotel Services, d. Parking Services, and e. Arts and Entertainment Services.

The change in the term restaurant tax to PBJT on Food and Beverages or food and beverage tax makes it more specific and structured because many people misunderstood that restaurant tax only applied to those who managed restaurants. With this change, it can reflect a broader tax coverage not only on restaurants but also on bars, eateries, cafes, *catering services*, seafood stalls, and so on that provide food and beverages. Based on (Palu City Regional Regulation No. 10 of 2017, t.t.) , the Palu City government applies a 10% food and beverage tax for restaurants and eateries, and a 6% tax for food stalls/street vendors/roadside stalls, canteens/cafeterias. Due to changes in the local regulation, the food and beverage tax rate has been standardized to 10% for restaurants, eateries, food stalls, and similar establishments in accordance with the latest local regulation (Local Regulation Number: 9 YEAR 2023, t.t.) as a potential source of local revenue, considering that the culinary sector in Palu City is highly developed and contributes significantly to the regional economy.

Previous research by (Makalew et al., 2018) on restaurant taxes in Tomohon City shows that although restaurant tax revenue exceeded the target, there was a gap between the tax potential and the set target. The effectiveness of restaurant tax was rated as "very effective" in the 2013-2016 period. However, obstacles such as a lack of taxpayer awareness, limited human resources in the Regional Finance Agency, and a lack of strict sanctions hindered the

optimization of tax revenue. The government was advised to increase socialization and supervision so that tax potential could be maximized.

Research by (Putri & Ma'ruf, 2022) on restaurant taxes in Surabaya shows that although restaurant taxes have great potential, their contribution to Local Own-Source Revenue (PAD) is still small, with an average contribution of 8.37% in 2016-2020. The effectiveness of tax collection also declined in 2020 due to the pandemic, even though the government had made efforts to improve restaurant tax management.

Meanwhile, research by (Khikmawati, 2023) shows that although the effectiveness of restaurant tax in Semarang Regency is very high, its contribution to Local Own-Source Revenue (PAD) and local taxes is still low, only around 2%-3% from 2015 to 2019.

Based on data from the Regional Revenue Agency (BAPENDA) of Palu City, the Food and Beverage Tax has a target of IDR 7,862,084,128.00 for 2019, IDR 12,000,000,000.00 for 2020, IDR 10,000,000,000.00 for 2022, Rp 18,000,000,000.00 for 2023, and Rp 70,000,000,000.00 for 2024. Meanwhile, the realization for 2019 was IDR 15,503,101,157, for 2020 was IDR 13,939,650,563, for 2021 was IDR 18,191,291,207, Rp 27,330,523,624 in 2022, Rp 31,975,334,103.00 in 2023, and Rp 41,879,814,481.10 in 2024. This shows that the target and realization of food and beverage taxes in Palu City from 2019 to 2024 continue to increase. Although in 2021 the target decreased from the previous two years, the realization increased. Meanwhile, in 2024, the realization of food and beverage taxes did not reach the set target.

LITERATURE REVIEW

Agency theory is a concept that emerged due to the relationship between one party as the principal and another party as the agent ("Explanation of Agency Theory According to Experts," n.d.). *Agency theory* explains the problems that arise due to differences in interests between two parties that have a contractual relationship, such as between the government and business actors. In this context, the government acts as the principal that sets taxes, while business actors function as agents that are required to pay taxes. The application of *agency theory* in this study is very relevant because the food and beverage taxes collected by the Palu City government must be accounted for in terms of their management, and there is the potential for moral hazard issues, such as taxpayer noncompliance. The principal (government) may face difficulties in ensuring that the agent (business actors) pay taxes on time and in accordance with the provisions.

According to Law No. 28 of 2009 Article 1 point 10 concerning Regional Taxes and Levies, it is stated that: Regional Tax is a mandatory contribution to the region owed by individuals or entities that is enforceable by law, without receiving any compensation (Fikri & Mardani Malavia, 2017). Meanwhile, according to Palu City Regulation No. 9 of 2023, Regional Tax, hereinafter referred to as Tax, is a mandatory contribution to the Region owed by individuals or entities that is enforceable by law without receiving any direct compensation and is used for the needs of the Region for the greatest prosperity of the people (*Local Regulation Number: 9 OF 2023, t.t.*).

According to Law No. 28 of 2009, food and beverage tax, commonly referred to as restaurant tax or PBJT on Food and Beverages, is a local tax imposed on services provided by restaurants, eateries, food stalls, cafes, bars, and the like. The object of food and beverage tax is every individual or entity that operates a restaurant, cafeteria, and the like. Meanwhile, the subject of the food and beverage tax is any individual or entity that purchases food and beverages at a restaurant. In other words, we can refer to them as customers (klikpajak & Fransisca, 2024). Article 40 of Law No. 28 of 2009 states that the maximum food and beverage tax rate is 10%.

PAD is an important component in the financial structure of local governments, as it is used to fund the implementation of regional autonomy and development in the area (Media, 2024). (*Law No. 23 of 2014, t.t.*) on Regional Government states that Regional Revenue is all rights

of the Region that are recognized as adding value to net wealth in the relevant fiscal year. The sources of regional revenue are: 1) Regional Taxes, 2) Regional Levies, 3) Proceeds from the management of separated regional assets, 4) Other legitimate regional revenues.

In the KBBI (Big Indonesian Dictionary), potential is defined as a latent basic ability whose results can be felt after that ability is developed. Tax revenue potential is an important indicator in determining the fiscal capacity of a region and can be understood as a projection or estimate of the amount of tax that should be received by the local government based on the available tax base. This potential is important to encourage efficient tax management and effective tax collection. Research by (Uswatun, 2024) shows that the imbalance between tax revenue potential and realization triggers the need for innovation in the tax collection system, such as combining the Population Registration Number (NIK) with the Taxpayer Identification Number (NPWP) to expand the tax base. This has the potential to increase efficiency in tax collection. Then, research by (Azizah, 2023) reports on the important role of the Directorate General of Taxes in monitoring taxpayer compliance, where external data can be used to improve compliance and, in turn, increase potential tax revenue.

According to the KBBI (Big Indonesian Dictionary), effectiveness means usefulness, efficiency, influence, or success. Simply put, effectiveness refers to the extent to which an effort or action achieves its desired goals. Local tax effectiveness indicates the ability of local governments to collect local taxes based on targeted tax revenue (Talondong et al., 2018).

According to KBBI, contribution means donation or membership fee (to associations and so on). In general, contribution refers to the role or part played by a person or group in achieving a certain goal. Contribution is used to measure the ability of local governments to collect local tax revenue (Andriani et al., 2024). This contribution is important for understanding effective sources of local revenue and for evaluating how taxes play a role in supporting regional development.

METHOD

This study will use a quantitative method with a descriptive approach. The quantitative method is carried out by collecting data in the form of numbers. The descriptive approach is carried out by analyzing data obtained from Regional Revenue Agency (BAPENDA) of Palu City and Regional Financial and Asset Management Bodies (BPKAD) of Palu City. The data sources used are primary and secondary data. Primary data is data obtained directly from the first source or original source through observation, interviews, surveys, or experiments (ima, 2025). Meanwhile, secondary data is data related to information from existing sources such as important documents, websites, books, and so on. Secondary data is usually more accessible than primary data. Generally, secondary data takes the form of graphs, diagrams, or tables (Sarjana, n.d.). The location of this research is focused on BAPENDA Kota Palu.

Research Population and Sample

The population in this study consists of 625 entities, including all bars, restaurants, cafes, depots, eateries, food stalls, seafood stalls, satay stalls, coffee shops, and similar establishments. The sample in this study uses *purposive sampling*. *Purposive sampling* is a non-random sampling technique that selects sampling units based on specific criteria (Bisht, 2024). The criteria referred to by the author are:

1. Because, based on data obtained from the City Revenue Agency (BAPENDA), these establishments contribute the most to the city's revenue from food and beverage taxes.
2. Because they serve visitors daily.

The following is the research sample:

1. Bar: PT Maju Perkasa 168
2. Restaurant: McDonalds
3. Cafe: Cafe Santika
4. Depot: Depot Adem Ayam
5. Restaurant: Wizzmie
6. Warung: Chikuro
7. Seafood Stall: Sido Makmur Mas Arek Stall
8. Satay Stall: Sate Kepo
9. Coffee Shop: Roemah Balkot

Technique for Analyzing the Tax Potential of Food and Beverages

$$Potential = Number\ of\ Visitors\ Per\ Day \times Price\ of\ Food\ and\ Beverages \times 365 \times 10\ %$$

Source: (Makalew et al., 2018)

Techniques for Analyzing the Effectiveness of Food and Beverage Tax

$$Contribution = \frac{Realization\ of\ Food\ and\ Beverage\ Tax\ Revenue}{Food\ and\ Beverage\ Tax\ Revenue\ Target} \times 100\ %$$

Table 1. Percentage of Effectiveness Criteria

Percentage	Criteria
>100%	Very Effective
90 - 100%	Effective
80-90%	Fairly Effective
60-80	Less Effective
>60%	Not Effective

Source: (Putri & Ma'ruf, 2022)

Food and Beverage Tax Contribution Analysis Technique

$$Contribution = \frac{Realization\ of\ Food\ and\ Beverage\ Tax\ Revenue}{PAD} \times 100\ %$$

Table 2. Percentage of Contribution Criteria

Percentage	Criteria
>50%	Very Good
40.10%-50%	Good
30.10%-40%	Fair
20.10%-30%	Average
10.10%-20%	Poor
0.00%-10%	Poor

Source: (Khikmawati, 2023)

RESULTS

Analysis of Food and Beverage Tax Potential 2019-2024

1. Bars: PT Maju Perkasa 168
 - **Potential = $150 \times \text{Rp } 595.000 \times 365 \times 10 \% = \text{Rp } 3.257.625.000$**
 - Since there are 2 bars, the total is $\text{Rp } 3,257,625,000 \times 2 = \text{Rp } 6,515,250,000$
2. Restaurant: McDonalds
 - **Potential = $300 \times \text{Rp } 49.000 \times 365 \times 10 \% = \text{Rp } 536.550.000$**
 - Since there are 57 restaurants, $\text{Rp } 536,500,000 \times 57 = \text{Rp } 30,583,350,000$
3. Cafe: Cafe Santika
 - **Potential = $40 \times \text{Rp } 35.000 \times 365 \times 10 \% = \text{Rp } 51.100.000$**
 - Since there are 172 cafes, $\text{Rp } 51,100,000 \times 172 = \text{Rp } 8,789,200,000$
4. Depot: Depot Adem Ayem
 - **Potential = $130 \times \text{Rp } 17.000 \times 365 \times 10 \% = \text{Rp } 80.665.000$**
 - Since there are 14 depots, $80,665,000 \times 14 = \text{Rp } 1,129,310,000$
5. Restaurants: Wizzmie Palu
 - **Potential = $250 \times \text{Rp } 12.000 \times 365 \times 10 \% = \text{Rp } 109.500.000$**
 - Since there are 176 restaurants, $\text{Rp } 109,500,000 \times 176 = \text{Rp } 19,272,000,000$
6. Stalls: Chikuro
 - **Potential = $50 \times \text{Rp } 38.000 \times 365 \times 10 \% = \text{Rp } 69.350.000$**
 - Since there are 109 stalls, $\text{Rp } 69,350,000 \times 109 = \text{Rp } 7,559,150,000$
7. Seafood Warung: Sido Makmur Mas Arek Warung
 - **Potential = $100 \times \text{Rp } 10.000 \times 365 \times 10 \% = \text{Rp } 36.500.000$**
 - Since there are 59 WSLs, $\text{Rp } 36,500,000 \times 59 = \text{Rp } 2,153,500,000$
8. Satay Stall: Sate Kepo
 - **Potential = $100 \times \text{Rp } 11.000 \times 365 \times 10 \% = \text{Rp } 40.150.000$**
 - Since there are 7 Satay Stalls, $\text{Rp } 40,150,000 \times 7 = \text{Rp } 281,050,000$
9. Coffee Shop: Roemah Balkot
 - **Potential = $100 \times \text{Rp } 21.500 \times 365 \times 10 \% = \text{Rp } 78.475.000$**
 - Since there are 29 Coffee Stalls, $\text{Rp } 78,475,000 \times 29 = \text{Rp } 2,275,775,000$
 - Therefore, the potential tax revenue from food and beverage sales is:
 $= \text{Rp } 6,515,250,000 + \text{Rp } 30,583,350,000 + \text{Rp } 8,789,200,000 + \text{Rp } 1,129,310,000 + \text{Rp } 19,272,000,000 + \text{Rp } 7,559,150,000 + \text{IDR } 2,153,500,000 + \text{IDR } 281,050,000 + \text{IDR } 2,275,775,000$
 $= \text{IDR } 78,558,585,000$

Based on the above calculations, it can be seen that the potential for food and beverage tax in Palu City for the 2019-2024 period shows that the culinary sector has enormous potential to contribute to Local Own-Source Revenue (PAD). From the analysis results, the estimated total potential revenue from food and beverage tax is IDR 78,558,585,000.

The greatest potential comes from restaurants, with 57 restaurants in Palu City estimated to contribute IDR 30,583,350,000. The cafe sector also makes a significant contribution, with 172 cafes in Palu City estimated to generate IDR 8,789,200,000. In addition, the restaurant sector also

contributes significantly, with 176 restaurants in Palu City predicted to contribute IDR 19,272,000,000 in taxes.

On the other hand, there are 2 bars in Palu City, which are estimated to contribute IDR 6,515,250,000, while the 109 food stalls in Palu City, 59 seafood stalls in Palu City, and 29 coffee stalls in Palu City each have smaller but still significant contributions, with estimated tax revenues of IDR 7,559,150,000, IDR 2,153,500,000, and IDR 2,275,775,000.

The tax potential from depots, satay stalls, and coffee shops is IDR 1,129,310,000, IDR 281,050,000, and IDR 2,275,775,000, respectively. From the overall calculations, it is clear that although businesses such as satay stalls and coffee shops contribute less, they still play a role in supporting the potential tax revenue from the food and beverage sector. With this considerable total potential, the culinary sector in Palu City has a great opportunity to become a major source of increased local revenue, provided that tax collection and management efforts can be carried out effectively.

Analysis of the Effectiveness of Food and Beverage Taxes 2019-2024

$$\text{Effectiveness of Food and Beverage Tax 2019} = \frac{15.503.101.157}{7.862.084.128} \times 100\% = 197\%$$

$$\text{Effectiveness of Food and Beverage Tax 2020} = \frac{13.939.650.563}{12.000.000.000} \times 100\% = 116\%$$

$$\text{Effectiveness of Food and Beverage Tax 2021} = \frac{18.191.291.207}{10.000.000.000} \times 100\% = 182\%$$

$$\text{Effectiveness of Food and Beverage Tax 2022} = \frac{27.330.523.624}{18.000.000.000} \times 100\% = 152\%$$

$$\text{Effectiveness of Food and Beverage Tax 2023} = \frac{31.975.334.103}{25.000.000.000} \times 100\% = 128\%$$

$$\text{Effectiveness of Food and Beverage Tax 2024} = \frac{41.879.814.481}{70.000.000.000} \times 100\% = 60\%$$

Table 3. Effectiveness of Food and Beverage Tax on Local Revenue of Palu City 2019-2024)

Year	Tax Revenue Realization	Tax Revenue Target	Percentage	Criteria
2019	15.503.101.157	7.862.084.128	197%	Very Effective
2020	13.393.650.563	12.000.000.000	116%	Very Effective
2021	18.191.291.207	10.000.000.000	182%	Highly Effective
2022	27.330.523.624	18.000.000.000	152%	Highly Effective
2023	31.975.334.103,00	25.000.000.000	128%	Highly Effective
2024	41.879.814.481,10	70.000.000.000	60%	Not Effective

Source: Processed by the Author (2025)

Based on the table above, food and beverage tax in Palu City during the 2019–2024 period shows that this tax sector performed very well in previous years but declined in 2024. In 2019, the realization of food and beverage tax revenue was recorded at IDR 15,503,101,157, exceeding the target set at IDR 7,862,084,128, with an effectiveness percentage of 197%, which is

categorized as highly effective. A similar situation occurred in 2020, where tax revenue realization of IDR 13,939,650,563 exceeded the target of IDR 12,000,000,000 with a percentage of 116%, which was also categorized as highly effective. In 2021, food and beverage tax revenue again exceeded the set target, with a realization of IDR 18,191,291,207, while the target of IDR 10,000,000,000 resulted in an effectiveness percentage of 182%, which was again categorized as highly effective. The year 2022 showed similar results, where tax revenue of IDR 27,330,523,624 exceeded the target of IDR 18,000,000,000, with a percentage of 152%, still in the highly effective category. In 2023, despite a higher target of Rp 25,000,000,000, recorded tax revenue of Rp 31,975,334,103 resulted in an effectiveness percentage of 128%, which also falls into the highly effective category. However, in 2024, there was a significant decline. Although tax revenue reached IDR 41,879,814,481, which was higher than the previous year, this realization did not reach the target set at IDR 70,000,000,000, with an effectiveness percentage of only 60%, which is categorized as ineffective.

Analysis of Food and Beverage Tax Contributions 2019-2024

$$\text{Food and Beverage Tax Contribution 2019} = \frac{15.503.101.157}{7.862.084.128} \times 100 \% = 197\%$$

$$\text{Food and Beverage Tax Contribution 2020} = \frac{13.393.650.563}{260.179.004.254} \times 100 \% = 0,05\%$$

$$\text{Food and Beverage Tax Contribution 2021} = \frac{18.191.291.207}{341.922.999.304} \times 100 \% = 0,05\%$$

$$\text{Food and Beverage Tax Contribution 2022} = \frac{27.330.523.624}{297.245.708.755} \times 100 \% = 0,09\%$$

$$\text{Food and Beverage Tax Contribution 2023} = \frac{31.975.334.103,00}{352.767.942.672} \times 100 \% = 0,09\%$$

$$\text{Food and Beverage Tax Contribution 2024} = \frac{41.879.814.481,10}{405.748.301.045,64} \times 100 \% = 0,10\%$$

Table 4. Contribution of Food and Beverage Tax to the Local Revenue of Palu City 2019-2024

Year	PAD	Tax Revenue Realization	Percentage	Criteria
2019	235.922.540.209	15.503.101.157	0,07%	Not Good
2020	260.179.004.254	13.393.650.563	0,05%	Not Good
2021	341.922.999.304	18.191.291.207	0,05%	Not Good
2022	297.245.708.755	27.330.523.624	0,09%	Not Good
2023	352.767.942.672	31.975.334.103,00	0,09%	Not Good
2024	405.748.301.045,64	41.879.814.481,10	0,10%	Not Good

Source: Compiled by the Author (2025)

Based on the table above, the contribution of food and beverage tax to the Local Revenue (PAD) of Palu City for the period 2019–2024 shows that although this sector has considerable revenue potential, its contribution to the PAD of Palu City is very low. In 2019, the contribution of food and beverage tax only reached 0.07% of total PAD, with tax revenue realization of IDR 15,503,101,157 from a total PAD of IDR 235,922,540,209, which is categorized as not good. In 2020, even though food and beverage tax revenue was recorded at IDR 13,393,650,563, its contribution to PAD decreased to 0.05%, with total PAD reaching IDR 260,179,004,254.

In 2021, the contribution of food and beverage taxes remained low at 0.05%, even though tax revenue increased to IDR 18,191,291,207, while total PAD reached IDR 341,922,999,304. In 2022, despite a significant increase in tax revenue, which was recorded at IDR 27,330,523,624, its contribution to PAD only increased slightly to 0.09%, with a total PAD of IDR 297,245,708,755. The year 2023 also showed similar results, with a contribution remaining at 0.09%, even though tax revenue increased to IDR 31,975,334,103 from a total PAD of IDR 352,767,942,672.

Finally, in 2024, even though food and beverage tax revenue reached IDR 41,879,814,481, its contribution to PAD was only 0.10%, with a higher total PAD of IDR 405,748,301,045.64. Overall, despite an increase in food and beverage tax revenue each year, its contribution to PAD remained very low and was considered poor for the entire period studied.

DISCUSSION

Based on the above calculations, food and beverage taxes in Palu City for the 2019–2024 period show that the culinary sector has considerable potential to contribute to Local Own-Source Revenue (PAD). Based on calculations, the potential tax revenue that can be obtained reaches IDR 78,558,585,000. This figure is obtained from various types of businesses such as restaurants, eateries, cafes, depots, bars, and small stalls. Of all sectors, restaurants and eateries contribute the most, while satay stalls contribute the least. This finding confirms that if tax collection can be optimized, the culinary sector can become one of the main pillars of regional income.

The effectiveness of food and beverage tax revenue during this period shows an interesting dynamic. From 2019 to 2023, tax revenue realization always exceeded the set target, making it very effective. This shows that during this period, the collection mechanism was running well and taxpayer compliance was relatively high. However, in 2024, there was a decline in effectiveness, where tax revenue realization failed to meet the target. This condition could be caused by several factors, such as a decline in people's purchasing power, taxpayers who did not comply with paying taxes, or the setting of unrealistic targets.

Although the effectiveness of collection in most years was very good, the contribution of food and beverage taxes to Palu City's PAD was still very low. Based on the analysis results, from 2019 to 2024, the contribution was always categorized as poor because it was far below 10% of the total PAD. This shows that even though tax revenue from this sector exceeded the target in several years, its proportional contribution to PAD was insignificant. In other words, the local government is still very dependent on other sources of revenue outside of food and beverage taxes.

This phenomenon can be linked to agency theory, in which the relationship between the government as the principal and business actors as agents does not always run smoothly. The government may face difficulties in ensuring taxpayer compliance, given the possibility of moral hazard from non-compliant business actors. Although the government has attempted to increase tax awareness and compliance through regulations and supervision, non-compliance or late payment of taxes remains a major problem.

In line with research from (Makalew *et al.*, 2018), both Tomohon City and Palu City have quite high potential for food and beverage taxes. Tomohon City has a potential of IDR

4,596,750,000 and Palu City has a potential of IDR 78,558,585,000. Similarly, the effectiveness of food and beverage taxes in both Tomohon City and Palu City is also high. Based on the results of the study (Makalew et al., 2018) in 2013-2016, the level of effectiveness in Tomohon City was very effective, and the level of effectiveness in Palu City in 2019-2023 was classified as very effective, but in 2024, the level of effectiveness decreased and was categorized as ineffective.

Then, research from (Putri & Ma'ruf, 2022) located in Surabaya City showed a fairly effective level of effectiveness in 2016-2019, but in 2020 it showed that the level of effectiveness decreased from previous years, namely by 76.70%. When compared to the lowest level of effectiveness in Palu City in 2024, which was 60%, it can be concluded that the lowest level of effectiveness in Surabaya City in 2020 was still higher than the lowest level of effectiveness in Palu City in 2024. This study is also similar to the research conducted by the Ministry of Finance (, which shows that the contribution of food and beverage taxes in Semarang City from 2015 to 2019 was very low to the PAD, namely around 2% from 2015 to 2017 and 3% from 2018 to 2019. Meanwhile, the contribution of food and beverage tax in Palu City in 2019 was around 0.07%, in 2020-2021 around 0.05%, in 2022-2023 around 0.09%, and in 2024 around 0.10%. When comparing the contribution in Semarang City in 2015-2019 with that in Palu City in 2019-2024, the contribution of food and beverage tax in Semarang City is still higher.

CONCLUSION

Based on the results of the above study, it can be concluded that the culinary sector has considerable potential to increase Local Own-Source Revenue (PAD). Although this sector shows significant tax revenue potential, its contribution to PAD is still relatively low. Tax collection effectiveness in previous years was very good, but there was a decline in 2024, caused by factors such as declining purchasing power and non-compliance by some business actors. In addition, although food and beverage tax realization always exceeded the target in several years, its contribution to PAD remained low and did not reach 1% of total PAD.

This study also shows a gap between the potential tax revenue and the contribution to PAD, which indicates the need for innovation in tax management and collection. For further research, it is recommended that researchers explore in greater depth the factors that influenced the decline in effectiveness in 2024 and seek solutions to optimize tax collection in this sector. In addition, further research can also expand the scope of tax objects and subjects to obtain a more comprehensive picture of local taxes in Palu City.

LIMITATIONS

In this case, BAPENDA Palu City has maximized the collection of food and beverage taxes, but the existence of taxpayers who do not comply with tax payments and the large number of taxpayers who are in arrears for months pose a challenge for BAPENDA itself.

Additionally, this study is limited to examining food and beverage taxes among the many taxes in Palu City, as well as the limitations of the research location conducted by the researcher.

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