

## ***THE EFFECT OF TOURIST LEVY IMPOSITION***

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### **ABSTRAK**

Dimulai pada bulan Februari 2024, Bali akan memberlakukan pajak pariwisata, sebuah perkembangan yang memerlukan analisis mendalam tentang penerapannya, dampaknya, alasan, dan pemanfaatan hasilnya. Pajak pariwisata adalah pajak yang dikenakan kepada wisatawan yang berkunjung ke suatu daerah atau negara. Pajak ini merupakan jenis pajak baru. Penelitian ini bertujuan untuk mengkaji dampak sosial dan ekonomi dari pajak pariwisata dan penerapannya, dengan menggunakan pendekatan penelitian normatif. Temuan penelitian menunjukkan bahwa meskipun pengenaan pajak pariwisata kemungkinan efektif di daerah wisata yang sudah mapan, efektivitasnya di daerah wisata yang lebih baru mungkin tidak begitu signifikan. Daerah baru akan memiliki dampak yang lebih kecil karena daerah tersebut baru dan banyak kunjungan wisatawan juga baru, sehingga penerapan pajak lebih mudah. Lebih lanjut, penelitian ini menyoroti perlunya pedoman yang tegas tentang pengelolaan dan alokasi penerimaan pajak, dengan menekankan bahwa penerimaan pajak harus lebih banyak digunakan untuk peningkatan infrastruktur dan layanan pariwisata lokal, daripada dialokasikan untuk pengeluaran yang tidak terkait dengan pariwisata. Pemerintah perlu mengeluarkan peraturan mengenai pengenaan pajak ini dan alokasi penggunaan pajak ini. Jika peraturan tersebut adalah pemerintah daerah, maka diperlukan peraturan pemerintah daerah. Penelitian ini lebih lanjut menekankan perlunya transparansi dan akuntabilitas dalam proses pemantauan dan pelaporan pemungutan dan pengeluaran pajak. Penelitian ini merekomendasikan agar peraturan daerah dikembangkan atau disempurnakan untuk secara khusus menangani aspek-aspek ini, memastikan bahwa penerapan pajak pariwisata dilakukan dengan cara yang transparan dan akuntabel kepada publik dan pemangku kepentingan yang terlibat. Secara umum, aspek pajak adalah asas wajib pajak, asas kewarganegaraan, dan asas sumber pembayaran.

**Kata kunci:** Dampak, Pajak Pariwisata, Pariwisata, Pengawasan, Dasar Hukum

### ***ABSTRACT***

*Beginning in February 2024, Bali will introduce a tourist tax, a development that calls for an in-depth analysis of its introduction, impacts, rationale, and the utilization of its proceeds. Tourism tax is a tax imposed on tourists who visit an area or country. This tax is a new type of tax. This research aims to assess the social and economics' effects of the tourist tax and its application, utilizing a normative research approach. The findings indicate that while the imposition of a tourist tax is likely to be effective in established tourist areas, its effectiveness in newer tourist regions may not be as significant. New areas will have a smaller impact because the areas are new and many tourist visits are also new, so implementing taxes is easier. Moreover, the research highlights the necessity for explicit guidelines on the management and allocation of the tax revenue, emphasizing that it should predominantly benefit the enhancement of local tourism infrastructure and services, rather than being allocated to non-tourism-related expenditures. The government needs to issue regulations regarding the imposition of this tax and the allocation of the use of this tax. If the regulations are local government then regional government regulations are needed. The research further emphasizes the critical need for transparency and accountability in the processes of monitoring and reporting the tax collection and expenditure. It recommends*

*that local regulations be developed or refined to specifically address these aspects, ensuring that the application of the tourist tax is conducted in a manner that is both transparent and accountable to the public and stakeholders involved. In general, the tax aspects are the taxpayer principle, the nationality principle, and the source of payment principle*

**Keywords:** *Effect, Tourist Tax, Tourism, Supervision, Legal Basis*

## **INTRODUCTION**

*The Indonesian government plans to implement a tourist tax in several key destinations, including Bali, which is expected to be among the first to adopt this policy. Bali is a major tourist destination in Indonesia and also has a unique attraction. The additional areas targeted for the tourist tax include Labuan Bajo, Semarang, Solo, and Lake Toba (Saputra, 2023).*

*Bali Provincial Government has proposed a tourism tax of \$10, or approximately Rp. 150,000, for each foreign visitor, with plans to initiate this charge in February 2024. The concept of a tourist tax is not new, as many international destinations have already implemented similar fees. The primary objectives of this tax are to support the development and conservation of tourism sites (Arieza, 2023a). Furthermore, cities like Amsterdam, Venice, Valencia, and Iceland are planning to introduce tourist taxes in 2024 to manage visitor numbers (Arieza, 2023b), among other goals (CNN Indonesia Team, 2023). The tourist tax policy in Bali is scheduled to start on February 14, 2024, in accordance with regulations from the Bali regional government.*

## **LITERATURE REVIEW**

*Tourism plays a significant role in Indonesia's economy, contributing to 37.4% of the national GDP in 2021 (Hanafiya & Rahma, 2023). The impact of tourism extends globally, with taxes being crucial for increasing local revenue. Research in Medan has shown the positive impacts of tourism-related taxes, such as hotel and lodging taxes, on regional income (Fahmi Hilfandi, Nur Ilham, Marzuki, Jummaini, & Rusydi, 2022). Anggrayini, (2022) and*

*Ariwibowo, Taufik, & Haryanto, (2022) also demonstrate that hotel taxes, entertainment taxes, and tourism levies significantly boost earnings in regions dependent on tourism.*

*On the other hand, the introduction of VAT refunds has led to an increase in foreign tourists in Indonesia, providing an incentive through VAT reimbursements for purchases during their stay, claimable at departure points like airports ((Edwina, Sugiharti, & Singadimedja, 2023). However, a rise in VAT could increase the bankruptcy risk for businesses in the tourism sector (Mateus & Mateus, 2021).*

*Tobing (2021) argues that in emerging tourist destinations like Simalungun, the contribution of tourism to regional income remains modest. This observation points to the variable economic impact of tourism, especially in areas where the sector is still developing.*

*The Covid-19 pandemic sharply exposed the fragility of regional tourism economies, leading to significant declines in local revenue due to reduced tourist activities. Soehardi, Permatasari, & Sihite (2020) reported a considerable drop in regional tourism income during the pandemic, while Arifityanti & Ardiyanto (2022) noted decreases in various tax revenues, including those from hotels, restaurants, entertainment, and parking, all of which contributed to lower regional incomes.*

*Despite these challenges, the prospect for the recovery and growth of tourism remains. Improving tourism promotion and service quality could increase the number of visitors (Harsoyo, 2021). However, the influence of tourism revenue varies across different economies. Developed countries see a more significant benefit from tourism*

sector revenues compared to developing nations, where the economic contributions of tourism are less substantial (Fang, Gozgor, Paramati, & Wu, 2021).

The response of tourism demand to tax increases also differs based on the economic context. A 10% tax hike could lead to a 5.4% decrease in tourism demand in countries with smaller GDPs (Adedoyin, Seetaram, Disegna, & Filis, 2023), whereas Kristjánssdóttir (2021) found that tourism taxes do not significantly affect visitor numbers in larger economies.

The scheduled introduction of a tourist tax in Bali in February 2024 presents an opportunity for in-depth research within the broader discussion on tourism taxation, an area that has received limited academic attention. Tourism tax is something new in Indonesia, so it is interesting to discuss in this research. This is related to the tax implications for tourism growth in Indonesia. This debate not only underscores the potential economic impacts of such taxes but also explores the legal and regulatory frameworks that support them, thereby making a notable contribution to our understanding of tourism taxes and their consequences.

Several research questions were proposed as follows. (1) What is the legal basis for tourist levy imposition to international tourists? (2) What is the effect of the tourism levy on tourism? (3) How is the use of tourist tax proceeds monitored?

#### **RESEARCH METHOD**

This normative research analyzed the legal standards and principles to explore the issues and questions at hand. The essence of normative research lay in its reliance on the evaluation of library documents or secondary data as its main strategy for investigating research questions. This approach was particularly adept at scrutinizing legal norms and principles, systematizing laws, and assessing the coherence and alignment, both vertically

and horizontally, of laws and regulations related to taxation.

The legal materials leveraged in this research spanned primary, secondary, and tertiary sources. Primary sources included essential laws and regulations, notably the 1945 Constitution of the Republic of Indonesia and other relevant regulatory texts. Secondary sources comprised a literature review that encompassed a broad array of publications, including academic journals, scholarly books, theoretical frameworks, and findings from symposia or seminars. Tertiary sources, or ancillary materials, served to illuminate the primary and secondary sources by providing additional explanations or context. Data collection for this research was extensive, utilizing a variety of sources to amass information on tourist taxes and the corresponding legal frameworks. Data was collected through interviews with industry players in both tourism and tax law.

The research employed a statutory regulations approach, undertaking a comprehensive review of all relevant statutory regulations. This method entailed a meticulous analysis, identification, and alignment with the pertinent laws and regulations, leveraging normative techniques to interact with primary and secondary research materials, along with supplementary documents.

Utilizing qualitative methodologies, this research aimed to offer a detailed discussion on the multifaceted aspects of taxation. Through a systematic examination of the legislative framework and its implications for tourist taxes, this research sought to contribute insightful perspectives on the legal foundations and operational considerations of enacting tourist taxes in Indonesia Johan (2022) and Johan (2023).

#### **DISCUSSION**

##### ***The Framework of Tourist Levy for International Tourists***

Bali Provincial Government has recently enacted a new regulation that mandates an entry fee for international tourists, as stipulated in Regional Regulation (Perda) Of. 15 of 2023 concerning the Province of Bali. Under this regulation, each international visitor arriving in Bali is required to pay a levy of USD 10, or its equivalent in Indonesian Rupiah (Rp. 150,000,-). This policy builds on Regional Regulation Of. 1 of 2020, which introduced a tourist contribution mechanism initially conceived as a voluntary payment (Kemenparekraf, 2024).

The funds collected from this levy are designated for the enhancement of Bali's tourism infrastructure. Specifically, the revenue will be directed towards the development of road access and the preservation of Bali's natural and cultural heritage. With effective management, this levy is expected to significantly contribute to the sustainable development of Bali's tourism sector.

However, the successful implementation and enforcement of this levy depend on the creation of clear and concise regulations. Challenges are anticipated in monitoring and collecting the fee, particularly from tourists who enter Bali through other routes from other parts of the country, whether by land, sea, or air. This situation could potentially allow international tourists to evade the levy.

#### **The Effect of Tourist Levy on the Tourism Sector**

The introduction of tourist levies or taxes is set to impact the spending patterns of visitors to Bali. An additional charge of USD 10 is not significantly burdensome for a tourist's budget when visiting Bali. This amount is roughly equivalent to the cost of one meal at a good restaurant for two people. Therefore, this fee might only significantly affect tourists who are traveling to Bali with limited budgets. Moreover, the concept of implementing a tourist tax is not novel on the global stage.

Many countries, especially those with cities that attract a high volume of

tourists, have already adopted such taxes. Bali, as a well-established destination for international tourists, is following in these footsteps. Despite its long-standing popularity, the introduction of a tourist levy in Bali is unlikely to deter tourists' interest in visiting. This outcome is contingent on the effective use of the levy or tourist tax revenues for tourism development. If managed properly, the levy is expected to have a positive impact on the enhancement of Bali's tourism sector.

The imposition of a tourist tax or levy is anticipated to subsidize the cost of improving tourist facilities and cultural preservation in Bali. Consequently, tourists are likely to experience and appreciate the benefits of enhanced tourism infrastructure and offerings as a direct result of this levy.

#### **The Monitoring of Tourist Levy Proceeds**

Implementing a tourist tax on international visitors in Bali requires meticulous oversight of the complex nature of the country's entry points. With visitors arriving through a myriad of direct and indirect routes, the task of enforcing such a tax becomes challenging. This is particularly true for those not entering directly through Bali but via other international gateways across the country.

To facilitate effective tax collection, it is suggested that a verification mechanism be established at the point of departure from the country. This mechanism would require tourists to demonstrate proof of tax payment. However, this strategy encounters obstacles when tourists depart the country through means other than direct flights from Bali, complicating enforcement efforts across various regions.

Moreover, for the tax revenue allocation to be efficient and transparent, it must be clearly integrated into the Provincial Budget (APBD). There should be explicit guidelines and penalties to ensure adherence and proper execution of the tax. This step is vital to mitigate potential risks, such as the



*underreporting of tax amounts, which could fall below the mandated US\$10. Supervision of tax revenues needs to involve the relevant authorities to prevent leakage of tax revenues. Supervision such as foreign tourist visits with this tax income. Equally important is the rigorous monitoring of fund management and usage to comply with regulations and prevent misappropriation, drawing lessons from past incidents like the forgery of Covid-19 vaccine certificates.*

### CONCLUSION

*The imposition of tourist taxes is regulated at the provincial level and is in accordance with the prevailing legal framework in Indonesia, ensuring that the enforcement of such taxes strictly complies with existing regulations. Tourism tax will be charged to all foreign tourists when visiting Bali at the airport upon entry to Indonesia*

*Tourist taxes are levied in areas that are either well-visited by established tourists or have seen a consistent influx of visitors over time. This additional cost imposed on tourists is particularly significant in newly developed tourist areas. However, in regions with a long-standing reputation as tourist destinations, the introduction of a tourist tax does not significantly deter the number of visitors. For the effective administration of a tourist tax, it is crucial to maintain rigorous oversight of the financial transactions involved.*

*A notable limitation of this research is its sole reliance on normative research method. To achieve a more comprehensive understanding of the impacts and implications of imposing tourism taxes, this research should be augmented with quantitative analysis. Furthermore, qualitative research methods, such as focus group discussions, would provide valuable insights, contributing to a more well-rounded analysis of tourism taxation.*

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