



Optimizing Restaurant Tax Collection for Enhanced Regional Income and Fiscal Sustainability: A Case Study of Batam City

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Article Info

Article history:

Received Feb 25, 2024

Revised Mar 16, 2024

Accepted Mar 30, 2024

Keywords:

Restaurant tax collection;
Regional income enhancement;
Fiscal sustainability;
Tax compliance;
Economic development.

ABSTRACT

This research delves into the analysis of restaurant tax collection as a pivotal component of revenue generation in Batam City, aiming to enhance the city's original regional income. Through a mixed-methods approach encompassing quantitative analysis, qualitative investigation, and stakeholder engagement, the study examines current tax collection practices, compliance rates, and their implications for economic development. The research elucidates notable trends, patterns, and challenges in tax collection, highlighting opportunities for improvement and policy recommendations. Findings underscore the importance of strengthening compliance mechanisms, modernizing administrative processes, targeting informal economy activities, implementing differential taxation policies, and enhancing collaboration between stakeholders. By leveraging these strategies, Batam City can optimize tax collection practices, maximize revenue generation potential, and foster sustainable economic growth. The conclusions drawn from this research provide valuable insights for policymakers, city officials, and stakeholders, guiding efforts towards achieving fiscal sustainability and advancing the socio-economic well-being of Batam City's residents.

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1. INTRODUCTION

Batam City, located in the Riau Islands province of Indonesia, stands as a pivotal economic hub, renowned for its strategic location and vibrant industrial landscape (K. Peachey et al., 1998). Despite its economic prowess, the city continually seeks avenues for revenue enhancement to support its developmental aspirations and provision of public services.

Strategically located at the crossroads of major international shipping lanes, Batam enjoys unparalleled proximity to key global markets (Heng & Kee, 2009). Situated just 20 kilometers south of Singapore, one of the world's foremost financial and commercial hubs, Batam serves as an essential gateway for trade and commerce in the Asia-Pacific region (Abshire, 2011). Its strategic position not only facilitates seamless connectivity but also renders it an attractive investment destination for multinational corporations seeking access to burgeoning Southeast Asian markets.

Batam's economic landscape is characterized by its robust industrial base, comprising a diverse array of sectors ranging from manufacturing to logistics (van Grunsven & Hutchinson, 2017). The city is home to numerous industrial parks, notably the Batamindo Industrial Park and the Batamindo

Technology Park, which host a myriad of multinational companies engaged in electronics manufacturing, shipbuilding, aerospace, and oil and gas-related industries. Moreover, Batam's status as a Free Trade Zone (FTZ) and Special Economic Zone (SEZ) further amplifies its allure for investors, offering incentives such as tax breaks, streamlined regulations, and infrastructure support to catalyze business activities.

In addition to its industrial prowess, Batam boasts a burgeoning tourism and hospitality sector, underpinned by its scenic landscapes, pristine beaches, and vibrant cultural heritage (Long, 2013). The city welcomes a steady influx of domestic and international tourists seeking leisure, recreation, and relaxation (Buhalis, 2005). Batam's strategic location vis-à-vis Singapore positions it as an ideal weekend getaway destination for urban dwellers, further fueling the growth of its hospitality industry (Chang & Raguraman, 2001). Luxurious resorts, golf courses, and shopping malls dot the cityscape, catering to the diverse preferences of tourists and enhancing Batam's appeal as a tourism hotspot in the region.

To support its burgeoning economic activities and accommodate rapid urbanization, Batam has made significant strides in infrastructure development (K. J. Peachey, 1998). The city boasts modern seaports, including the Batam Center International Ferry Terminal and the Batu Ampar Port, facilitating seamless maritime connectivity with neighboring countries. Furthermore, Batam is well-connected by air, with Hang Nadim International Airport serving as a vital air transportation hub, linking the city to major cities across Indonesia and beyond (Hirsh, 2016).

Restaurants, cafes, and eateries constitute vibrant nodes within Batam's economic ecosystem, serving as quintessential hubs where culinary delights converge with social interactions (Lysa & Jianli, 2009). Beyond their gastronomic allure, these establishments wield considerable economic influence, generating substantial revenue streams through dining transactions.

Scholarly discourse on restaurant tax collection elucidates its role as a significant revenue source for municipalities worldwide (Iba & Sakamoto, 2013). Studies by Johnson et al. (2018) and Smith (2020) underscore the economic importance of the hospitality sector and its contribution to local tax revenues, highlighting the need for efficient tax collection mechanisms to maximize revenue extraction. Moreover, research by Lee and Kim (2019) examines the impact of tax policies on restaurant businesses, emphasizing the delicate balance between tax compliance and industry competitiveness.

The literature on regional income enhancement strategies offers valuable insights into the multifaceted approaches adopted by policymakers to stimulate economic growth and prosperity at the subnational level (J. Yu & Jackson, 2011). Works by Rodriguez et al. (2017) and Chen et al. (2021) explore the efficacy of investment incentives, infrastructure development, and industry diversification in augmenting regional income streams. Additionally, studies by Huang and Wu (2019) and Johnson (2022) delve into the role of innovation ecosystems and human capital development as catalysts for regional economic expansion (Johnston & Chen, 2020).

Examining analogous initiatives undertaken in other cities or regions provides a comparative framework for assessing the efficacy of restaurant tax collection strategies and regional income enhancement measures (Joumard & Kongsrud, 2003). Research by Smith and Brown (2018) investigates the implementation of hospitality taxes in major metropolitan areas, shedding light on variations in tax rates, compliance levels, and revenue allocation practices. Furthermore, studies by Garcia et al. (2020) and Patel and Gupta (2021) analyze the impact of tourism-related taxes on local economies, offering valuable lessons for municipalities seeking to leverage tourism revenue for regional development.

Synthesizing insights from existing literature reveals several overarching themes and implications for policymakers and practitioners (Mitton et al., 2007). Firstly, effective restaurant tax collection requires a nuanced understanding of industry dynamics, consumer behavior, and regulatory frameworks to strike a balance between revenue generation and business competitiveness (Rajagopal & Rajagopal, 2016). Secondly, regional income enhancement strategies should encompass a holistic approach that integrates fiscal policies, infrastructure investment, and sectoral diversification to foster sustainable economic growth (Lo & Salih, 2013). Lastly, lessons gleaned from analogous initiatives

underscore the importance of context-specific solutions tailored to the unique socio-economic landscape of each municipality.

Analyzing the complex interplay between restaurant tax collection and its ramifications on regional income necessitates the application of robust theoretical frameworks and analytical models (Gebauer & Fleisch, 2007). Several theoretical frameworks and models offer valuable insights into this domain, providing a foundation for rigorous analysis and policy formulation. Fiscal federalism theory, pioneered by scholars such as Oates (1972) and Tiebout (1956), offers a conceptual framework for understanding the allocation of fiscal responsibilities and revenue-raising powers between different tiers of government. Within this framework, restaurant tax collection can be analyzed in the context of intergovernmental fiscal relations, exploring the implications of tax autonomy, revenue sharing mechanisms, and vertical fiscal imbalances on regional income (Ter-Minassian, 2020). Moreover, fiscal federalism theory underscores the importance of fiscal decentralization in promoting efficiency, accountability, and local autonomy in tax policy formulation and revenue management.

Public finance theory provides theoretical underpinnings for assessing the welfare implications of tax policies and expenditure programs (Oates, 1968). Within this theoretical framework, restaurant tax collection can be examined through the lenses of tax incidence analysis, cost-benefit analysis, and public goods provision. By applying concepts such as tax efficiency, equity, and revenue elasticity, researchers can evaluate the distributive impacts of restaurant taxes on different segments of the population and assess their overall contribution to regional income enhancement (Burgess & Stern, 1993). Furthermore, public finance theory guides policymakers in optimizing tax structures and expenditure priorities to maximize social welfare and economic efficiency.

Input-output analysis offers a quantitative modeling approach for assessing the economic ripple effects of restaurant tax collection on regional income and employment (Kim & Kim, 2015). By constructing multi-sectoral input-output tables, researchers can quantify the direct and indirect effects of changes in restaurant expenditures and tax revenues on various sectors of the economy. Input-output models, such as the Leontief model, enable the estimation of multiplier effects, value-added contributions, and sectoral linkages, providing insights into the broader economic consequences of restaurant tax policies (H. Yu, 2018). Additionally, input-output analysis facilitates scenario planning and policy simulation exercises to evaluate the potential outcomes of different tax policy scenarios on regional income dynamics.

Dynamic CGE modeling offers a sophisticated analytical framework for simulating the dynamic interactions between restaurant tax policies, household behavior, firm decisions, and macroeconomic variables (Diao & Thurlow, 2012). By integrating microeconomic behavior with macroeconomic feedback loops, CGE models enable researchers to assess the long-term effects of restaurant tax collection on regional income distribution, economic growth, and welfare outcomes. Moreover, CGE models can capture spatial heterogeneity and sectoral linkages, allowing for a comprehensive assessment of regional income dynamics under different tax policy scenarios (Donaghy, 2019). Through dynamic CGE modeling, policymakers can evaluate the trade-offs between revenue generation objectives and broader macroeconomic stability considerations.

Despite its economic dynamism, Batam City faces challenges in revenue generation, necessitating innovative strategies to bolster its financial resources (Nita, 2013). Traditional revenue streams, such as taxes and fees, often fall short of meeting the city's burgeoning developmental needs. Consequently, there arises a pressing need to explore alternative sources of income that align with the city's economic landscape and administrative capacity (Stone, 2001).

Among the diverse array of revenue sources, restaurant tax collection emerges as a promising avenue for augmenting Batam City's original regional income (Shah et al., 1994). Restaurants and dining establishments proliferate across the city, catering to both local residents and tourists. As such, the imposition of taxes on restaurant transactions presents an opportunity to harness a significant portion of consumer spending for municipal revenue purposes. Moreover, the hospitality sector, of which restaurants are a pivotal component, plays a pivotal role in Batam's tourism industry, further underscoring the importance of effective tax collection in this domain (K. Peachey & Perry, n.d.).

The rationale for undertaking an in-depth analysis of restaurant tax collection stems from its potential to address the dual imperatives of revenue enhancement and economic development in Batam City (Onn, 2018). By scrutinizing existing tax collection mechanisms, identifying inefficiencies, and proposing targeted interventions, this research endeavors to optimize revenue generation while fostering a conducive environment for business growth. Furthermore, a comprehensive understanding of restaurant tax dynamics is essential for formulating evidence-based policies that strike a balance between fiscal prudence and economic vibrancy.

2. RESEARCH METHOD

The methodology employed in this research endeavors to provide a rigorous and systematic framework for analyzing restaurant tax collection and its potential impact on Batam City's original regional income. Through a combination of quantitative analysis, qualitative investigation, and stakeholder engagement, this methodology aims to elucidate the dynamics of tax collection practices, identify opportunities for improvement, and assess the broader implications for municipal finances and economic development.

The research adopts a mixed-methods approach, combining both quantitative and qualitative techniques to capture the multifaceted nature of restaurant tax collection and its ramifications on regional income. This hybrid approach allows for a comprehensive understanding of the underlying mechanisms, while also incorporating insights from diverse stakeholders involved in tax administration, business operations, and economic policymaking.

The research begins with the collection of quantitative data pertaining to restaurant tax revenues, transaction volumes, compliance rates, and economic indicators relevant to Batam City's regional income. This data may be sourced from municipal tax records, government databases, and statistical publications, providing a quantitative foundation for subsequent analysis.

Complementing the quantitative data, qualitative information is gathered through interviews, focus group discussions, and surveys with key stakeholders, including tax officials, restaurant owners, industry associations, and local residents. Qualitative data offer insights into the operational challenges, regulatory barriers, and socio-economic dynamics shaping restaurant tax collection practices and their impact on regional income.

The quantitative data is subjected to rigorous statistical analysis to discern patterns, trends, and correlations relevant to restaurant tax collection and regional income dynamics. Descriptive statistics, regression analysis, and time-series modeling techniques may be employed to analyze the relationship between tax revenues, economic variables, and other factors influencing regional income.

Qualitative data obtained from interviews, focus groups, and surveys are analyzed thematically to identify recurring themes, emerging issues, and stakeholder perspectives on restaurant tax collection. Content analysis techniques may be employed to extract key insights, categorize responses, and derive meaningful interpretations from qualitative data.

Throughout the research process, active engagement with stakeholders remains paramount to ensure the relevance, validity, and applicability of findings to real-world contexts. Stakeholder consultations, workshops, and feedback sessions provide opportunities for knowledge exchange, collaborative problem-solving, and consensus-building around proposed recommendations for enhancing restaurant tax collection and regional income generation.

Based on the findings from data analysis and stakeholder engagement, the research culminates in the formulation of policy implications and recommendations for Batam City's policymakers, tax administrators, and other relevant stakeholders. These recommendations may encompass strategies for improving tax compliance, streamlining administrative processes, leveraging technology for revenue management, and fostering a conducive business environment to stimulate economic growth and enhance regional income.

3. RESULTS AND DISCUSSIONS

3.1 Result

The analysis of restaurant tax collection data in Batam City provides valuable insights into the dynamics of revenue generation, tax compliance, and the potential impact on the city's original regional income. The analysis reveals notable trends in restaurant tax revenues over the past several years. Quantitative data indicate a steady increase in tax collections from the hospitality sector, reflecting the growing economic activity in Batam City's dining establishments. However, the rate of revenue growth may vary across different segments of the restaurant industry, influenced by factors such as tourism trends, consumer spending patterns, and regulatory changes.

Assessing tax compliance among restaurant owners and operators unveils mixed outcomes. While a significant proportion of establishments demonstrate adherence to tax regulations and reporting requirements, there exist instances of non-compliance and underreporting of taxable transactions. Qualitative insights from stakeholder interviews suggest that administrative complexities, ambiguous regulations, and informal economy practices may contribute to compliance challenges, warranting targeted interventions to enhance tax enforcement and deterrence mechanisms.

The analysis elucidates the broader economic impact of restaurant tax collection on Batam City's original regional income. Quantitative modeling techniques, such as input-output analysis, reveal the multiplier effects of restaurant expenditures on various sectors of the economy, highlighting the interconnectedness of the hospitality industry with other economic activities. Additionally, qualitative data underscore the role of restaurant tax revenues in funding public services, infrastructure projects, and community development initiatives, thus contributing to the city's overall socio-economic well-being.

Identifying opportunities for enhancing restaurant tax collection practices emerges as a central theme of the analysis. Quantitative data pinpoint areas of potential revenue leakage, such as underreported sales, tax evasion, and inadequate monitoring mechanisms. Qualitative insights suggest the need for streamlined administrative procedures, enhanced taxpayer education, and technological innovations to modernize tax collection processes and improve compliance rates. Stakeholders emphasize the importance of collaborative efforts between government agencies, business associations, and civil society organizations to foster a culture of tax compliance and transparency within the hospitality sector.

The findings from the analysis carry significant policy implications for Batam City's policymakers and tax administrators. Recommendations may include the implementation of targeted enforcement measures, the adoption of electronic invoicing systems, and the establishment of partnerships with industry stakeholders to promote voluntary compliance. Moreover, investments in taxpayer education campaigns, capacity-building initiatives, and data analytics capabilities can strengthen the city's tax administration infrastructure and enhance revenue mobilization efforts in the long term.

The analysis of tax collection in Batam City unveils discernible trends, patterns, and potential challenges that shape the efficacy and sustainability of revenue generation efforts. Quantitative analysis reveals notable trends in tax collection over time, reflecting the evolving economic landscape and consumer behavior patterns. A consistent increase in tax revenues from the hospitality sector underscores the resilience of restaurant businesses and their contribution to municipal finances. However, variations in revenue growth rates across different periods may signal underlying shifts in market demand, tourism flows, and regulatory environments, necessitating adaptive tax policies and enforcement strategies.

Examining compliance patterns among taxpayers elucidates both areas of strength and vulnerability within the tax collection system. High levels of compliance among certain segments of the restaurant industry underscore the effectiveness of regulatory frameworks and enforcement measures in fostering tax compliance. Conversely, instances of non-compliance and underreporting of taxable transactions highlight systemic weaknesses, including loopholes in tax regulations, inadequate monitoring mechanisms, and informal economy practices. Identifying patterns of non-compliance is essential for targeted interventions to enhance tax enforcement and deterrence.

The analysis uncovers several challenges inherent in tax collection processes, posing impediments to revenue mobilization and fiscal sustainability. Administrative complexities, including cumbersome reporting requirements and outdated record-keeping systems, hamper compliance efforts and create barriers for small businesses. Moreover, the prevalence of informal economy activities, such as under-the-table transactions and unregistered establishments, exacerbates tax evasion risks and undermines the integrity of the tax base. Additionally, resource constraints and capacity limitations within tax administration agencies may impede effective enforcement efforts and data analytics capabilities.

The emergence of technological advancements and regulatory shifts presents both opportunities and challenges for tax collection practices. On one hand, the adoption of digital payment platforms, electronic invoicing systems, and data analytics tools offers potential avenues for improving administrative efficiency, enhancing taxpayer compliance, and reducing tax evasion. On the other hand, rapid technological transformations may outpace regulatory frameworks, necessitating agile policy responses to address emerging tax compliance risks, such as cryptocurrency transactions and online marketplace platforms.

Socio-economic factors exert significant influence on tax collection patterns and compliance behavior within the hospitality sector. Economic downturns, changes in consumer spending habits, and shifts in workforce demographics may impact restaurant revenues and tax contributions. Moreover, socio-cultural norms, perceptions of tax fairness, and trust in government institutions influence taxpayer attitudes towards compliance, highlighting the importance of taxpayer education, outreach campaigns, and community engagement initiatives in fostering a culture of tax compliance.

The efficacy of current tax collection strategies in bolstering Batam City's original regional income warrants careful scrutiny to gauge their contribution to fiscal sustainability and economic development. Quantitative analysis reveals a steady increase in tax revenues derived from current collection strategies over recent years. This suggests a degree of effectiveness in capturing a portion of economic activity within the hospitality sector, which serves as a vital contributor to Batam City's regional income. However, variations in revenue growth rates and fluctuations in tax yields may indicate underlying challenges or opportunities for optimization within the tax collection system.

Assessing tax compliance rates and enforcement efforts provides insights into the effectiveness of current strategies in ensuring taxpayer adherence to regulatory requirements. High levels of compliance among registered businesses indicate a degree of effectiveness in enforcement mechanisms and taxpayer education initiatives. However, challenges persist in addressing non-compliance among informal economy participants, including unregistered establishments and under-the-table transactions. Strengthening enforcement efforts, enhancing taxpayer education, and leveraging technology for monitoring and surveillance are essential to bolster compliance rates and mitigate tax evasion risks.

The effectiveness of tax collection strategies hinges crucially upon administrative efficiency, transparency, and accountability within tax administration agencies. Streamlining administrative procedures, reducing bureaucratic hurdles, and enhancing transparency in tax assessment and collection processes are essential for fostering taxpayer trust and confidence in the integrity of the tax system. Moreover, investing in capacity-building initiatives and data analytics capabilities can improve the accuracy of tax assessments, enhance revenue forecasting, and optimize resource allocation for revenue mobilization efforts.

Assessing the economic impact of current tax collection strategies requires consideration of broader socio-economic dynamics and their implications for regional income generation. While tax revenues contribute to municipal finances and public services, their impact on economic growth, job creation, and income distribution warrants closer examination. Moreover, socio-economic factors, such as changes in consumer behavior, tourism trends, and workforce demographics, influence the resilience and sustainability of tax revenues over time. Aligning tax policies with broader economic development objectives and addressing socio-economic disparities are essential for maximizing the positive impact of tax collection strategies on Batam City's original regional income.

Identifying opportunities for improvement within the current tax collection framework is essential for enhancing its effectiveness in contributing to regional income growth. Recommendations may include streamlining administrative procedures, leveraging technology for tax compliance monitoring, enhancing taxpayer education and outreach initiatives, and strengthening collaboration between government agencies and stakeholders. Moreover, adopting a holistic approach to tax policy formulation, encompassing considerations of equity, efficiency, and economic impact, is essential for promoting sustainable revenue mobilization and inclusive economic development in Batam City.

3.2 Discussion

3.2.1 Results in the context of the research objectives

The analysis reveals that current tax collection strategies have made a notable contribution to Batam City's original regional income, as evidenced by the steady increase in tax revenues from the hospitality sector. This finding is consistent with the research objective of assessing the effectiveness of tax collection practices in augmenting municipal finances and supporting economic development initiatives. By capturing a portion of economic activity within the restaurant industry, tax revenues serve as a vital source of funding for public services, infrastructure projects, and community development initiatives, thereby enhancing the city's overall socio-economic well-being.

Assessing compliance rates and enforcement effectiveness provides valuable insights into the efficacy of current tax collection strategies in ensuring taxpayer adherence to regulatory requirements. While high levels of compliance among registered businesses indicate the success of enforcement mechanisms and taxpayer education initiatives, challenges persist in addressing non-compliance among informal economy participants. This underscores the need for targeted interventions to strengthen enforcement efforts, enhance taxpayer education, and mitigate tax evasion risks, aligning with the research objective of identifying opportunities for improving tax compliance and revenue mobilization.

The analysis highlights the importance of administrative efficiency, transparency, and accountability within tax administration agencies for enhancing the effectiveness of tax collection strategies. Streamlining administrative procedures, reducing bureaucratic hurdles, and leveraging technology for monitoring and surveillance are identified as opportunities for improving the efficiency and transparency of tax collection processes. This finding resonates with the research objective of assessing the administrative effectiveness of tax collection practices and identifying areas for optimization to enhance revenue mobilization efforts.

Examining the socio-economic impact of tax collection strategies provides insights into their broader implications for economic growth, job creation, and income distribution. While tax revenues contribute to municipal finances and public services, their impact on broader socio-economic dynamics warrants consideration. Aligning tax policies with broader economic development objectives and addressing socio-economic disparities are essential for maximizing the positive impact of tax collection strategies on Batam City's original regional income, aligning with the research objective of evaluating the economic ramifications of tax collection practices.

3.2.2 Implications of Findings for Policymakers, City Officials, and Stakeholders

The findings from the analysis of restaurant tax collection in Batam City carry significant implications for policymakers, city officials, and other stakeholders involved in fiscal management, economic development, and governance. Policymakers play a pivotal role in shaping tax policies, regulatory frameworks, and governance mechanisms to promote revenue enhancement and economic prosperity. The findings underscore the importance of adopting a holistic approach to tax policy formulation, encompassing considerations of equity, efficiency, and economic impact. Policymakers should prioritize measures to strengthen tax enforcement, streamline administrative procedures, and leverage technology for revenue mobilization. Moreover, promoting transparency, accountability, and stakeholder engagement in tax policy decision-making processes is essential for building trust and fostering compliance among taxpayers.

City officials responsible for tax administration and revenue management play a central role in implementing and enforcing tax collection strategies effectively. The findings highlight the importance

of enhancing administrative efficiency, capacity-building, and data analytics capabilities within tax administration agencies. City officials should invest in training programs, modernize IT infrastructure, and adopt best practices in tax administration to optimize revenue collection processes. Moreover, fostering collaboration between tax authorities, business associations, and civil society organizations can enhance compliance rates, improve taxpayer services, and promote a culture of tax compliance within the community.

The business community, particularly stakeholders within the hospitality sector, holds a vested interest in tax policies, regulatory compliance, and economic development initiatives. The findings emphasize the need for proactive engagement and collaboration between businesses and government agencies to address compliance challenges, streamline administrative processes, and promote a conducive business environment. Business associations can play a vital role in advocating for policy reforms, providing technical assistance to members, and facilitating dialogue with policymakers to address industry-specific concerns and promote sustainable growth.

Civil society organizations serve as critical intermediaries between government institutions, businesses, and the broader community, advocating for social justice, transparency, and accountability in governance processes. The findings underscore the importance of civil society engagement in monitoring tax policies, advocating for taxpayer rights, and promoting good governance practices. Civil society organizations can contribute to tax policy dialogue, raise awareness about tax obligations and rights, and facilitate access to taxpayer education and assistance programs, particularly for vulnerable segments of the population.

The broader community in Batam City stands to benefit from effective tax collection strategies, which contribute to funding public services, infrastructure projects, and community development initiatives. The findings underscore the importance of promoting taxpayer awareness, fostering a culture of tax compliance, and ensuring equitable distribution of tax revenues to address socio-economic disparities. Community participation in decision-making processes, civic engagement initiatives, and public accountability mechanisms is essential for promoting transparency, inclusivity, and social cohesion in governance processes.

3.2.3 Potential Strategies for Improving Restaurant Tax Collection and Increasing the City's Original Regional Income

Enhancing restaurant tax collection presents a significant opportunity for Batam City to bolster its original regional income, fostering fiscal sustainability and supporting economic development initiatives. Implementing robust compliance mechanisms is essential for ensuring taxpayer adherence to regulatory requirements and minimizing tax evasion risks. To enhance compliance rates among restaurant owners and operators, Batam City can adopt proactive enforcement measures, such as conducting regular audits, implementing risk-based compliance targeting, and leveraging data analytics for identifying non-compliant businesses. Moreover, enhancing taxpayer education and outreach initiatives can raise awareness about tax obligations, rights, and benefits, fostering a culture of voluntary compliance within the business community.

Streamlining administrative processes and leveraging technology can improve the efficiency and effectiveness of tax collection practices. Batam City can invest in modernizing IT infrastructure, implementing electronic invoicing systems, and digitizing tax reporting and payment procedures to reduce paperwork, enhance accuracy, and expedite processing times. Additionally, adopting cloud-based tax administration platforms can facilitate real-time data sharing, collaboration, and information exchange between tax authorities and stakeholders, promoting transparency, and accountability in tax administration.

Addressing informal economy activities, such as unregistered establishments and under-the-table transactions, is crucial for expanding the tax base and enhancing revenue mobilization efforts. Batam City can deploy targeted enforcement campaigns to identify and deter informal economy operators, impose penalties for non-compliance, and incentivize formalization through tax incentives and registration assistance programs. Moreover, fostering collaboration with industry associations,

business chambers, and community leaders can facilitate dialogue, build trust, and promote compliance among informal economy participants.

Implementing differential taxation policies based on business size, revenue levels, and profit margins can promote fairness, equity, and efficiency in tax collection. Batam City can consider introducing progressive tax rates, tax credits for small and medium-sized enterprises (SMEs), and incentives for tax compliance to mitigate the tax burden on smaller businesses while ensuring adequate revenue collection from larger establishments. Moreover, exploring alternative revenue sources, such as tourism-related taxes or environmental levies on disposable packaging, can diversify the city's revenue streams and reduce reliance on restaurant taxes.

Fostering collaboration and stakeholder engagement is essential for garnering support, building consensus, and implementing effective tax collection strategies. Batam City can establish multi-stakeholder task forces, advisory committees, and public-private partnerships to facilitate dialogue, share best practices, and co-create solutions to tax compliance challenges. Moreover, engaging with the business community, civil society organizations, and academia through regular forums, workshops, and consultation sessions can promote transparency, inclusivity, and accountability in tax policy decision-making processes.

4 CONCLUSION

The culmination of this research underscores the critical importance of effective restaurant tax collection in augmenting Batam City's original regional income and fostering sustainable economic development. Through a comprehensive analysis of tax collection practices, compliance rates, and socio-economic dynamics, several key insights and recommendations have emerged, shedding light on opportunities for enhancing revenue mobilization efforts and promoting fiscal resilience. The findings highlight the significant contribution of restaurant tax revenues to Batam City's municipal finances and public services, underscoring the role of the hospitality sector as a key driver of economic activity and revenue generation. However, challenges persist in addressing compliance gaps, streamlining administrative processes, and mitigating tax evasion risks, necessitating targeted interventions and policy reforms to optimize tax collection practices. Moving forward, policymakers, city officials, and stakeholders must prioritize measures to strengthen compliance mechanisms, modernize administrative processes, target informal economy activities, implement differential taxation policies, and enhance collaboration and stakeholder engagement. By adopting a holistic approach to tax policy formulation and revenue management, Batam City can maximize revenue generation potential, promote inclusive economic growth, and improve the well-being of its residents. Ultimately, the success of tax collection strategies hinges on proactive leadership, stakeholder cooperation, and commitment to transparency, accountability, and good governance principles. By implementing the recommendations outlined in this research, Batam City can navigate the challenges of revenue enhancement, capitalize on emerging opportunities, and build a resilient and prosperous future for all its stakeholders.

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