
**THE EFFECT OF REGIONAL TAXES AND REGIONAL RETRIBUTIONS ON
REGIONAL FINANCIAL PERFORMANCE WITH ECONOMIC GROWTH AS
A MODERATING VARIABLE**

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Abstract

This study aims to analyze the effect of Regional Taxes and Regional Retributions on Regional Financial Performance with Economic Growth as a moderating variabel in Regency/City Governments in West Java Province for the 2021-2024 period. Regional financial performance is measured using the fiscal decentralization ratio. This research uses a quantitative method with descriptive. The data are secondary data obtained from APBD realization reports. The analysis techniques include multiple linear regression and Moderating Regression Analysis. The results indicate that Regional Taxes have a positive effect on Regional Financial Performance, while Regional Retributions show inconsistent effects. Simultaneously, both variables significantly affect Regional Financial Performance, Economic Growth is able to moderate these relationships.

Keywords: Regional Taxes, Regional Retributions, Regional Finance Performance, Economic Growth, Fiscal Desentralization

INTRODUCTION

In the era of fiscal decentralization, local governments are required to enhance regional financial independence through the optimization of Regional Original Revenue (Pendapatan Asli Daerah/PAD). Regional financial performance is one of the important indicators used to assess the ability of local governments to manage financial resources effectively and efficiently in supporting regional development (Purwanti & Noviyanti, 2021). Good financial performance reflects the capability of local governments to finance governmental activities independently without excessive dependence on the central government. Therefore, the optimization of regional revenue sources becomes an important factor in improving regional financial performance.

Regional taxes and regional retributions are the main components of Regional Original Revenue (PAD) that play an important role in supporting the implementation of regional government. Regional taxes are mandatory contributions imposed on the public to finance governmental administration and regional development (Miswar & Putri, 2021). Meanwhile, regional retributions are charges imposed by local governments for specific services or permits provided for public interests. The optimization of regional tax and levy revenues can increase the fiscal capacity of local governments and ultimately improve regional financial performance. Higher regional tax and levy revenues indicate greater regional capability in financing operational and development activities independently.

However, in practice, the contribution of regional taxes and regional retributions in several regencies and cities has not yet been optimal. This condition may be caused by low public compliance in paying taxes and retributions, weak supervision systems, and the lack of innovation by local governments in exploring regional revenue potential. The suboptimal regional revenue management indicates that regional fiscal independence still needs to be improved in order to strengthen regional financial performance effectively (Sisilia & Harsono, 2021). In addition to internal factors such as regional tax and retributions revenues, regional financial performance may also be influenced by external factors, one of which is regional economic growth.

Economic growth is an important indicator in measuring the success of regional economic development. Increased economic growth can encourage community economic activities, expand the tax base, and increase demand for public services, thereby strengthening the relationship between regional taxes and retributions on regional financial performance (Harry & Muhtarom, 2024). Higher economic activity provides greater opportunities for local governments to optimize regional revenue and improve budget management effectiveness. Therefore, economic growth is assumed to strengthen the influence of regional taxes and regional retributions on regional financial performance.

Several previous studies have shown inconsistent results regarding the influence of regional taxes and regional retributions on regional financial performance. (Dewantoro, 2022) found that regional taxes have a positive effect on regional financial performance, while (Pangestu, 2023) stated that regional taxes have no significant effect on regional financial performance. Furthermore, (Kiki, 2024) found that regional retributions positively affect regional financial performance, whereas (Ningsih & Putriana, 2023) reported that regional retributions have no effect on regional financial performance. In addition, (Syahputra, 2021)

stated that economic growth is able to moderate the relationship between regional revenue sources and regional financial performance. These inconsistent findings indicate that further research is still needed to examine the factors influencing regional financial performance.

Based on previous studies, most research regarding regional financial performance has primarily focused on the influence of Regional Original Revenue (PAD), especially regional taxes and regional retributions, on local government financial performance. However, studies that examine economic growth as a moderating variable in the relationship between regional taxes, regional retributions, and regional financial performance in regencies and cities of West Java Province during the 2021–2024 period are still limited. Therefore, this study aims to analyze the influence of regional taxes and regional retributions on regional financial performance with economic growth as a moderating variable in regencies and cities of West Java Province during the 2021–2024 period.

REVIEW OF LITERATURE

Agency Theory

Agency Theory was first introduced by (Jensen & Meckling, 1976), explaining the relationship between principal and agent. The principal is the party that delegates authority to the agent to perform certain tasks and make decisions on behalf of the principal. In the public sector, society acts as the principal, while local governments act as agents who are responsible for managing regional finances effectively and accountably.

Regional Financial Performance

The assessment of regional government financial performance in developing countries remains a key area of discussion in public finance research (Budi & Usman, 2024). Regional financial performance is the level of a local government's ability to manage regional finances reflected in the Regional Revenue and Expenditure Budget (APBD) effectively, efficiently, and economically. Better regional financial management reflects a stronger ability of local governments to implement regional autonomy independently (Hafizi & Amalia, 2022).

Regional Taxes

Regional taxes are mandatory contributions paid by the public to the state in accordance with statutory regulations, without receiving direct compensation or benefits in return (Annisa & Bani, 2022). Regional taxes are one of the main sources of Regional Original Revenue (PAD) that play an important role in financing regional governance and development. Higher local tax revenues indicate greater financial capability of local governments in funding regional needs, which can improve regional financial performance (Simbolon & Herijawati, 2022).

Regional Retributions

Regional retributions are one of the sources of regional revenue used to finance the implementation of regional governance and public services. The optimization of regional levy revenues can increase the ability of local governments to finance regional expenditures and improve regional financial performance (Mulyani & Ramdini, 2021).

Economic Growth

Economic growth can be described as the expansion of an economy's output of

goods and services, which is typically assessed using the annual growth rate of real GDP (Ifan & Bani, 2025). Economic growth is the development of economic activities that causes the production of goods and services in society to increase, thereby improving public welfare (Gita, 2022). Higher regional economic growth increases the potential for regional revenue, both from regional taxes and regional retributions, which can strengthen regional financial performance.

Hypothesis Development

H1: Regional Taxes have a positive effect on Regional Financial Performance.

H2: Regional Retributions have a positive effect on Regional Financial Performance.

H3: Regional Taxes and Regional Retributions simultaneously have a positive effect on Regional Financial Performance.

H4: Economic Growth strengthens the effect of Regional Taxes on Regional Financial Performance.

H5: Economic Growth strengthens the effect of Regional Retributions on Regional Financial Performance.

RESEARCH METHOD

This study uses a descriptive quantitative research method aimed at explaining an empirical phenomenon supported by secondary statistical data, characteristics, and patterns of relationships among variables in the form of a case study on the influence of Regional Taxes and Regional Retributions on the Financial Performance of Local Governments.

The object of this study is the Regency/City Governments in West Java Province that are included as samples during the 2021–2024 period, with the variables studied consisting of regional taxes, regional retributions, regional financial performance (measured using the fiscal decentralization degree indicator), and economic growth as a moderating variable.

Research Object

The objects of this study are:

- a. Regional Taxes
- b. Regional Retributions
- c. Regional Financial Performance
- d. Economic Growth

This study is conducted on regencies and cities in West Java Province during the 2021-2024 period.

Population and Sample

The population in this study consists of all regencies and cities in West Java Province. The sampling technique used is purposive sampling, which means the sample was selected based on specific criteria determined by the researcher.

Table 1
Population and Sample

No	Description	Total
1	Regencies/Cities Governments in West Java Province that published complete Budget Realization Reports during 2021-2024	27
Total Sample		27
Research Period		4 Years
Total Research Observations		108

The criteria used in selecting the simple are:

- a. Regencies/cities in West Java Province that published complete regional financial reports during 2021-2024.
- b. Regencies/cities with complete data related to Regional Taxes, Regional Retributions, Regional Financial Performance, and Economic Growth.
- c. Regencies/cities with consistent financial reporting during the observation period.

Based on these criteria, the final sample consisted of regencies and cities that met all research requirements during the observation period.

Type and Sources of Data

This study used secondary data obtained from official government institutions. The data include:

- a. Regional Taxes
- b. Regional Retributions
- c. Regional Financial Performance
- d. Economic Growth

The data were obtained from:

- a. Directorate General of Fiscal Balance
- b. Central Statistics Agency

The data used in this study are annual financial and economic data from 2021 to 2024.

Operational Definition of Variables

Table 2

The Data used in this study are annual financial and economic data from 2021-2024.

Variable	Definition	Indicator	Measurement Scale
Regional Taxes (X1)	Regional tax is a mandatory levy imposed by local governments to finance regional development.	Regional Taxes = Ln (Total Realization of Regional Taxes).	Ratio

Regional Retributions (X2)	Regional retribution is a levy imposed by local governments for certain services or permits provided to the public.	Regional Retributions = Ln (Total Realization of Regional Retributions).	Ratio
Regional Financial Performance (Y)	Regional financial performance is the ability of local governments to manage regional finances effectively and efficiently.	$\frac{\text{Regional Original Revenue (PAD)}}{\text{Total Revenue}} \times 100\%$	Ratio
Economic Growth (Z)	Economic growth is the increase in the production of goods and services in an economy over a certain period.	GRDP growth rate	Percentage

Data Analysis Technique

The data analysis in this study was conducted using panel data regression analysis and Moderated Regression Analysis (MRA). The analysis was performed using statistical software.

The stages of data analysis include:

1. Descriptive Stastical Analysis

Descriptive statistics are used to describe the characteristics of the research variables, including minimum value, maximum value, mean, and standard deviation.

2. Classical Assumption Test

Before conducting regression analysis, classical assumption tests were carried out to ensure that the regression model met the required assumptions.

The tests include:

a. Normality Test

The normality test is used to determine whether the data are normally distributed.

b. Multicollinearity Test

The multicollinearity test is conducted to determine whether there is a high correlation among independent variables.

$$VIF = \frac{1}{1 - Ri^2}$$

c. Heteroscedasticity Test

The heteroscedasticity test is used to examine whether there is inequality in variance among residuals.

d. Autocorrelation Test

The autocorrelation test is used to identify correlation between residuals in different observation periods.

Panel Data Regression Analysis

Panel data regression analysis is used to analyze the effect of Regional Taxes and Regional Retributions on Regional Financial Performance.

The regression equation model is:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + e$$

Where:

- Y = Regional Financial Performance
- α = Constant
- β_1 – β_2 = Regression coefficients
- X1 = Regional Taxes
- X2 = Regional Retributions
- e = Error term

Moderated Regression Analysis (MRA)

Moderated Regression Analysis is used to examine whether Economic Growth moderates the relationship between Regional Taxes, Regional Retributions, and Regional Financial Performance.

The moderation regression model is:

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_1 Z + b_4 X_2 Z + \varepsilon$$

Where:

- Y = Regional Financial Performance
- X1 = Regional Taxes
- X2 = Regional Retributions
- Z = Economic Growth
- X1Z = Interaction between Regional Taxes and Economic Growth
- X2Z = Interaction between Regional Retributions and Economic Growth
- e = Error term

Hypothesis Testing

a. t-Test

The t-test is used to examine the partial effect of each independent variable on the dependent variable.

$$t = \frac{r\sqrt{n-2}}{\sqrt{1-r^2}}$$

Decision criteria:

- If significance value < 0.05 , the hypothesis is accepted.
- If significance value > 0.05 , the hypothesis is rejected.

b. f-Test

The F-test is used to examine the simultaneous effect of independent variables on the dependent variable.

$$F_h = \frac{R^2 / k}{(1 - R^2) / (n - k - 1)}$$

Decision criteria:

- a) If significance value < 0.05, the variables simultaneously affect the dependent variable.
- b) If significance value > 0.05, the variables simultaneously affect the dependent variable.

c. Coefficient of Determination (R^2)

The coefficient of determination is used to measure how much the independent variables explain the dependent variable. A higher R^2 value indicates that the regression model has a stronger explanatory ability toward Regional Financial Performance variation.

RESULTS AND DISCUSSION

Overview of Research Object

The object of this study consists of 27 regency and city governments in West Java Province during the 2021–2024 period. This study uses secondary data obtained from the Budget Realization Reports (LRA) and Gross Regional Domestic Product (GRDP) data. With a four-year research period and a sample of 27 regencies/cities, the total number of observations in this study is 108 observation data.

West Java Province was selected as the research object because it has a high level of economic activity and significant regional revenue potential, particularly from regional taxes and regional retributions. In addition, each regency and city in West Java Province has different levels of financial performance and economic growth, making it interesting to examine. Therefore, West Java Province is considered relevant for analyzing the effect of regional taxes and regional retributions on regional financial performance with regional economic growth as a moderating variable.

The Condition of Financial Performance in the Regencies/Cities of West Java Province

Based on data obtained from regional budget realization reports, the regional financial performance among regencies/cities in West Java Province still varies significantly.

Table 3

The condition of regional financial performance in the regencies/cities of West Java Province

Regency/City	Regional Original Revenue	Total Regional Revenue	Independence Ratio
Bandung Regency	1.385,84 M	6.934,98 M	19.98%
Bekasi Regency	3.081,56 M	7.186,26 M	42.88%
Bogor Regency	4.605,17 M	10.923,03 M	42.16%
Ciamis Regency	311,98 M	2.822,96 M	11.05%

Regency/City	Regional Original Revenue	Total Regional Revenue	Independence Ratio
Cianjur Regency	835,50 M	4.604,51 M	18.15%
Cirebon Regency	772,49 M	4.464,64 M	17.30%
Garut Regency	538,18 M	4.968,93 M	10.83%
Indramayu Regency	651,64 M	3.650,58 M	17.85%
Karawang Regency	1.826,28 M	5.686,62 M	32.12%
Kuningan Regency	313,33 M	2.858,29 M	10.96%
Majalengka Regency	530,22 M	3.137,44 M	16.90%
Purwakarta Regency	622,93 M	2.548,81 M	24.44%
Subang Regency	718,15 M	3.696,27 M	19.43%
Sukabumi Regency	773,39 M	4.651,05 M	16.63%
Sumedang Regency	566,23 M	3.057,03 M	18.52%
Tasikmalaya Regency	358,95 M	3.566,54 M	10.06%
Bandung City	3.091,26 M	7.153,10 M	43.22%
Bekasi City	2.671,68 M	6.297,61 M	42.42%
Bogor City	1.458,62 M	3.170,50 M	46.01%
Cirebon City	559,13 M	1.554,93 M	35.96%
Depok City	1.885,34 M	4.208,88 M	44.79%
Sukabumi City	437,03 M	1.331,43 M	32.82%
Tasikmalaya City	351,78 M	1.792,50 M	19.63%
Cimahy City	500,75 M	1.568,10 M	31.93%
Banjar City	137,66 M	776,16 M	17.74%
Bandung Barat Regency	799,93 M	3.410,49 M	23.45%
Pangandaran Regency	240,13 M	1.433,02 M	16.76%

Based on the table above, it can be seen that the regional financial performance in West Java Province in 2024 shows varying percentages across each regency/city. The calculation results indicate the extent of the contribution of Regional Original Revenue (PAD) to the total regional revenue earned by each local government. Most regencies/cities still have relatively low percentages. This condition indicates that most regions still depend on transfer funds from the central government. Meanwhile, only a few regions with higher percentage values are able to demonstrate more independent financial performance.

Overall, the regional financial performance in West Java Province can still be categorized as not yet optimal, since the majority of regions fall within the low to fairly good category. This indicates that Regional Original Revenue (PAD) in most areas has not been maximized. Therefore, efforts are needed to improve the effectiveness of regional tax and regional retribution collection, as well as innovations in managing local resources, so that the level of fiscal independence across all regencies/cities in West Java can improve more evenly.

Descriptive Statistical Analysis

Descriptive statistical analysis is an analytical method used to provide an overview or description of research data based on the minimum value, maximum value, mean, and standard deviation of each research variable. In this study, descriptive statistical analysis is

used to describe the data of the regional taxes, regional retributions, regional financial performance, and economic growth variables.

Table 4
Descriptive Statistical Analysis

Variable	Mean	Minimum	Maximum	Standard Deviation
Regional Financial Performance (Y)	0.248047	0.094900	0.462000	0.116518
Local Taxes (X1)	26.44229	23.58310	28.78250	1.230876
Regional Retributions (X2)	24.35822	21.89240	27.78620	1.327068
Economic Growth (Z)	0.106370	-0.779000	3.962000	0.504011

Source: Processed data using EVIEWS 13

Based on the results of the descriptive statistical analysis for variables X1, X2, Z, and Y with a total of 108 observations, information regarding the minimum, maximum, mean, and standard deviation values of each variable was obtained.

Variable X1 has a mean value of 26.44229, with a minimum value of 23.58310 and a maximum value of 28.78250. The standard deviation value of 1.230876 indicates that the data distribution of variable X1 is relatively small, meaning that the data tend to be close to the mean value.

Variable X2 has a mean value of 24.35822, with a minimum value of 21.89240 and a maximum value of 27.78620. The standard deviation value of 1.327068 indicates that the data variation of variable X2 is also relatively stable.

Variable Z has a mean value of 0.106370, with a minimum value of -0.779000 and a maximum value of 3.962000. The standard deviation value of 0.504011 indicates a relatively large variation in the data compared to the other variables. In addition, the skewness value of 5.655626 and kurtosis value of 40.05218 indicate that the data distribution of variable Z tends to be non-normal and has a very high distribution peak.

Variable Y has a mean value of 0.248047, with a minimum value of 0.094900 and a maximum value of 0.462000. The standard deviation value of 0.116518 indicates that the data distribution of variable Y is relatively low and fairly stable.

Model Selection Test

a. Chow Test

Table 5
Chow Test

Test	Probability	Decision
Cross-section F	0.0000	Fixed Effect Model
Cross-section Chi-square	0.0000	Fixed Effect Model

Source: Processed data using EVIEWS 13

Based on the results of the Chow Test, the probability values of Cross-section F and Cross-section Chi-square are 0.0000 and 0.0000, respectively. These probability values are smaller than 0.05 ($0.0000 < 0.05$), therefore H_0 is rejected, and H_1 is accepted.

This result indicates that the Fixed Effect Model is more appropriate than the Common Effect Model. Thus, there are differences in characteristics among cross-sections, making the fixed effect model more suitable for use.

b. Hausman Test

Table 6
Hausman Test

Test	Probability	Decision
Hausman Test	0.0342	Fixed Effect Model

Source: Processed data using EVIEWS 13

Based on the results of the Hausman Test, the probability value obtained is 0.0342. This value is smaller than 0.05 ($0.0342 < 0.05$), therefore H_0 is rejected and H_1 is accepted.

This result indicates that the Fixed Effect Model is more appropriate than the Random Effect Model. This means that the fixed effect estimation is more consistent and suitable for use in this study.

Multiple Linear Regression Analysis

Table 7
Multiple Regression Analysis

Variable	Coefficient
Constant	-0.650856
Local Taxes (X1)	0.042480
Regional Retributions (X2)	0.000679
Economic Growth (Z)	-1.127417

Source: Processed data using EVIEWS 13

The regression equation obtained is:

$$Y = 0.650856 + 0.042480 + 0.000679 + 1.127417$$

Regional taxes (X1) have a coefficient value of 0.042480, indicating that regional taxes have a positive effect on regional financial performance. This means that the higher the local tax revenue, the higher the regional financial performance.

Regional Retributions (X2) have a coefficient value of 0.000679, indicating that regional retributions have a positive effect on regional financial performance. This means that an increase in regional retributions revenue can support the improvement of regional financial performance.

Discussion

The Effect of Regional Taxes on Regional Financial Performance

Based on the results of the partial test (t-test), the Regional Taxes variable (X1) has a coefficient value of 0.047942, a t-statistic value of 13.27147, and a probability value of 0.0009. The probability value is smaller than 0.05 ($0.0009 < 0.05$), therefore H1 is accepted. This indicates that Regional Taxes have a positive and significant effect on Regional Financial Performance.

The positive coefficient indicates that the higher the regional tax revenue, the higher the Regional Financial Performance. Regional Taxes are one of the main components of Regional Original Revenue (PAD), which play an important role in supporting regional fiscal independence. The greater the contribution of Regional Taxes, the better the ability of local governments to finance development and public services, thereby improving regional financial performance.

These results are consistent with the study conducted by (Kiki, 2024), which states that Regional Taxes have a positive and significant effect on Regional Financial Performance.

Table 8
The Effect of Regional Taxes on Regional Financial Performance

Variable	Coefficient	t-Statistic	Probability	Conclusion
Local Taxes	0.047942	13.27147	0.0009	Significant

Source: Processed data using EVIEWS 13

The Effect of Regional Retributions on Regional Financial Performance

Based on the results of the partial test (t-test), the Regional Retributions variable (X2) has a coefficient value of -0.000476, a t-statistic value of -0.942982, and a probability value of 0.4153. The probability value is greater than 0.05 ($0.4153 > 0.05$), therefore H2 is rejected. This indicates that Regional Retributions do not have a significant effect on Regional Financial Performance.

The negative coefficient indicates that an increase in Regional Retributions does not directly improve Regional Financial Performance. This may occur because the contribution of Regional Retributions to Regional Original Revenue (PAD) is relatively smaller compared to Regional Taxes. In addition, suboptimal retribution management, low public compliance, and the limited types of public services generating retributions may cause their effect on financial performance to be insignificant.

These results are consistent with the study conducted by (Ningsih & Putriana, 2023), which states that Regional Retributions do not have a significant effect on Regional Financial Performance.

Table 9
The Effect of Regional Retributions on Regional Financial Performance

Variable	Coefficient	t-Statistic	Probability	Conclusion
Regional Retributions	-0.000476	-0.942982	0.4153	Not Significant

Source: Processed data using EVIEWS 13

Simultaneous Effect of Regional Taxes and Regional Retributions on Regional Financial Performance

Based on the results of the simultaneous test (F-test), the F-statistic value obtained is 21.98599 with a Prob(F-statistic) value of 0.000000. The probability value is smaller than 0.05 ($0.000000 < 0.05$), therefore H3 is accepted.

< 0.05), therefore H3 is accepted. This indicates that Regional Taxes and Regional Retributions simultaneously have a positive and significant effect on Regional Financial Performance.

Table 10
F-Test Result

F-Statistic	Prob(F-statistic)	Conclusion
21.98599	0.000000	Significant

Source: Processed data using EVIEWS 13

The Moderating Role of Economic Growth on the Relationship between Regional Taxes and Regional Financial Performance

Based on the results of the Moderated Regression Analysis (MRA), the interaction variable between Regional Taxes and Economic Growth (M1) has a coefficient value of 0.016787, a t-statistic value of 3.339257, and a probability value of 0.0013. The probability value is smaller than 0.05 ($0.0013 < 0.05$), therefore H4 is accepted. This indicates that Economic Growth is able to strengthen the effect of Regional Taxes on Regional Financial Performance.

The positive coefficient of the interaction variable indicates that the higher the Economic Growth, the stronger the effect of Regional Taxes on Regional Financial Performance. This condition occurs because strong economic growth increases community economic activities, such as consumption, investment, and business activities, which ultimately lead to an increase in regional tax revenues. The results of this study indicate that the successful management of regional taxes will be more effective when supported by strong economic growth.

Table 11
Moderating Result of Regional Taxes and Economic Growth

Interaction Variable	Coefficient	t-Statistic	Probability	Conclusion
Local Taxes x Economic Growth	0.042480	4.1506615	0.0018	Significant

Source: Processed data using EVIEWS 13

The Moderating Role of Economic Growth on the Relationship between Regional Retributions and Regional Financial Performance

Based on the results of the Moderated Regression Analysis (MRA), the interaction variable between Regional Retributions and Economic Growth (X2) has a coefficient value of 0.026720, a t-statistic value of 3.213106, and a probability value of 0.0019. The probability value is smaller than 0.05 ($0.0019 < 0.05$), therefore H5 is accepted. This indicates that Economic Growth is able to strengthen the effect of Regional Retributions on Regional Financial Performance.

The positive coefficient of the interaction variable indicates that the higher the Economic Growth, the stronger the effect of Regional Retributions on Regional Financial Performance. Strong economic growth will increase community activities as well as the utilization of facilities and public services provided by local governments, such as markets, terminals, parking services, and licensing services. This indicates that an increase in Regional

Retributions will be more effective in supporting regional financial performance when supported by strong economic growth.

Table 12
Moderating Result of Regional Retributions and Economic Growth

Interaction Variable	Coefficient	t-Statistic	Probability	Conclusion
Regional Retributions x Economic Growth	0.000679	0.488718	0.6265	Significant

Source: Processed data using EVIEWS 13

CONCLUSION

Based on the results of the study regarding the effect of Regional Taxes and Regional Retributions on Regional Financial Performance with Economic Growth as a moderating variable in regencies/cities in West Java Province during the 2021–2024 period, several conclusions can be drawn as follows:

1. Regional Taxes have a positive effect on Regional Financial Performance. This result indicates that the higher the Local Tax revenue, the greater the ability of local governments to manage regional finances. Regional Taxes are one of the main sources of Regional Original Revenue (PAD) that contribute to increasing regional fiscal independence.
2. Regional Retributions do not have a significant effect on Regional Financial Performance. This result indicates that increases or decreases in Regional Retribution revenues have not been able to provide a significant impact on Regional Financial Performance. This condition may occur because the contribution of Regional Retributions to Regional Original Revenue (PAD) is still relatively small compared to other revenue sources, so it has not been able to optimally improve regional financial independence.
3. Regional Taxes and Regional Retributions simultaneously have a significant effect on Regional Financial Performance. These findings indicate that both sources of Regional Original Revenue (PAD) jointly influence the level of regional financial independence. The more optimal the management of regional taxes and retributions, the better the Regional Financial Performance achieved.
4. Economic Growth is able to moderate the relationship between Regional Taxes and Regional Financial Performance. This indicates that higher economic growth strengthens the effect of Regional Taxes on Regional Financial Performance. Increased economic activities in society encourage higher local tax revenues, which ultimately improve the financial capacity of local governments.
5. Economic Growth is able to moderate the relationship between Regional Retributions and Regional Financial Performance. This result indicates that economic growth can strengthen the contribution of Regional Retributions to Regional Financial Performance. As regional economic conditions improve, public service activities and the use of regional facilities also increase, leading to higher regional retribution revenues.

Overall, this study shows that Regional Taxes play a more dominant role than Regional Retributions in improving Regional Financial Performance in regencies/cities in West Java Province. In addition, Economic Growth also plays a role in strengthening the

relationship between Regional Taxes and Regional Retributions on Regional Financial Performance. Therefore, local governments are expected to continue optimizing the management of Regional Taxes, improving the effectiveness of Regional Retribution collection, and encouraging economic growth in order to achieve sustainable fiscal independence and better regional financial management.

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