



## Regional Original Revenue Management (PAD) in the Context of Implementation of Development in Malang Regency (Study on Bappeda Malang Regency)

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**Abstract.** *This study aims to describe and analyze: the management of Regional Original Revenue in Regional Revenue of Malang Regency for regional development, the obstacles faced by the Regional Government of Malang Regency in the Management of Regional Original Revenue and the efforts made as well as the recommendations of the PAD management model. The research is descriptive analysis with the type of research being field research. The data analysis technique uses a technique developed by McNabb (2002), namely Grouping the data according to key constructs, identifying bases for interpretation, developing generalizations from the data, Testing Alternative interpretations and Forming and/or refining generalizable theory from case study. The results of the study show that regional financial management in Malang Regency, especially the Regional Original Revenue (PAD) management policy in Malang Regency, has not been fulfilled because the Regional Government of Malang Regency has not made sufficient and adequate contributions or regional revenues have not been in accordance with what is hinted at in the 2023 budget period. Some of the obstacles faced by Malang Regency in managing local revenue are: a. Limited authority in the collection of Regional Original Revenue. b. Human Resources (HR) of government apparatus to support the mastery, utilization and development of science and technology, supporting facilities and infrastructure, especially to provide convenience for taxpayers and in the development of the management of potential and sources of income need to be improved. Efforts made to increase the Regional Revenue of Malang Regency for the implementation of development are as. Intensifying and extensifying regional taxes and regional levies and exploring the potential of regional revenues to be developed by referring to existing laws and regulations*

**Keywords:** *Regional Autonomy, Regional Development, Regional Original Revenue.*

### 1. INTRODUCTION

Development is an effort to create prosperity and welfare for the people. Therefore, the results of development must be enjoyed by all people as an increase in physical and mental welfare in a fair and equitable manner. On the other hand, the success of development also depends on the participation of all people, which means that development must be carried out equally by all levels of society, both in shouldering the burden of development and in taking responsibility for the implementation of development or also in receiving back the results of development. According to Lanis (1999), the implementation of regional development is basically an integral part of national development which is directed to develop regions and equalize the growth rate between regions in Indonesia.

Regional development certainly requires an increase in the utilization and potential of the region optimally. Law No. 23 of 2014 concerning Regional Government is one of the juridical foundations for the development of regional autonomy in Indonesia. According to Kuntana (1994) It is stated that in the context of the implementation of local government in accordance

with the mandate of the 1945 Constitution, local governments, which regulate and manage government affairs themselves according to the principle of autonomy and assistance duties, are directed to accelerate the realization of community welfare through improvement, service, empowerment, and community participation, as well as increasing regional competitiveness by paying attention to the principles of democracy, equity, justice, privileges and specificity of a region in the system of the Unitary State of the Republic of Indonesia.

There are structural changes related to the development of a region, so the regions need various policies, especially those that regulate between the central and regional governments. The government is expected to increase its role in development in their respective regions, because the success or failure of development increasingly depends on the success or failure of development in the area. The existence of local governments, both provincial and regency, that are able to carry out smooth and equitable development is absolutely necessary. According to Kristiadi (2002) The relationship between the central and regional governments that is often discussed is the issue of regional autonomy, especially the division of duties, authorities and responsibilities of the central and regional governments.

Rianto (2000) stated that one of the aspects that is very influential and very decisive for the regions to be able to manage their own households as well as possible is the ability of the regions to hold or obtain their own funds or original regional income, we can understand the element of financing, namely the availability of funds in an adequate amount and good processing is the main basis for the implementation of the development plan carried out. become the basis for the formulation of investment programs and the implementation of development goals.

The State of Indonesia is a country that adheres to the principle of decentralization and the principle of decentralization, this is expressed in article 18 of the 1945 Constitution and its explanation, namely that the administration of government in the regions is carried out through the principle of decentralization and the principle of decentralization. Based on the principles of decentralization and decentralization, autonomous regions and administrative regions were born that reflected the division of duties and authorities or functions of the government. Rianto (2000) An autonomous region is a legal community unit that has certain regional boundaries, authorized to regulate and manage the interests of the local community according to its own initiative based on the aspirations of the community in the bond of the Unitary State of the Republic of Indonesia. Bagir (2001) Regional Autonomy is the authority of autonomous regions to regulate and manage the interests of the local community according to their own initiative based on the aspirations of the community in accordance with laws and regulations,

while the administrative area is the working area of the Governor and Government Representative.

The purpose of the enactment of regional autonomy is to achieve efficiency and effectiveness in community services, among others: growing and developing regions in various fields, improving services to the community, fostering regional independence, and increasing regional competitiveness in the growth process. According to Law of the Republic of Indonesia number 23 of 2014, local governments are the organizers of government affairs by local governments and the DPRD according to the principle of the widest possible autonomy in the system and principles of the Unitary State of the Republic of Indonesia as referred to in the 1945 Constitution of the Republic of Indonesia. According to Juanda (2008) Regional Governments are Governors, Regents, or Mayors and regional apparatus as elements of local government organizers.

The purpose of granting autonomy to the regions is to enable the regions concerned to regulate and manage their own households, to increase the usefulness and results of government administration in the context of services to the community and the implementation of development. To carry out these goals, the regions need to be given the authority to carry out various household affairs. According to Hanif (2007) Regional development is an integral part of national development efforts that aim to increase the capacity of local governments, so as to create a reliable and professional ability to provide services to the community, as well as the ability to manage regional economic resources effectively and successfully for the progress of the regional economy and community welfare.

Regional development is carried out through the development of regional autonomy which gives greater authority to regulate and manage their own households. The objectives include bringing government services closer to the community to monitor and control the use of funds sourced from the Regional Revenue and Expenditure Budget (APBD). In addition to creating healthy competition between regions and encouraging innovation. To carry out the development, it is necessary to prepare a planning and implementation of regional development, where one of the dominant factors is the regional financial aspect, especially the source of revenue and the regional budget. In carrying out their duties and household affairs, the region must also have strong finances. The larger the regional finances, the greater the region's ability to carry out efforts in the fields of security, public order, socio-culture and welfare depends on the preparation of regional revenue and expenditure budgets. The financial situation of the region will determine the patterns, forms and possibilities of activities that will be carried out by the local government. Potential sources of regional revenue must be explored

to the maximum, but of course within the corridor of applicable laws and regulations, including regional taxes and regional retributions which have long been the main elements of Regional Original Revenue. In order to increase usability and results, the government organizes development efforts in all sectors. In organizing these development efforts, the main problem faced is the problem of limited funds in the regions. Regarding the funds in the regions, what must be sought and managed by the regions is efforts to develop regional households.

In Indonesia, within the framework of the Unitary State, regional financial independence does not seem to mean that each level of autonomous local government must be able to finance the entire expenditure budget (routine expenditure and development expenditure) from the Regional Original Revenue (PAD). Regional Original Revenue is only one component of the source of revenue in addition to other sources of regional revenue. According to Kustadi (2004), an important criterion for realizing the ability of the region to manage and take care of its household is the ability of Self Supporting in the financial field.

According to Nick (1999), Levy is one of the dominant factors in revenue that helps determine the development of Regional Original Revenue. The levy includes a market levy which is one of the potential levies in providing sufficient income to the Regional Original Revenue. To finance various expenses as a result of their duties to take care of their regional households and in carrying out assistance tasks. Real and responsible economic principles require the greatest financial capacity for each region, especially regarding financial resources, of course, it needs to be regulated in order to achieve and maintain a harmonious and appropriate financial balance. Although the origin of the fundraising post has been determined, the current condition requires regional managers to optimize and develop sources of income in the city area, namely Malang Regency.

This step needs to be taken, because with the enactment of regional autonomy, regions have broad authority to manage their own regions, including trying to raise PAD funds which since before the enactment of Law No. 22 of 1999 has indeed become the right of every local government, all parts of regional revenues are reflected in the Regional Revenue and Expenditure Budget every year.

Local governments must be able to answer the demands of the community through programs and activities listed in the APBD in an effort to improve the quality and quantity of public services, such as education, health, cleanliness, security, order and so on. In an effort to support the implementation of national development, the government provides an opportunity to implement regional autonomy by issuing Law No. 9 of 2015 the second amendment to Law No. 23 of 2014 concerning Regional Government and Law No. 1 of 2022 concerning Financial

Balance between the Central Government and Regional Governments. According to Law Number 23 of 2014 concerning Regional Government, regional autonomy is the authority of autonomous regions to regulate and manage the interests of local communities according to their own initiative based on the aspirations of the community in accordance with laws and regulations.

Malang Regency as an autonomous region should be able to increase Regional Original Revenue because in terms of potential regional potential, this can be seen from the wealth of abundant natural resources, tax levies, private and state companies. Even though Malang Regency is a small city, it must be a homework for regional leaders and the entire community so that they can learn how to utilize everything that exists to improve the welfare of the community and the state and improve the development of Malang Regency which has not been maximized so far, as seen from the less than optimal public service facilities. The policy of preparing the Regional Revenue and Expenditure Budget not only aims to restore regional economic growth quickly, but it is necessary to improve the institutional mechanism and institutional mechanism itself. The increasing authority that exists in the regions, as a consequence and the existence of Regional Autonomy, the role of regional finance is very important, because the regions are required to be more active in mobilizing their sources of funds in addition to managing the funds received from the central government efficiently, therefore local governments must be able to explore the potential of their respective regions to increase Regional Original Revenue so that regional development can continue to run smoothly.

Research by Akhmadi et al (2023) on the Analysis of Regional Original Revenue (PAD) of Kutai Kartanegara Regency shows (1) Based on contribution analysis, other legitimate regional original income is the type or source of income that contributes the highest to the total regional original income during 2018-2021. (2) Based on growth analysis, regional taxes are the type or source of regional revenue that experienced the highest growth during 2018-2021. (3) Based on the analysis of the Klassen Typology, other legitimate regional original income is the only income that is able to provide an opportunity to increase the total local income of Kutai Kartanegara Regency during 2018-2021. The research of Malak et al (2017) calmly analyzed the Regional Revenue Management (Pad) on the Increase in Development in Sorong Regency showing that the Sorong Regency Government has a good ability to finance routine government needs, considering that financing for employee spending is still the responsibility of the Central Government. However, if employee spending as part of routine expenditure is borne by the Regional Government itself, then of course the routine ability of the region will

be very low. The contribution of PAD sources to the total PAD describes the role/contribution given by these PAD sources to the total PAD.

Based on this, this study more broadly aims to describe and analyze 1. How to implement the management of Regional Original Revenue (PAD) in Regional Revenue of Malang Regency for regional development 2. What obstacles are faced by the Malang Regency Regional Government in the Regional Original Revenue (PAD) for the implementation of regional development and how to deal with these problems. 3. Recommendations for PAD management models.

## **2. THEORETICAL STUDIES**

Regional autonomy is the embodiment of the implementation of government affairs based on the principle of decentralization, namely the handover of government affairs to the regions to take care of their households. One of the affairs handed over to the regions is about affairs that provide income to the Regional Government and the potential to be developed in exploring new sources of income for the region concerned because this PAD is very much expected to be able to finance routine regional expenditures. Kuntana (1994) stated that according to Law Number 23 of 2014 concerning Regional Government Article 1 paragraph 6 "Regional Autonomy is the right, authority, and obligation of autonomous regions to self-regulate and manage Government Affairs and the interests of local communities in the Unitary State system of the Republic of Indonesia.

Kaho (1997) stated that one of the important criteria to know in real terms the ability of the region to organize and manage its own household is the ability to "Self Supporting" in the financial field. Nick, (1999) stated that financial factors are one of the "essential factors" in measuring the level of ability to exercise autonomy. Meanwhile, the level of regional capabilities seen from Regional Original Revenue throughout Indonesia shows that the ability of the financial sector has not been able to implement Regional Autonomy.

The emergence of the idea of regional development planning originated from the view that national development planning is not effective enough to understand the needs of citizens who are domiciled in an administrative area in the context of regional development. According to Ahmad (2008), regional development is only development (by the central government) in the regions so that local communities are unable to access the public decision-making process to determine their own self-determination and the emergence of government policies gives wider authority to local government administrators in the context of implementing decentralization policies.

Hanif (2007), stated that the argument about the importance of regional development and development planning is Based on political reasons, regional development planning can be seen as a vehicle to create a better relationship between the central government and local governments in the implementation of development, while in the dimension of economic reasons, development planning can be seen as a vehicle to achieve poverty alleviation goals and social development goals in a timely manner more pronounced in the regions.

Regional financial capabilities in financing development activities in the regions are a reflection of the implementation of autonomy in the regions. To see the ability of the Malang City Government in collecting regional revenues, both revenues from donations and assistance from the central government and revenues from the regions themselves. This can be seen in the APBD whose costs are sourced from Regional Original Revenue with a sufficient level of local government expenditure.

Regional Original Revenue (PAD) is a source of regional revenue that comes from sources within the region itself, which is collected based on applicable laws. This requires the regions to improve their ability to explore and manage sources of regional revenue, especially those sourced from Regional Original Revenue. Increasing Regional Original Revenue (PAD) must absolutely be carried out by the Regional Government in order to be able to finance its own needs, so that the dependence of the Regional Government on the Central Government is reduced and in the end the region can be independent.

Koswara (2000) stated that the main characteristic that shows that an autonomous region is able to be autonomous lies in the financial ability of the region. Autonomous regions must have the authority and ability to explore their own financial resources, manage, and use them to finance the implementation of their local government. Dependence on central assistance must be minimal, so that Regional Original Revenue can be the largest part of financial resources, which is supported by the central and regional financial balance policies as a fundamental prerequisite in the State government system. Regional Original Revenue Inability as a The source of financing for the implementation of government and development is because so far the government has not been able to explore and develop sources of revenue in its regions. This shows a lot of potential regional revenue that has not been explored and collected as it should. So far, the regions in collecting regional revenue sources use the "target" system to be achieved in voting. The targets set by the regions tend not to be based on the real potential contained in the regions.

### **3. RESEARCH METHODS**

The research is descriptive analysis, namely managing and describing the data that is studied systematically, understanding and analyzing the data. The type of research used is field research, in this case the data or sources obtained are sourced from the Regional Government in Malang Regency, especially the Regional Revenue Agency of the Technical Implementation Unit for Regional Revenue Management of South Malang Regency as primary data. Meanwhile, secondary data is obtained from books on Regional Original Revenue (PAD), and Regional Governments and related regulations. The informants in the study included authorized officials consisting of the Regional Secretary of the Malang Regency Government, the Head of the Regional Revenue Agency and the Head of the Technical Implementation Unit for Regional Revenue Management of Malang Regency. The data analysis technique in the study uses a technique developed by McNabb (2002), namely Grouping the data according to key constructs, identifying bases for interpretation, Developing generalizations from the data, Testing Alternative interpretations dan Forming and/or refining generalizable theory from case study.

#### **4. RESULTS AND DISCUSSION**

##### **a. Implementation of Regional Original Revenue (PAD) management in Malang Regency Regional Revenue for regional development**

In principle, Malang Regency's regional revenue consists of: Regional Original Revenue Section (Regional Tax, Regional Levy, BUMD Profit, Revenue from Agencies, and Other Revenues), Tax/Non-tax Revenue Sharing, General and Special Allocation Funds. The expenditure side consists of: Routine expenses consist of: Employee expenses, Goods expenses, Maintenance expenses, Official travel expenses, Miscellaneous expenses, Debt installments. Rewards/subsidies/donations of Subordinate Regional Heads, Expenses that do not include other parts, Expenses that are not suspected. Development Expenditure, which consists of expenditure on productive sectors that provide commercial benefits as well as Public Welfare, Cash Size and Calculation. In determining this budget, the Malang City Government emphasizes on the principle of equitable and transparent regional budget preparation, namely all units/agencies get a budget according to their potential.

Regional Original Revenue (PAD) is the backbone for financing the implementation in the framework of Regional Autonomy, and in this context is the most important aspect in regional financial independence, especially in the case of Malang City. The components of Regional Original Revenue (PAD) of Malang Regency include Regional Taxes, Regional Levies, Revenue from Segregated Regional Wealth Management and other legitimate incomes.

At first glance, it will be seen that the sources of Regional Original Revenue (PAD) are quite adequate. Regions, now have autonomy, will have the authority and right to explore PAD sources. Because of this little freedom, it is possible for the Regions to exploit their resources to obtain large amounts of revenue.

**Table 1**  
**Composition of Regional Original Revenue (PAD) of Malang Regency in 2023**

Number	District Original Revenue (PAD)	Revenue Target (IDR)	Revenue Realization (IDR)	Percentage
1	Regional Tax Revenue	476,666,164,778	456,693,323,504	95.81 %
2	Regional Levy Revenue	119,529,323,105	34,467,333,472	28.84 %
3	Results of Segregated Regional Wealth Management	46,849,399,240	25,482,015,537	54.39 %
4	Other Legitimate Regional Original Income	382,541,168,161	321,691,308,153	84.09 %
<b>Total</b>		<b>1,025,586,055,284</b>	<b>838,333,980,666</b>	<b>81.74%</b>

Data Source: Regional Revenue Agency (2023)

**Table 2**  
**PAD and Expenditure in 2023 Malang Regency**

INFORMATION	REALIZATION (IDR)
PAD	838,333,980,666
APBD Expenditure	4,303,913,674,912
APBD Revenue	4,372,856,637,355
Ratio to APBD Expenditure	19.5%
Ratio to APBD Revenue	19.2%

Data Source: Regional Revenue Agency (2023)

The conditions that occur in Malang Regency, Regional Original Revenue is able to contribute to the APBD in 2023 less than 20%. This is indeed not ideal, when hinted at by the opinion put forward by Nick (1999) that regional financial resources are indeed inadequate, but the Regional Government does not have to stand alone in terms of finance in order to have a meaningful level of autonomy, the important thing is "authority on the edge", meaning that it has a sufficiently adequate level of regional revenue if 20% of the expenditure comes from regional sources.

The freedom (authority) of the Malang Regency Government will be realized if the components of the PAD are able to support regional finances. As happened in the 2023 fiscal year where regional tax revenues contribute more revenue to PAD than other components/posts. The reality is not that easy. Regions, however, do not have enough freedom

to explore the resources in their regions. The right of the Regions to explore their Regional resources must still be based on the provisions made by the Central Government, which in fact is still quite vague as to what interests are maintained by the Central Government to remain and control the Regions. The expression that emerged from the Central Government officials is that regions are allowed to explore and utilize resources in their regions, as long as they meet the applicable rules and are in accordance with the real conditions in the regions. However, these real conditions are still very abstract in nature. And of course, the regions remain shackled by the Central Government's rules which in reality are difficult to release. Many Central Government policies in their implementation show regional attachment by rules controlled by the Central Government.

Feasible Hands of the Central Government to the Regions, among others, is the need for the Regional Government to obtain the approval of the Central Government in ratifying Regional Regulations, which requires a long and long process, so that it has conditioned the legitimacy vacuum for Regional Regulations to act. On the one hand, Regional Governments are required to increase PAD to realize Regional Autonomy by reducing the amount of APBD from the Central Government's assistance. The Regional Revenue and Expenditure Budget (APBD) itself as a component that shows how much the region's ability and how much the Central Government intervenes in the form of subsidies and assistance, so that where the regions can start to be independent is too difficult to realize.

The meaning that occurs is that the larger the funds that come in from the Central Government to the Regions, the greater the intervention of the Central Government in the Regions through the rules that accompany the distribution of these funds. This condition, if it reaches a certain point without being supported by the efforts of the Regional Government, will obscure Regional Autonomy, in the context of regional financial autonomy, is, the relative size of the regional financial component in the aid and donation posts. Therefore, the autonomy of a region can be said to be autonomous if the region is able to provide a partial reduction in the APBD from the Central Government's assistance replaced by Regional Original Revenue (PAD).

**b. Obstacles faced by the Malang Regency Regional Government in the Management of Regional Original Revenue (PAD) for the implementation of regional development and the efforts made**

The results of the study showed that the contribution of PAD to the Regional Revenue and Expenditure Budget of Malang Regency was relatively small, which indicated that the ability of the Regional Government to mobilize PAD was not optimal (still low) and was estimated to be still below the existing potential. This has become an obligation and commitment of the Malang Regency Government to continue to strive to increase PAD.

The Regional Revenue Agency and the Technical Implementation Unit for Regional Revenue Management of Malang Regency, as one of the regional technical institutions that have the main tasks and functions in the field of budgeting, are committed to continuing to implement budget governance in general, including the PAD component as well as possible as mandated by the provisions of laws and regulations. The still not optimal PAD revenue in Malang Regency is caused by several factors, including: (1) weak (limited) institutions and human resources, which are related to Administrative Capacity and (2) the discipline of budget absorption is still low. Institutional aspects and human resources as one of the important factors are closely related to the ability to manage and explore regional revenue. The Regional Revenue Agency and the Technical Implementation Unit for Regional Revenue Management of Malang Regency are the coordinating agencies for all PAD revenues even though some of these revenues are collected by other Regional Government Agencies/Agencies/Work Units based on the Regional Revenue Manual (*Manual Pendapatan Daerah - MAPATDA*).

The weakness in providing subsidies is related to the tax efforts carried out by the Malang Regency Regional Government. So far, the subsidies received (especially for development subsidies) are Block Grants and Specific Grants. The difference between the two is in terms of the use of funds where block subsidies are more flexible in their use than specific subsidies. The approval of the amount of funds obtained by the Malang Regency Government depends on the proposal based on the need for funds and the approval depends on bargaining and "lobbying" and "approach" from the Regional Government with the Central Government, this is without being linked (ignoring) other requirements such as tax effort and taxable ability. In addition, there is a policy from the Central Government that positions this subsidy as an effort to distribute development equitably and as a form of the Central Government's attention to Regional Governments. As a result, the Malang Regency Government always tries to get a larger amount of subsidies every fiscal year because the opportunity to get it is quite large.

The efforts made by the Malang Regency Government are to carry out Intensification which is sought by increasing regional revenue for existing objects. For Regional Taxes whose collection is managed by Regional Offices, intensification efforts are carried out by increasing and holding counseling to the community. This effort was taken because the number of tax objects that can be collected has basically been determined by the Central Government Policy. In Law Number 1 of 2022 concerning Regional Taxes and Regional Levies, Article 4 paragraph (2) stipulates that Regional Taxes that can be collected by the Regional Government of districts/cities consist of: a. Land and Building Tax; b. Cost of Acquisition of Land and Building Rights; c. Certain Goods and Services Tax; d. Billboard Tax; e. Groundwater Tax; f. Tax on Non-Metallic Minerals and Rocks; g. Swallow's Nest Tax; h. Motor Vehicle Tax Option; and i. Motor Vehicle Name Change Fee Option. In article 87, the types of Levies consist of: a. Public Service Levies; b. Business Services Levy; and c. Certain Licensing Levies.

In the context of collecting Regional Taxes in Malang Regency, intensification efforts are also carried out by maximizing the rates that have been determined in Law Number 1 of 2022. However, these efforts have not made Regional Tax a mainstay component in increasing Regional Original Revenue (PAD), this is because the tax object collected, in Malang Regency, cannot be socialized because the tax object determined does not reflect the economic condition of the community in Malang Regency.

For Regional Levies, intensification efforts can be made by the Regional Government by improving services and providing services to the community, so that the object of levy collection can be effective and optimized. Due to the limited budget of the Regional Government, so that the provision of services to the community has not been maximized, the collection of levies is also limited. In the collection of Regional Levies, the services provided by the Regional Government are very decisive, because the collection of levies must be accompanied by service rewards (services) by the Regional Government.

With these conditions, intensification efforts can be made by the Regional Government by emphasizing on improving the quality of resources of the collecting apparatus so that the potentials that the object of the levy that has been sought can be optimized. In addition, in order to improve the quality of apparatus resources owned by the regions, efforts are made by the Malang Regency Government by providing guidance and guidance to apparatus, especially those placed in the Service or Collector Unit so that intensification can be carried out and carried out.

Intensification efforts carried out in order to increase regional revenue from the Service Revenue sector/Regional Units in Malang Regency take a policy by striving so that the objects of the Regional Levy collected can be managed and controlled by the designated Service or Unit can carry out optimally. So that there is no agency that manages excessive collection objects, on the other hand, there is 1 (one) Agency/Unit that only manages 1 (unit) collection object, because this condition the collection of Regional Levies is not optimal.

These extensification efforts within the limits do not conflict with government regulations or similar rules that have been established by the Central Government or a higher government. In the context of extensification of regional revenues, in the Regional Tax of Malang City by developing revenue objects for the regions carried out by the Regional Offices of Malang Regency. The object of the revenue is not in the form of Regional Taxes or Regional Levies, but is in cooperation with third parties (farmers and aid recipients) and prioritizes the mechanism of revolving funds that can be used by the community at large.

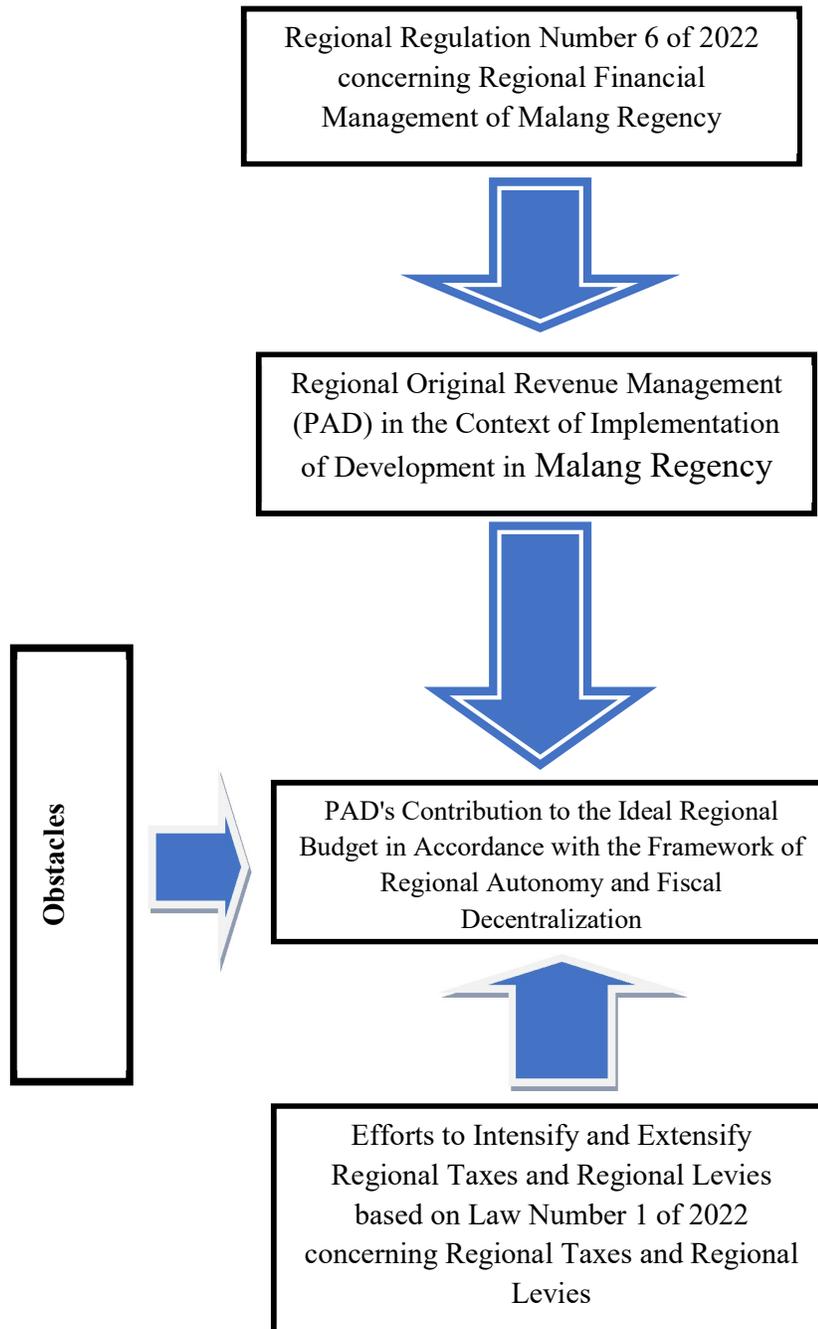
These efforts are sought to be mutually beneficial between the Regional Government and the fund recipient with priority for productive businesses, namely by a mechanism for revolving funds that can be used for profitable businesses. The source of funds used comes from Presidential Assistance and Presidential Instruction. In order to make the government assistance program effective, the extensification efforts carried out aim to increase regional revenues managed by Regional Offices, especially, agencies in charge of traditional businesses (agriculture and livestock).

The mechanism implemented by farmers or managers receives a larger share of the profits generated while the rest is deposited into the Regional Treasury to support the increase in PAD, coaching operational costs and rolled back to farmers. Because on the basis of mutual benefit, this program has been quite successful in reviewing the Agency's revenue so far has continued to increase. As revenues that cannot be categorized as Regional Taxes and Regional Levies, the results of this program are included in the revenues of the Agencies, so that they are able to increase regional revenues from the Offices Revenue Posts in the APBD.

Extensification efforts in addition to holding new levies can also be carried out by collaborating with other regions so that existing levies can be optimized. It is undeniable that in the context of PAD extensification, it will involve other regions because the objects of collection not only involve local resources but the transfer or transfer of resources from other regions can also be subject to levies. With the power possessed by the Malang Regency Government, the Government can expand and regulate the growth or development of its region from traditional to a more policy direction. With the development of a region becoming more

policy, of course, the involvement of other regions in the context of investment cannot be denied, therefore the intergovernmental relations model can be implemented. As a follow-up to extensification efforts, if these efforts provide added value to each other for not only one region in the country's territory.

c. **Recommendations for the management model of the Malang Regency Regional Government's PAD**



## **5. CONCLUSION**

Regional financial management in Malang Regency, especially the Regional Original Revenue (PAD) management policy, is inseparable from the Central Government's policy in the framework of financial relations between the Central and Regional Governments. The implementation of regional autonomy is closely related to the source of financing for each autonomous region. The measure that is often used to determine the ability of regions to finance routine and development expenditures is the ratio of PAD to APBD. This condition in Malang Regency has not been fulfilled because the Malang Regency Regional Government has not made sufficient and adequate contributions or regional revenues have not been in accordance with what is indicated in the 2023 budget period. The regional autonomy of Malang Regency in the 2023 fiscal year has not been realized because financial dependence on the Central Government is still quite large, as shown by the ratio of PAD to APBD. Some of the obstacles faced by Malang Regency in managing local revenue are: a. Limited authority in the collection of Regional Original Revenue. b. Human Resources (HR) of government apparatus to support the mastery, utilization and development of science and technology, especially in the field of services, need to be improved. c. Supporting facilities and infrastructure, especially to provide convenience for taxpayers and in the development of the management of potential and sources of income, need to be improved. Efforts or steps taken to increase Malang City Regional Revenue for the implementation of development are as follows: a. Intensifying and extensifying regional taxes and regional levies and exploring the potential of regional revenues to be developed by referring to existing laws and regulations.

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