

IMPLICATIONS OF HALAL TOURISM SECTOR TO OPTIMIZE REGIONAL OWN SOURCE REVENUE OF TAX AND TOURISM CHARGES IN EAST LOMBOK REGENCY

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Abstract--The conduction of the present study was motivated by proliferation of authority of Regional Government regarding the enactment of a Regional Regulation on tourism which is not followed by a synchronized functions. All involved parties had a strong argument in defending a religious regulation, thus, it consequently led to a multi-interpreted, conflictual and disobedient legal situations which created a disharmony between one and other rules. The type of the present study is a normative legal research. It emphasizes literature study with the focus of the research in principles of law, systematics of law, synchronization of law and legal history. Besides, this was also a descriptive research. The conclusions of the present study are, (1) the decentralization of tourism management gave authority to the Regional Government in forming legal products to increase Regional Ownsource Revenue, (2) the Regional Government of West Nusa Tenggara Province needs to pay more attention to the principles and basis of *lex superior derogat legi inferiori* in establishment of the West Nusa Tenggara Province Regulation No. 2 Year 2016 concerning Halal Tourism. This can be seen from the material regulated in the Regional Government Regulation which had a religious nuance, so that Halal tourism did not maximally contribute to the Regional Own-source Revenue in recreation and sport center charges.

Keywords—Halal Tourism, Regional Own-source Revenue, West Nusa Tenggara Province

I. Introduction

Regional autonomy essentially comprises freedom and discretion of initiation, requiring government guidance and supervision, so it does not turn into sovereignty. Autonomy functions to create diversity in the administration of government, in accordance with the conditions and potentials of Regional community. Regional autonomy functions to accommodate the diversity of the community so that variations in political aparatures are realized to deliver people's aspirations. It implies the authority to regulate and manage one's own as well as a freedom or independence affairs regardless the sense of being independent from frame of independence of the Unitary Republic of Indonesia. In another sense, regional autonomy is seen as an actual right to regulate and govern the region itself. The right is the source of decentralization, deconcentration and assistance tasks delegated by the central government as a reflection of shared commitment that shall always be used as the main foundation for governance implementation. The implementation of regional autonomy is closely related to the authority in making and implementing laws and regulations. The implementation is based on Article 18 of the 1945 Constitution of Law of the Republic of Indonesia Number 33 Year 2004 concerning Central and Regional Financial Balance and Law of the Republic of Indonesia Number 23 Year 2014 concerning Regional Government. [1]

Regulation of West Nusa Tenggara Province No. 2 Year 2016 concerning *Halal* Tourism is closely related to fiscal decentralization in West Nusa Tenggara Province. It is the determination of sources of revenue for regions that can be explored and used by themselves by using their respective potential. Tourism is one of the potentials that can enhance national development in order to achieve a just, prosperous, prosperous society and can increase its Regional Own-source Revenue. Article 285 (1)

states that the source of regional own-source revenue consists of Regional Taxes, Regional Charges, Regional Own-source Assets and Other Lawful Regional Revenue. Regarding Other Lawful Regional Revenue, Article 6 Paragraph (2) of Law of the Republic of Indonesia Number 33 Year 2004 concerning Fiscal Balance between the Central and Regional Governments states that Other Lawful Regional Revenue includes the sale of Regional Own-source Assets, current account services, interest revenue, income of different domestic currency from foreign currency, and commissions, deductions or other forms as a result of the sale and/or procurement of goods and/or services conducted by the regions. [2]

Tourism is part of the object of Charges as regulated in Article 108 Paragraph (1) of Law of the Republic of Indonesia Number 28 Year 2009 concerning Regional Taxes and Regional Levies that states that the objects of charge include general services, business services and certain licenses. Regional tourism development is also a series of sustainable national development of all aspects of the life of people, nation and state to realize national development goals based on the 1945 Constitution of the Republic of Indonesia. It has an important role in increasing employment, encouraging equal opportunity for business and equitable development, and contributing to the region or country which has been resulted from foreign and domestic tourist visits as well as alleviating poverty which will ultimately improve people's welfare. *Halal* Tourism is a tourist visit activity with destinations and industry that prepares tourism products, services and management facilities that shall meet the *shariah*. *Halal* tourism is a tourist visit activity with tourism destinations and industries that meet the *sharia* elements in Lombok and Sumbawa, West Nusa Tenggara Province. It has many natural and cultural riches and prospects for tourism development. Its geographical existence which is located near Bali, as a barometer of Indonesian tourism, creates and provides its own advantages in the distribution of foreign tourists since East Lombok Regency, West Nusa Tenggara Province is considered to be the first tourist destination in West Nusa Tenggara Province. In addition, East Lombok Regency is the owner of the most destinations in West Nusa Tenggara Province.[3]

The charm of natural beauty and cultural uniqueness does not mean that problems in tourism can be resolved. Equitable development of tourism has not been well implemented, such as facilities and services to fulfill basic infrastructure, (e.g. clean water, electricity, roads, airports, ports, attractions, attractive tourist packaging and promotion of tourism destinations) that is still very limited, whereas tourists expect extra services that can provide satisfaction in the demands of attraction. Demands for tourist attractions must be fulfilled with interesting actions, such as tourism objects, art shows, entertainment, traditional ceremonies held by Regional people and souvenirs sale. As a result, it has a crucial impact on the number of tourists visiting tourism destinations in East Lombok Regency, West Nusa Tenggara Province. East Lombok and Mataram, for example, are among the nine regencies and cities in West Nusa Tenggara Province located in east of Lombok and west of Lombok. East Lombok has twenty six natural attractions and beaches. Meanwhile, Mataram has five natural attractions and two beaches. The following table presents the data of Department of Tourism and Culture of Mataram and East Lombok: [4]

Table 1
Tourist Visits Data in East Lombok and Mataram

No	Year	Municipality/Regency	
		East Lombok	Mataram
1.	2014	11,323	294,691
2.	2015	17,024	401,037
3.	2016	19,424	429,325
4.	2017	21,040	368,995
5.	2018	22,542	590,425

Source: Department of Tourism and Culture of East Lombok and Mataram

The increase in tourist visits, according to Burhan Bungin, is due to the brand seen by tourists, which has stimulated purchases. *Halal* Tourism in West Nusa Tenggara is recognized and has received awards as the world's best *halal* beach resort, the world's best *halal* honeymoon destination and the world's best *halal* tourism website. Regarding its potential destinations, West Nusa Tenggara Province shall have the prerequisites to be a developed, affluent and prosperous province. This is in line with what Richard A. Posner suggests that the increase in tourist visits will bring wealth maximization closer (the theory of maximizing prosperity). Also, the increase has certain impacts on efficiency and economic value. Efficiency means the ability to buy and fulfill goods and services, while value is defined as the ability to pay. This value turns into a function of meeting the distribution of income and welfare in society. [5]

II. Research Method

The type of the present study used in this paper was normative legal research. It used literature study. Normative legal research is a research consisting of research on legal principles, legal systematics, law synchronization, legal history and legal comparison. The present study was also descriptive in nature, namely analyzing the implications of the regulation of the *halal* tourism sector to optimize Regional Own-source Revenue of Nusa Tenggara Barat Province. The present study used secondary data by applying legal materials obtained from literature study of primary legal materials, secondary legal materials and tertiary materials. The tools for fecondary data collection were books relating to the theory and concept of research objects, related articles, scientific writing literatures and so on through literature study. The data were analyzed using a qualitative analysis and presented in a descriptive form. Qualitative analysis was performed through categorization based on the research problems and data collection. Qualitative analysis is defined as qualitative normative assessment to assess the data collected from secondary data (through literature study) and whether or not the implementation is in accordance with the existing theories and rules, so it can measure the level of effectiveness of its implementation. [6]

III. Discussion

Halal tourism development in West Nusa Tenggara is oriented towards community welfare, development efforts, job opportunities improvement, poverty decline, and environment preservation. It is performed in an integrated manner across sectors, regions and actors, and implemented by encouraging public and private sector partnerships. *Halal* tourism also has an impact on increasing Regional Own-source Revenue and community income. It becomes part of Article 136 of Law of the Republic of Indonesia No. 28 Year 2009 concerning Regional Taxes and Charges that:

- (1) Objects of Recreation and Sport Center Charges as referred to Article 127 Point i are services of recreation, tourism and sport venues provided, owned and/or managed by the Regional Government.
- (2) Exeptions from the objects of charge as referred to paragraph (1) are recreational, tourism and sport services provided, owned, and/or managed by Regional Government, State-owned Enterprises, Regional Government-owned Enterprises, and Private Sector.

In general, East Lombok Regency has important bases for future regional development. The economic potential is related to agricultural products, plantations, marine fisheries and tourism. The balanced geographical character between the coast and land areas is ensured that most of the people are very dependent on the income from agricultural products and marine products. Even so the other

potentials are also quite large. The points or centers of economic growth in the area with an agrarian economic structure by placing agriculture become the dominant sector contributing the largest GRDP for the past five years. In addition to agricultural commodities, another commodity that also stand out in East Lombok Regency is fisheries or marine products. The products that can be extracted include shrimp, pearls, grouper, lobster and seaweed. Its commodities relate to coastal tourism destinations in East Lombok Regency since tourism is one of the leading potentials of East Lombok Regency. The existence of its tourism facilities strongly supports the development of tourism and the increase in people's income from Lombok tourism activities of domestic and foreign tourists. The tourism facilities provide additional value to each region of the destination. The existence of tourism facilities in an area presents a region's ability to provide facilities in order to support tourism activities for the tourists visiting East Lombok Regency.[7]

There has been an significant increase recently in its accomodation (i.e. from 27 units in 2014 to 35 units in 2016) in which all are commercial hotels. Most of the hotels or inns are located in an area bordering the location of Mount Rinjani National Park, pricesely 8 units in Sikur Sub-district and 12 units Sembalun Sub-district. The development of tourism is represented in the number of foreign tourists who stay overnight, while the indicator of domestic tourists is bias since the they usually to attend certain meetings or events in purpose. In 2015, foreign tourists staying at hotels or inns in East Lombok Regency reached 3,992 people, and showed the increase of 10.82% (4,424 people) in 2016 which had become the highest one in the last ten years. The greater the index of factor Hproviding a region's tourism facilities, the more important it is as a center for tourism activities. Moreover, the higher the index of provision of tourism facilities indicates the higher level of tourism activity in a region. This can be caused by the availability of hotels and inns that are very supportive for tourists' activities. East Lombok Regency has 92 natural tourism destinations with 48 guest houses, commercial hotels, 188 restaurants and 6 travel agencies. The details of destination data per district in East Lombok Regency are as follows.

Table 2
Number of Tourism Destinations per Sub-district in East lombok Regency in 2016

No	Sub-district	Objects		Total
		Beach	Nature	
1.	Keruak	2	-	2
2.	Jerowaru	14	-	14
3.	Sakra	-	-	-
4.	Sakra Barat	-	2	2
5.	Sakra Timur	-	2	2
6.	Terara	-	-	-
7.	Montong Gading	-	2	2
8.	Sikur	-	4	4
9.	Masbagik	-	4	4
10.	Pringgasela	-	11	11
11.	Sukamulia	4	-	4
12.	Suralaga	-	1	1
13.	Selong	-	2	2
14.	Labuhan Haji	3	1	4
15.	Pringgabaya	6	-	6

16	Suela	-	5	5
17.	Aikmel	-	4	4
18.	Wanasaba	-	1	1
19.	Sembalun	-	14	14
20.	Sambelia	10	1	11

Source: Department of Tourism and Culture of East Lombok Regency in 2016

The data indicates that the tourism sector is a potential one to be developed as one of the sources for regional income. Efforts to increase Regional Own-source Revenue, the development program and utilization of resources and regional tourism potential are expected to contribute to economic development. The development of tourism also encourages and accelerates economic growth. Tourism activities create demand, both consumption and investment, which in turn will lead to the production of goods and services. An investment in transportation and communication, hospitality and other accommodation, the handicraft, consumer product, service industries, and restaurants should also be made to meet the tourists' demand. As a result, the community does not only oblige to serve tourists in carrying out tourism activities as has been marked by the slogan *Sapta Pesona* that they must be a good host for tourists. [8]

The mainstay of East Lombok Regency tourism is nature and beach. The development of the tourism sector in East Lombok Regency in the stages of regional development has been able to provide a significant role and contribution to the growth of regional development, especially the increase in Regional Own-source Revenue, employment and business opportunities. However, the increase in the sector of recreation and sport center charges in 2016 showed an insignificant increase since the tourism development was performed by joint ventures, community and indigenous peoples. The joint venture destinations (with third parties cooperation) are only 3 out of 56 destinations, namely games and lemor pools, *Joben* baths and *Tirta Karya Rinjani Selong* swimming pool. The basis of the joint venture is East Lombok District Regulation Number 9 Year 2014 concerning Investment Management of the Government of East Lombok Regency with Third Parties. Intensification and extensification of Regional Own-source Revenue is directed to increase revenue through by taxes, fees and other legitimate sources according to related laws that have clearly defined objects and subjects. This is carried out through continuous coordination of technical service units. Whereas extensification is directed by extracting new income potential through new tax potential deepening and scope of tax objects and subjects expanding. According to article 157 of Law of the Republic of Indonesia Number 23 Year 2014 concerning Regional Government and Article 5 of Law of the Republic of Indonesia Number 33 Year 2004 concerning Fiscal Balance between the Central Government and Regional Government, Regional revenue is described in points as follows:

- a. Regional Own-source Revenue:
 - (1) Regional Tax
 - (2) Regional Charges
 - (3) Management of Separated Regional Assets
 - (4) Other Lawful Regional Revenue
- b. Fiscal Balance:
 - (1) Revenue Sharing Fund of Tax and Non-Tax/Natural Resource
 - (2) General Allocation Fund
 - (3) Special Allocation Fund
- c. Other Lawful Regional Own-source Revenue:
 - (1) Grant
 - (2) Emergency Fund

(3) Other Revenue Determined by the Regional Government.

The following table presents the data regarding the Regional Regulation made by the Regional Government to carry out Regional Own-source Revenue as stipulated in Law of the Republic of Indonesia Number 28 Year 2009 concerning Regional Taxes and Regional Levies, namely East Lombok Regency Regulation Number 10 Year 2010 concerning Regional Taxes, Regulation Number 11 Year 2010 concerning General Service Group Charges, Regulation Number 12 Year 2010 concerning Business Services Group Charges, Target and Realization of Regional Own-source Revenues in tourism sector.

Table 3
Realization of Regional Own-source Revenue of East Lombok Regency in 2016-2018

TARGET INDICATORS	YEAR		
	2018	2017	2016
REGIONAL REVENUE	2.200.567.446.528,58	1.912.403.450.000,00	1.693.781.530.000,00
REGIONAL OWN-SOURCE REVENUE	232.204.930.829,58	189.270.750.488,00	180.308.180.829,58
Loxal Taxes	48.151.347.661,96	27.993.567.310,00	26.037.357.661,96
Hotel Tax	854.984.727,00	800.904.727,00	754.984.727,00
Restaurant Tax	2.750.944.650,96	2.450.944.650,96	2.000.944.650,96
Entertainment Tax	41.495.585,00	19.115.588,00	6
Advertisement Tax	1.790.420.957,00	1.300.420.987,00	15.100.985,00
Street Lighting Tax	16.784.958.840,0	11.484.958.830,0	1.000.420.907,0
Underground Water Tax	0	0	0
Swallow Bird Nest Tax	11.441.550,00	11.441.550,00	9.884.978.800,0
Non-metallic Mineral and Rock Tax	1.000.000,00	1.000.000,00	0
Land and Building Tax of Rural and Urban Areas	14.282.529.446,0	14.282.529.446,0	10.439.250,00
Acquisition Duty of Right and Land and Building	0	0	1.000.000,00
	7.932.115.424,00	6.821.104.313,00	10.100.139.332,00
	3.701.456.482,00	2.600.345.371,00	4.003.233.727,00
			0
			1.601.456.482,00
			0
Regional Charges Revenue	32.033.635.656,44	31.515.595.678,41	24.999.4135.517,40
General Service Charges	24.274.730.922,00	23.163.629.811,00	20.274.735.811,00
Business Service Retrbution	4.375.135.034,00	3.264.024.023,00	2.154.014.034,00

Regional Assets Use Charges	3.031.575.530,00	2.020.464.420,00	3.031.575.530,0
Auction Area Charges	70.473.000,00	69.473.000,00	0
Terminal Charges	1.250.900,00	1.140.900,00	70.473.000,00
Parking Area Charges	236.668.000,00	125.557.000,00	1.250.900,00
Slaughterhouse Charges	194.176.000,00	183.165.000,00	130.336.000,00
Seaport Service Charges	290.541.604,00	180.431.503,00	190.150.000,00
			190.421.604,00
Recreation and Sport Centers Charges	355.000.000,00	1.106.285.000,00	476.000.000,00
Regional Business Production Sales Charges	195.450.000,00	185.450.000,00	112.000.000,00
Certain Licensing Charges	3.383.769.700,00	3.383.769.700,00	3.383.769.700,00

Source: Regional Revenue Agency of East Lombok Regency in 2018

The data shows that the target of Tax Revenue of East Lombok Regency has insignificantly increased. However, an increase in Regional taxes and visits are not followed by an increase in hotel or villa lodging and recreation and sport centers charges, even though East Lombok Regency is a district with the world's best *halal* tourism and honeymoon destination as well as 56 beach and nature destinations. Tourism Sector Revenues that has contributed to the Regional Own-source Revenue of the present study were obtained from hotel, restaurant, and entertainment taxes, as well as recreation and sport centers Charges. Regional Own-source Revenue is the revenue obtained by the Region based on Regional Regulation in accordance with statutory regulation Number 34 Year 2000. It comes from regional taxes, regional charges, the income of separated regional assets management, and other lawful Regional revenue.

Table 4
Contribution of Tourism Sector Revenue towards Regional Own-source Revenue in 2016-2018

Year	Tourism Sector	Revenue	Regional Ownsource Revenue	Contribution (%)
2016	Hotel Tax	754,984,727.00	180,308,180,829.58	0.42
	Restaurant Tax	2,000,944,650.96	180,308,180,829.58	1.11
	Entertainment Tax	15,100,985.00	180,308,180,829.58	0.01
	Recreation and Sport centers Charges	476,000,000.00	180,308,180,829.58	0.26
	Total	3,247,030,362.96	180,308,180,829.58	1.80

Year	Tourism Sector	Revenue	Regional Ownsource Revenue	Contribution (%)
2017	Hotel Tax	800,904,727.00	189,270,750,488.00	0.42

	Restaurant Tax	2,450,944,650.96	189,270,750,488.00	1.29
	Entertainment Tax	19,115,588.00		0.01
			189,270,750,488.00	
	Recreation and Sport centers Charges	1,106,285,000.00	189,270,750,488.00	0.58
	Total	4,377,249,965.96	189,270,750,488.00	2.31

Year	Tourism Sector	Revenue	Regional Ownsource Revenue	Contribution (%)
2018	Hotel Tax	854,984,727.00	232,204,930,829.58	0.37
	Restaurant Tax	2,750,944,650.96	232,204,930,829.58	1.18
	Entertainment Tax	41,495,585.00	232,204,930,829.58	0.02
	Recreation and Sport centers Charges	355,000,000.00	232,204,930,829.58	0.15
	Total	4,002,424,962.96	232,204,930,829.58	1.72

Source: Regional Revenue Agency of East Lombok Regency in 2018

Table 5
Comparison of the Contribution of Tourism Sector Revenue towards Pre- and Post-Implementation of Regional Own-source Revenue Based on Regulation of West Nusa Tenggara Regulation No. 2 Year 2016

	Year	Tourism Sector Revenue	Regional Own-source Revenue	Contribution
Pre-Implementation	2015	3,247,030,362.96	180,308,180,829.58	1.80%
Regulation of West Nusa Tenggara Province Number 2 Year 2016	2016	4,377,249,965.96	189,270,750,488.00	2.31%
Post-Implementation	2017	4,002,424,962.96	232,204,930,829.58	1.72%

Source: Regional Revenue Agency of East Lombok Regency in 2018

Based on Table 5 and Table 6, the contribution of tourism sector revenue towards pre- and postimplementation of Regional Own-source Revenue based on Regulation of West Nusa Tenggara Province Number 2 Year 2016 does not indicate a significant increase. Pra-implementation shows that

the tourism sector contribution to Regional Own-source Revenue increased from 1.8% (2015) to 2.31% (2016) and decreased from 2.31% (2016) to 1.72% (2017) in post-implementation. In contrast, Regulation of West Nusa Tenggara Province Number 2 Year 2016 still shows its implementation gap. The world best *halal* tourism and honeymoon destination award won by East Lombok Regency have not significantly contributed to the increase in Regional Own-source Revenue. The implication of the present finding is that the regulation of the *halal* tourism sector in West Nusa Tenggara has not yet provided an optimal contribution to Regional Own-source Revenue. Implementation gaps in policy changes often occur since the process requires readiness terms of budget, human resources, and infrastructure. Several factors that become the main obstacles in the present study are (a) limited transportation infrastructure budget to the destination areas; and (b) destination entrance fee arrangements. These two obstacles will be described in the following discussion.

IV. Conclusion

Based on the aforesaid explanation, it can be concluded that *first*, the implications of the enactment of the Regional Regulation of West Nusa Tenggara Province Number 2 Year 2016 concerning *Halal* Tourism in East Lombok Regency gave a significant role and contribution to the increase in the number of tourist visits, employment and business, the growth of regional development especially Regional Own-source Revenue in hotel, restaurant, entertainment and parking area taxes. However, the recreation and sport center charges did not increase (39.18% of 100%) in 2010-2018.

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