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Accelerating The Achievement of Badung Regency's Hotel Tax Target

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Abstract
This policy paper analyzed the gap between hotel tax targets and realizations in Badung Regency during the 2021–2025 period and formulated acceleration strategies to minimize the realization deficit in the hotel tax sector, which serves as a key contributor to *Pendapatan Asli Daerah* (PAD) or Regional Original Revenue. The study employed a qualitative methodology using a literature review approach and secondary data analysis derived from hotel tax realization reports from the Badung Regency Regional Revenue Office and the Badung Regent Accountability Reports (*Laporan Keterangan Pertanggungjawaban* [LKPJ]) for 2021–2025. Data analysis was conducted using a comparative descriptive approach to evaluate achievement levels against targets, identify fluctuation patterns and deviations, and formulate alternative policies. These alternatives were subsequently evaluated using a scoring method based on effectiveness, efficiency, and impact criteria. The results revealed significant fluctuations in hotel tax realization during 2021–2025, with the highest achievement of 140.2% recorded in 2022 and the lowest achievement of 35.0% in 2021. In 2023, the achievement rate reached 92.0% but declined again in 2024 and 2025 to 75.92% and 63.24%, respectively. These fluctuations were influenced by seasonal variations in tourist arrivals, hotel occupancy rates, the impact of the COVID-19 pandemic, taxpayer compliance, and challenges related to Online Travel Agent (OTA) transactions and unregistered accommodations, such as villas and boarding houses. Based on the analysis, six alternative policies were formulated. The Strengthening and Expansion of Web Service Systems alternative received the highest score of 4.67 and was selected as the primary policy, followed by the Simple E-Billing Application (4.33) and Tempat Objek Pajak Daerah (TOPD) Optimization (4.00) as complementary policies.

INTRODUCTION

Hotel tax is one of the main components of *Pendapatan Asli Daerah* (PAD) or Regional Original Revenue in Badung Regency and contributes significantly to the *Anggaran Pendapatan dan Belanja Daerah* (APBD) or Regional Revenue and Expenditure Budget. As Badung is an International Tourist Destination (ITD), the region has substantial potential from the hotel industry due to the high influx of domestic and international visitors (Firdaus et al. 2021; Margayawati et al. 2025). Therefore, optimizing hotel tax collection is essential for supporting regional development and public service provision (Bovsh et al. 2021; Cetin et al. 2017; Mahadevan et al. 2017).

The realization of hotel tax revenue in Badung Regency during 2021–2025 experienced significant fluctuations, with most years recording achievements below the established targets.

According to the Badung Regency Revenue Office, hotel tax realization in 2021 amounted to IDR 258.0 billion, reaching only 35.0% of the target of IDR 737.4 billion. This substantial shortfall was primarily caused by the COVID-19 pandemic, which significantly affected the tourism sector (Huynh et al. 2021; Kumar et al. 2020). In 2022, an extraordinary economic recovery occurred following the pandemic, with hotel tax revenue realization reaching IDR 1.51 trillion, equivalent to 140.2% of the target of IDR 1.08 trillion. However, in 2023, revenue achievement declined, reaching 92.0% of the target of IDR 3.34 trillion, with actual hotel tax revenue of IDR 3.07 trillion. In 2024, the hotel tax nomenclature was changed to *Pajak Barang dan Jasa Tertentu* (PBJT) or Certain Goods and Services Tax, which integrates hotel taxes, restaurant taxes, entertainment taxes, parking taxes, and street lighting taxes. This change was based on Law No. 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments. In 2024 and 2025, PBJT realization also remained below the target, reaching approximately 67.1% and 78.6%, respectively. These data illustrate the high volatility between tax realization and targets in Badung Regency, indicating the need for appropriate strategies to address revenue achievement challenges (Rohmah et al. 2024; Suparta et al. 2022; Wahyuni et al. 2023).

Unachieved hotel tax targets directly affect the implementation of planned development programs budgeted in the Badung Regency Budget and reduce regional fiscal capacity (Rosadi et al. 2023). Therefore, further studies are needed to identify factors contributing to deviations between targets and realizations and to formulate strategic measures for accelerating sustainable hotel tax revenue achievement (Makoondlall-Chadee et al. 2024; Menegaki 2025; Migale et al. 2019; Zaki et al. 2026).

Several studies have examined regional tax optimization and revenue challenges in Indonesia. Research on fiscal autonomy emphasizes that regional financial independence, particularly through local tax revenues, is a key determinant of a region’s ability to finance development without excessive dependence on central government transfers (Tito Karnavian, as cited in DPR RI, 2025). Studies on digital transformation in regional tax administration have demonstrated that technology adoption, including web service systems and e-billing applications, can improve transparency, reduce data manipulation, and enhance taxpayer compliance (PKN STAN, 2024; PT XYZ, 2024). Research on Online Travel Agent (OTA) platforms has identified challenges in capturing hotel booking transactions conducted through digital platforms, which may bypass conventional reporting mechanisms (Detik Bali, 2024). Studies on tax extensification through integrated teams have shown effectiveness in identifying unregistered taxpayers, particularly in the boarding house and villa sectors (Radar Bali, 2025; Nusa Bali, 2025). However, research specifically addressing the integration of digital systems, OTA partnerships, and extensification strategies within a comprehensive framework for hotel tax optimization in Badung Regency remains limited. Most previous studies have focused on individual aspects rather than providing a holistic approach to addressing the multidimensional challenges of regional tax collection.

Based on the review of previous studies, several research gaps highlight the urgency of this study. Existing studies on regional tax optimization have not specifically addressed hotel tax realization fluctuations in Badung Regency and the factors contributing to persistent target deficits. Most research has examined digitalization, taxpayer compliance, or extensification separately without integrating these aspects into a comprehensive policy framework. Research on the impact of OTA platforms on regional tax revenue, particularly hotel taxes, remains limited, and studies formulating and evaluating alternative policies using multi-criteria scoring methods in this context have not been widely conducted. This research addresses these gaps by analyzing realization patterns, identifying contributing factors, formulating six policy alternatives, and evaluating them based on effectiveness, efficiency, and impact criteria to provide actionable recommendations for the Badung Regency Government.

The novelty of this research lies in its comprehensive five-year analysis (2021–2025) of hotel tax realization fluctuations in Badung Regency, covering the post-pandemic recovery period and regulatory changes. The study integrates three optimization dimensions—digitalization (Web Service and e-billing), extensification (TOPD Team), and OTA platform partnerships—into a unified policy framework and formulates six alternative policies evaluated through multi-criteria scoring based on effectiveness, efficiency, and impact. This research identifies Strengthening and Expansion of Web Service Systems as the primary policy recommendation, complemented by Simple E-Billing and TOPD Optimization as supporting strategies. Grounded in the newly enacted Regional Regulation Number 8 of 2025, this research aligns with the latest regulatory framework and provides a holistic, evidence-based approach to addressing hotel tax revenue challenges in Badung Regency.

The purpose of this policy paper was to identify the causes of hotel tax target non-achievement in Badung Regency during the 2021–2025 fiscal years, analyze realization fluctuation patterns and influencing factors from both external and internal conditions, and formulate alternative strategies to accelerate hotel tax target achievement that can be implemented by the Badung Regency Government. This research is expected to contribute to the development of regional tax management theory, particularly in understanding the integration of digitalization, extensification, and platform partnerships in tax optimization. It also serves as a reference for regional governments facing similar challenges in optimizing hotel and tourism tax revenues and provides actionable policy recommendations for the Badung Regency Government to accelerate hotel tax revenue achievement.

METHOD

Types and Approaches to Research

This study employed a qualitative research approach using literature review and secondary data analysis to examine the gap between hotel tax realization and targets in Badung Regency, including the factors influencing this discrepancy. Data were analyzed using a comparative descriptive approach to evaluate achievement levels, identify deviations between realization and targets, analyze fluctuation patterns, and formulate policy alternatives. The proposed alternatives were evaluated using a scoring method based on three criteria: effectiveness, efficiency, and impact.

Data Source

Based on the description above, the data sources for *this policy paper* are from secondary data, including:

1. Badung Regent Accountability Report (LKPJ) for 2021–2025
2. laws and regulations related to Regional Taxes

3. literature consisting of journals, research results, mass media writings, online media and various publications in print or electronic form related to hotel tax management, taxpayer compliance and the impact of Online Travel Agent (OTA) services on regional revenue.

Data Collection Techniques

The data collection technique in this study uses a documentation method where data is collected and recorded in addition to studying official documents relevant to the research topic. Data collection steps:

1. Documentation of the Badung Regent LKPJ for 2021 – 2025.
2. Literature and references relevant to the theme.
3. Regulatory study by studying laws and regulations related to hotel tax collection.

Data Analysis Techniques

The analysis methods used include comparative descriptive analysis and content analysis. According to Sugiyono, analysis is to describe information or data in the form of smaller parts so that it can be understood clearly. The stages carried out in this study include:

1. Descriptive analysis of hotel tax realization data for 2021-2025 is in the form of percentage achievements, average achievements, and deviations between targets and realization. The data is described using a table to make it easier for readers to interpret trends and fluctuations that occur.
2. Comparative analysis to compare the achievements each year and find out the seasonal patterns or annual cycles that affect regional tax revenues, and the achievement of the target with the realization to determine the level of accuracy of regional revenue planning.
3. The analysis of the causative factors was carried out by identifying what variables are suspected to be the cause of not achieving the target, both internal factors such as the level of taxpayer compliance and the collection system as well as external factors such as tourist visits, economic conditions, central policies and the role of OTAs. The identification of this factor was carried out through field studies and synthesized findings from literature studies and online media surveys.
4. Policy analysis is an analysis carried out on the effectiveness of policies that have been carried out by the Badung Regency Government. In addition, designing an alternative system based on systems that have been applied in other areas with the same conditions.

The Use of Artificial Intelligence Technology in Research

Researchers use Artificial Intelligence technology as a tool in the brainstorming stages of ideas, helping to make outlines, making drafts to the revision process. The use of AI is limited in its capabilities and remains under the scrutiny of researchers. The AI consists of Gemini 3, ChatGPT, Deep Seek and Microsoft Copilot.

Research Location and Time

This research was conducted in Badung Regency, Bali Province, with the focus sector being hospitality spread across five tourist areas, including Kuta, Seminyak, Nusa Dua, Jimbaran, and Canggu. The data time involved is in the 2021-2025 fiscal year time range, to consider the availability of data and relevance to the latest dynamics after the Covid-19 pandemic.

RESULTS AND DISCUSSION

Logical Framework

1. Theoretical Foundations of Regional Tax Management

To ensure Regional Original Revenue (PAD) through regional tax management, an integrated system must be built that includes planning, collection, and supervision. Each of these components is very important in relation to hotel taxes. In terms of economic potential, the main determination of the targeted outcome is the effectiveness of Bappenda as the main managing body for hotel tax collection, along with the level of compliance of taxpayers, and the ability of Bappeda to respond to changes in transaction patterns.

The theory of fiscal autonomy put forward by the Minister of Home Affairs Tito Karnavian states that the success of a region is determined by its fiscal autonomy. This shows that regions with a strong financial base can carry out various development activities without relying on central financial transfers. Badung Regency is a prime example of a region that can finance its entire APBD from the tourism sector through hotel and restaurant taxes.

2. Frame of Mind

The framework of thinking of this policy paper is built on three pillars.

a. Empirical framework: the realization of hotel taxes in Badung Regency from 2021–2025 shows an interesting pattern. There has been an increase and decrease in extreme tax realization in Badung Regency, with hotel tax realization of 140.2% in 2022 and 35.0% in 2021. In 2023, the realization ratio is 89.98% compared to the target, then in 2024 it will decrease to 67.1% and in 2025 it will reach 78.64%. This shows a serious challenge in optimizing regional revenue, especially with hotel taxes.

b. Institutional framework: The Badung Regency Government through Bapenda as the main management body for hotel tax collection. The success of hotel tax collection, which is the success of this agency, depends on the innovation of this agency, especially the innovation of the establishment of the Regional Tax Optimization Team (TOPD) in identifying thousands of new potential taxpayers.

c. Regulatory framework: The applicable laws and regulations in Badung Regency are Regional Regulation No. 7 of 2024 concerning Regional Levy and Regional Taxes, as well as its amendments to Regional Regulation No. 8 of 2025 which will take effect from January 1, 2026, as well as several regent regulations regarding the technical collection of hotel taxes. The regulation is the basis for legal action in order to strengthen and expand tax collection.

3. Linkage with APBD and Regional Development

In the context of the Badung Regency Regional Revenue and Expenditure Budget (APBD), hotel taxes are very crucial. Total regional revenue (PAD) is estimated at IDR 10 trillion in 2025 and will grow to IDR 11.4 trillion in 2026. This contributes to revenue in the hotel sector and its significant contribution to development financing. Badung Regent I Wayan Adi Arnawa stated that the correct PAD estimate is an indicator of the quality of the APBD, which will directly improve the welfare of the community.

More than half of the Regional Revenue and Expenditure Budget (APBD) of Badung Regency is allocated for infrastructure, especially to solve traffic problems in tourist areas. This shows a reciprocal relationship between optimizing Hotel Tax and improving the quality of tourist destinations, which in turn leads to an increase in Hotel and Restaurant Tax (PHR) revenue.

Existing Conditions

1. Potential and Realization of Hotel Tax in Badung Regency

As for Badung Regency, it is the richest in Bali, and most of the original regional revenue (PAD) of Badung comes from the Hotel and Restaurant Tax (PHR). This is due to the location of most tourist hotels in the Badung area. According to data, there are 929 hotels in Bali and the number of villas that are not recorded is also quite significant. Badung experiences the highest tourist traffic in Bali, with 7 million foreign tourists from Australia, India, Europe, and America.

There is a noticeable irregular pattern in hotel tax records for 2021-2025, which is a concern. The following data was obtained from the Badung Regency Regional Revenue Agency through the Badung Regent Accountability Report 2021-2025 document:

a. 2021: 35.0% of the target of IDR 737.4 billion (IDR 258.0 billion)
b. 2022: 140.2% of the target of IDR 1.08 trillion (IDR 1.51 trillion)
c. 2023: 92.0% of the target of IDR 3.34 trillion (IDR 3.07 trillion)
d. 2024: Realization of the Certain Goods and Services Tax ratio decreased to 67.1%
e. 2025: Realization of the Certain Goods and Services Tax ratio decreased to 78.6%

2. Hotel Tax Object Data Collection System

Improvements have been made to the hotel tax object recording system in Badung Regency. Every taxpayer (hotel business) is required to obtain a Regional Taxpayer Identification Number (NPWPD) from Bapenda. The main problem that has occurred in the past is that tourist accommodation, especially old and new villas and lodgings are not documented and recorded so that the potential for hotel taxes is not maximized.

The Deputy Regent of Badung, Bagus Alit Sucipta, revealed that there are still many potential income that have not been maximized, one of which is from the tourist accommodation sector which targets boarding houses occupied by foreign tourists. This situation seems contradictory, with hoteliers complaining of declining occupancy rates, but the number of tourist visits is still quite high.

To overcome this problem, the Badung Regency Government has formed an Integrated Regional Tax Optimization Team (TOPD). This TOPD team involves various sectors and is tasked with inspecting different types of accommodation, as well as distinguishing between boarding houses, villas, or hotels.

The work of the TOPD Team is very good. They managed to record more than 19 thousand potential new taxpayers. This result opens up great opportunities to increase Regional Original Revenue (PAD), both from the tourism sector and other sectors. Member of Commission III of the Badung DPRD, I Nyoman Satria, said that the income intensification and extensification program through the TOPD Team has great potential to increase regional income.

One of the important proposals in this data collection is the proposal to impose taxes on boarding houses. The Head of the Badung Investment and One-Stop Integrated Services Office, I Made Agus Aryawan, stated that all boarding houses in Badung will be taxed at 10 percent and will no longer look at the number of boarding houses. This policy is in accordance with the Regent Regulation of 2019 concerning guidelines for licensing and management of boarding houses in Badung.

This new regulation also expands the scope of tax objects. If previously boarding houses were only taxed if they had a minimum of 10 rooms, now the rules have become more flexible. Boarding houses with a minimum of 6 rooms occupied by foreign citizens can now be taxed.

3. Hotel Tax Collection System

The hotel tax collection system in Badung Regency is based on Regional Regulation Number 7 of 2024 concerning Regional Levy and Regional Taxes which has been updated with Regional Regulation Number 8 of 2025. Taxpayers must report monthly turnover through SPTPD no later than 10 working days after the tax period. Fund management can be obtained through national banks in collaboration with Bapenda.

The Badung Regency Government itself has developed a Web Service system that is installed directly in the hotel information system. This system allows *real-time monitoring* of transactions from *Bapenda's dash board*. When a hotel receives a booking through any platform, including Online Travel Agent (OTA) such as Traveloka, Agoda, or Booking.com, all transaction data is automatically sent to Bapenda's system.

However, many obstacles still befall this system. Not all hotels have an integrated *management system*, there are still those who manipulate data and also for transactions through OTA platforms are actually not transparent because the flow of incoming funds does not directly go to the hotel account.

Some of the obstacles in the collection of hotel taxes in Badung Regency include;

a. Taxpayer owners do not comply to report turnover accurately,
b. it becomes difficult to control taxpayers who use OTAs,
c. The phenomenon of tourists occupying unregistered boarding houses as tax objects thus reducing tax objects,
d. fluctuations *in world tourism*, such as the Russia-Ukraine, Iran-America-Israel war crisis, and related state policies,
e. and less monitoring from officers who monitor thousands of tax objects in the vast Badung district.

4. Latest Regulation Developments: Regional Regulation Number 8 of 2025

Discussion on the revision of Regional Regulation Number 7 of 2024 which has been completed by the Badung Regency Government together with the DPRD and stipulated to be Regional Regulation Number 8 of 2025 on December 22, 2025. This Regional Regulation will take effect on January 1, 2026. Some of the important points in Regional Regulation Number 8 of 2025 can be seen in the following table:

Table 1. Amendments to Regional Regulation No. 8 of 2025

Aspect	Changes / New Regulations
Parking Retribution	Tariff increase: motorcycles Rp2,000, cars Rp4,000, trucks/buses Rp10,000
Ambulance Retribution	From a per-kilometer system to a zoning system
Regional Asset Rental	Use of independent appraisal for rental periods >3 months
New Tourist Attraction	Addition of Goa Gong as a retribution object
Administrative Sanctions	Penalty of 1% per month of the underpaid tax amount
SPTPD Reporting Deadline	At the latest 10 working days after the tax period ends

Source: Badung Regency Regional Regulation No. 7/2024 and No. 8/2025.

This Regional Regulation also accommodates the expansion of tax objects, including boarding houses and other non-hotel tourist accommodations, and adjustments to levy rates in accordance with the availability of improved infrastructure facilities for tourist destinations. This policy is consistent with the Financial Relations between the Central Government and Regional Governments (HKPD) in referring to Law number 1 of 2022.

5. Financial Performance and Future Targets

In 2026, the PAD of Badung Regency will be IDR 9.5 trillion. Badung Regent I Wayan Adi Arnawa asked all regional apparatus to innovate and work synergistically to explore the maximum possible income potential while remaining accountable. The Regent even said that although the initial draft from Bapenda planned Rp9.022 trillion in 2027, he believed that the achievement should be higher, around Rp9.5-10 trillion. It is said in Regional Regulation Number 8 of 2025, there will be an increase in levies and the amount of regional taxes, which will help support the achievement of this ambitious target.

Efforts to Increase Hotel Tax in Badung Regency

1. Hotel Tax Intensification

Hotel tax intensification is a series of efforts to optimize levies with tax subjects and objects that have been registered. Some of the intensification efforts that have been and are still being carried out by the Badung Regency Government are as follows:

The Badung Regency Government through Bapenda periodically still conducts regular socialization and education to hotel business actors regarding tax obligations. Socialization was carried out at hotel association forums such as PHRI and BHA, as well as directly visiting hotels. This education is carried out continuously and aims to build awareness that the taxes paid will be enjoyed by the community again in the form of infrastructure development and public service services.

Regular field visits are carried out by the tax supervisory team to match the turnover report with the real situation at the hotel. The inspection was carried out in the form of validation of the number of rooms, room prices, and the number of room occupants. Taxpayers who are proven to have non-complied with their tax returns are subject to administrative sanctions in the form of fines of 1 percent per month of the amount of underpaid tax.

The construction of *a web service system* that is integrated with the hotel management system is still being developed, this system is still being developed to allow real-time transaction monitoring so that the potential for manipulation of input data can be suppressed. In the future, this system is also planned to be integrated with OTA platforms to ensure that all hotel booking activities are recorded correctly.

2. Hotel Tax Extension

Hotel tax extensification is defined as an attempt to expand the different types and number of tax objects by identifying new taxpayers who are essentially untaxed or tax-distributed.

The hotel tax extensification steps that have been carried out are the establishment of the Regional Revenue Optimization Integrated Team (TOPD) as a strategic step involving cross-OPDs and vertical agencies. The formation of the TOPD team involving across OPDs and vertical agencies is a team tasked with collecting data in the Badung Regency area related to various types of accommodation businesses that have the potential to become hotel tax objects but have not been registered. The results of the formation of the TOPD Team have produced more than 19 thousand new taxpayer candidates.

One of the sectors that is the focus of extensification is the boarding house sector. According to Badung Regency Regional Regulation Number 24 of 2013 concerning Boarding House Management, the definition of a boarding house is a house owned by an individual that is organized for commercial purposes, namely a service to offer a room as a place of residence with a number of payments. Deputy Regent of Badung Bagus Alit Sucipta stated that this needs to be done seriously in exploring potential income that basically receives less attention. The steps taken are as follows:

1. Check the field to find boarding houses occupied by foreign tourists.
2. Coordination with the DPRD to strengthen its legal basis by making regional regulations.
3. Carry out *sweeping* in the context of this activity so that foreign tourists are no longer allowed to stay in boarding houses. Because people who can live and rent in boarding houses are only those who have ID cards.

Head of DPMPTSP Badung I Made Agus Aryawan emphasized that all boarding houses in Badung, with a minimum number of rooms of 5 and a maximum of 15, will be subject to a 10 percent tax regardless of class or quality of housing.

The Badung Regency Government together with the DPRD have completed discussions on the revision of Regional Regulation Number 7 of 2024 which resulted in Regional Regulation Number 8 of 2025. This revision aims to:

1. Accommodates the expansion of tax objects, including boarding houses and other non-hotel tourist accommodations.
2. Adjusting the levy rate with the improvement of tourist destination infrastructure.
3. Fulfilling the mandate of Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments (HKPD).

4. Institutional and Human Resources Strengthening

All human resources of tax management throughout SKPD are increased in capacity through technical and managerial training, both organized by local governments, universities and other training institutions. Competent human resources are needed to operate digital systems, carry out coaching and supervision, and provide excellent services to taxpayers. From the establishment of TOPD involving many OPDs and vertical agencies, the Badung Regency Government has shown a commitment to take a collaborative approach in tax optimization. Executive coordination between agencies allows for a timely and accurate exchange of data and information, helping to identify new potentials and bring order to violations that occur. Although there is no formal memorandum of understanding with OTA platforms such as Traveloka, Tiket.com, or Airbnb, the Badung Regency Government has anticipated online transactions by installing a Web Service system at the hotel. But in the future, regulations and cooperation with the digital platform are needed to ensure that all hotel room booking transactions from OTA can be monitored and fully taxed.

5. Tax Incentives

The Badung Regency Government aims to reward diligent taxpayers through incentive programs such as reducing tax penalties and facilitating access to licensing services or being recognized as exemplary taxpayers. This is part of the discussion of the Draft Regional Regulation on the Provision of Incentives and/or Ease of Doing Business and reflects the intention of Regional Regulation Number 8 of 2025, which is to achieve increased taxpayer compliance.

Considering the assessment related to the existing conditions and hotel tax management issues in Badung Regency, six strategic policy options have been developed for consideration by the Badung Regency Government. Each option offers a different scope, strengths, weaknesses, and implementation steps.

Alternative 1: Strengthening and Expanding Web Service Systems

The focus of this option is the optimization of the Web Service System which has been implemented in Badung Regency since 2013 by referring to the Badung Regent Regulation Number 56 of 2013 which regulates the Online Payment and Reporting System for Parking Tax, Hotel Tax, Restaurant Tax, and Entertainment Tax. This policy consists of:

1. Installation of Web Services in all hotels, including medium and small hotels in Badung Regency.
2. Increase Bapenda's server capacity and dashboard to monitor real-time data from all hotels.
3. Develop advanced analytics to identify reporting anomalies and leaks.
4. Integration with digital payment service systems to provide payment services.

Purpose

1. Hotel transaction data is captured in the system and updated in real-time.
2. Minimize data manipulation by taxpayers.
3. All hotel revenue is captured in the system regardless of revenue source (OTAs, etc.).

Steps to Achieve Goals

1. Survey all hotels in Badung Regency to determine the level of IT readiness.
2. Technical assistance to hotels that are ready but have not yet installed Web Services.
3. Web Service Support for selected hotels (grants or loans).
4. Automated reporting with a notification and alert system for overdue reports.
5. Regular monitoring and assessment of system effectiveness.

Parties Involved. Regional Revenue Agency (Bapenda) as the leading sectorb. The Communication and Information Service (Kominfo) is tasked with supporting IT infrastructure. The Tourism Office is in charge of data collection and socialization. Hotel associations (PHRI, BHA) as socialization partners

Alternative 2: Simple E-Billing App Development for Small Hotels

This alternative suggests that for hotels with limited IT infrastructure, basic web-based applications should be developed that can be accessed via mobile phones and regular computers. The app will be designed to be used by hotel owners who have low digital skills, as it will have a user-friendly design.

The main features of this app will include:

1. Registration with Regional NPWPD
2. Basic Reporting (Monthly Turnover Input)
3. Automatic Billing Code Generation
4. Payment Channel Integration (QRIS, VA, Bank Teller)
5. Payment History & Notifications

Purpose

1. Reach small hotels that are difficult to reach due to low IT infrastructure.
2. Encourage taxpayer participation by offering an easy-to-use tax app.
3. Increase the coverage of tax databases.

Steps to Achieve Goals

1. Conducting needs assessments with the target users of the application (small hotels).
2. Develop applications using open source infrastructure (Laravel, PostgreSQL).
3. Connect the application to the Bali Regional Development Bank Payment System.
4. Conducting a limited trial in one district with 20 to 30 small hotels.
5. Display the app and train users in stages.
6. Conduct reviews and improve applications based on user feedback.

Parties Involved. The Regional Revenue Agency (Bapenda) as the owner of the policyb. The Communication and Informatics Office as the developer of the applicationc. Bali Regional Development Bank for payment integration

Alternative 3: Intensification of Extensification Through Unified Teams

This option expands the scope and builds on the Integrated Regional Tax Optimization Team (TOPD) initiated by the Badung Regency Government. TOPD has successfully identified thousands of potential taxpayers who have not yet registered. Some of the updates to this policy are:

1. More TOP team members with a broader geographic focus.
2. Non-hotel lodging (villas, guesthouses, guest houses, tourist lodges, and tourist lodgings) are included in the target locations for data collection.
3. Data collection outside the office through application development.
4. Data integration with other institutions (Tourism Office, One-Stop Integrated Licensing and Investment, Immigration, PLN, PDAM).
5. Layered law enforcement (education → commemoration → sanctions).

Purpose

1. Identify and register new taxpayers who have not yet registered.
2. Reaching the lodging sector that was previously unregulated.
3. Tax databases accurately reflect comprehensive coverage.
4. Compliance is achieved through prevention.

Steps to Achieve Goals

1. Recruitment and training of new team members (internships may be included).
2. Clearer separation of boundaries with associated assignments for team members.
3. Development of mobile applications for field data in real time.
4. Coordination between institutions to share data and information.
5. Data collection initiatives with defined monthly/yearly goals.
6. The findings were issued through a new NPWPD (taxpayer identification number).
7. Layered enforcement for non-compliant taxpayers.

Parties Involved. Regional Revenue Agency (Bapenda) as coordinatorb. Tourism Office (tourism business data)c. DPMPTSP (licensing data)d. Districts and Villages (regional knowledge)e. Immigration (foreign tourist data for boarding house identification)f. PLN/PDAM (usage data for business identification)

Alternative 4: Partner with an Online Travel Agent (OTA) Platform

This strategy involves proactively forming formal partnerships with Online Travel Agent (OTA) platforms such as Traveloka, Agoda, Tiket.com, Booking.com, and Airbnb. The purpose of this partnership is to ensure that hotel booking transactions through the online platform can be recorded and contribute to local tax revenue.

Forms of cooperation that can be established include:

1. Inclusion of Regional Taxpayer Identification Number (NPWPD) as a condition for ordering.
2. Provision of aggregate transaction data to enable monitoring and validation.
3. Implementation of a direct tax collection mechanism by the platform (as implemented in DKI Jakarta).
4. Cooperation in informing business actors about their tax obligations.
5. Integration of tax collection data between the OTA platform and the Bapenda system.

The partnership aims to:

1. Record hotel transactions booked through OTA platforms.
2. Provide accurate transaction data.
3. Fostering a culture of compliance among business actors who partner with OTAs.
4. Reduce the burden of supervision of hotel business activities.

The following are required to make this partnership a reality:

1. Development of tax collection regulations that include partnerships with OTAs.
2. Friendly diplomacy and negotiation with the main OTA players.
3. Partnerships with two or three OTA platforms (Traveloka, Agoda).
4. Development of secure and validated data transfer APIs.
5. Inform business actors about the need for NPWPD.
6. Verify the results of cooperation.

Parties Involved. Regional Revenue Agency (Bapenda) as the leading sectorb. The Tourism Office as a partner of the tourism industry. Hotel Association (PHRI, BHA) as a facilitator. OTA platforms (Traveloka, Agoda, Tiket.com, etc.) e. Central Government (DGT, Ministry of Communication and Information) for regulatory coordination

Alternative 5: Progressive Incentive and Sanctions Program

This alternative approach takes a more positive approach, suggesting that incentives be distributed to those who comply with tax regulations while progressive sanctions are applied to those who do not comply. The goal is to combine voluntary compliance along with deterrence.

Types of Incentives:

1. Taxpayers who self-report and improve their tax reporting may be exempt from administrative sanctions.
2. Compliant hotels will obtain expedited hotel licensing procedures.
3. Exemplary taxpayers will be awarded a tax compliance certificate or award and can appear in positive publicity.
4. Compliant taxpayers will get primary access to government-sponsored tourism training and promotion programs.
5. Compliant taxpayers may be eligible for annual rewards.

Progressive Sanctions:

1. Late tax reporting fines can be imposed, at a rate of 1 percent per month for a maximum of 24 months.
2. Public list of taxpayers who are legally overdue.
3. Sanctions for suspension of business licenses due to late tax reporting.
4. Revocation of business license for continuous non-compliance after suspension.
5. Legal remedies will be implemented as needed.

Purpose

1. Increase voluntary tax compliance.
2. Build positive relationships between the government and the business community.
3. Causes a deterrent effect on violations.
4. Creating a fair and transparent business environment.

Implementation Steps

1. Draft Regent Regulation on progressive incentives and sanctions.
2. Create an automated compliance monitoring system through data.
3. Public announcements of progressive incentives and sanctions for non-compliance include compliance reporting campaigns.
4. Maintain clear procedures for the distribution of incentives and the application of sanctions.
5. Assess the effectiveness of the program on a regular basis.

Parties Involved. The Regional Revenue Agency (Bapenda) as the main implementerb. Legal Section for the preparation of regulations. Tourism Office for integration with promotional programs. Hotel associations as socialization partners. Inspectorate for supervision

Alternative 6: Institutional and Human Resources Strengthening

This strategy prioritizes the long-term capacity building of tax management institutions. This policy has structural, cultural, and human resource competencies.

Policy Elements

1. Continuous training for Bapenda Human Resources (HR)
2. Increase the number of employees
3. Bureaucratic Reform and Governance
4. Establish a special supervisory unit for hotel taxes

Purpose

1. Improving the quality of services to taxpayers.
2. Developing Human Resources (HR) with competence and integrity.
3. Building transparent and accountable governance.
4. Eliminate corruption and illegal costs.

Implementation Steps

1. Assess training needs and the number of personnel.
2. Partner with educational and training institutions (e.g., PKN STAN, BPKP, universities).
3. Implement reforms for competency-based training.
4. Develop a certification scheme for tax officers.
5. Recruitment of tax officers.
6. Arrange tax officers in a performance evaluation scheme.

Parties Involved. Regional Revenue Agency (Bapenda) as an object of strengtheningb. Personnel and Human Resources Development Agency (BKPSDM)c. Inspectorate for governance supervision. Training institutions (PKN STAN, BPKP, universities)

Relevance of Alternatives to the Latest Regulation (Regional Regulation 8/2025)

Regional Regulation Number 8 of 2025, which takes effect on January 1, 2026, provides a stronger legal basis for implementing the six policies mentioned above. Some points related to alternative policies and Regional Regulation 8/2025:

Table 2. Policy Relevance to Regional Regulation 8/2025

No	Alternative	Policy Relevance with Regional Regulation (Perda) 8/2025
1	Web Service	Perda mandates the digitalization and modernization of the tax system, in line with strengthening Web Services
2	E-Billing	Perda encourages simplification of payment procedures, in line with the development of e-billing applications
3	TOPD Team	Perda expands tax objects including boarding houses, which is the focus of data collection by the TOPD Team
4	OTA Cooperation	Perda encourages the strengthening of supervision over digital transactions, including through OTA
5	Incentives & Sanctions	Perda regulates administrative sanctions of 1% per month, which forms the basis for rule enforcement
6	HR Strengthening	Perda demands an increase in the quality of tax services, requiring competent human resources (HR)

Source: Badung Regency Regional Regulation No. 8/2025 and author's analysis (2026)

The six alternative policies have a stronger legal basis and can be implemented better after Regional Regulation Number 8 of 2025. Policy recommendations related to scoring and implementation priorities will be discussed in Chapter IV.

Alternative Policy Scoring

Effectiveness, efficiency, and impact are the three main criteria used in the assessment, which are based on the analysis of the six policy options outlined in Chapter III. The assessment was carried out on a scale of 1-5 (1 = very low, 5 = very high).

Table 3. Alternative Scoring Policy

No	Policy Alternatives	Effectiveness	Efficiency	Impact	Average
1	Web Service Strengthening	5	4	5	4.67
2	E-Billing Application	4	5	4	4.33
3	Integrated Team (TOPD)	5	3	5	4.33
4	OTA Cooperation	4	3	5	4.00
5	Incentives and Sanctions	4	4	4	4.00
6	Institutional Strengthening	4	3	5	4.00

Source: Author's Analysis (2026)

1. Main Alternative: Strengthening and Expanding Web Services

Alternative 1 – Strengthening and Expanding Web Service Systems – obtained the highest score for several reasons:

a. Very high effectiveness (5): The Web Service system can monitor transactions in real-time and reduce the possibility of data manipulation. By extending the installation to all hotels, revenue figures will become more accurate.

b. Very high impact (5): Improving this system will impact the transparency and accountability of tax reporting in the long run. Accurate data will be the basis for all other tax policies.

c. High efficiency (4): Although it requires an initial investment for feature expansion and development, the long-term operational costs are relatively low because the system is automated. In addition, Badung Regency has supporting infrastructure and regulations (Perbup No. 56 of 2013).

However, this main alternative has a drawback: it cannot be applied to hotels with limited IT infrastructure, such as tourist cottages, small hotels, or multiple villas. As a result, additional policies are needed to address these weaknesses.

2. Complementary Policies

To Reach Hotels with Limited IT

Alternative 2: Simple E-Billing App

For hotels that can't use web services, this web-based e-billing app is developed with a very simple interface. Its key features include:

1. Registration using NPWPD
2. Easy-to-understand monthly turnover reporting form
3. Automatic billing code generator
4. Integration with various payment channels (QRIS, virtual account, bank teller)
5. Payment history and reminder notifications

This application is a "bridge" for small hotels to remain compliant with online tax reporting despite technological limitations.

To Attract New Taxpayers

Alternative 3: Unified Team Optimization (TOPD)

The TOPD team has successfully found thousands of new potential taxpayers, requiring performance optimization by:

1. Increased staff and area
2. Development of a mobile-based field recording application
3. Emphasis on data collection of villas, boarding houses, guest houses, and other non-hotel accommodations
4. Cross-agency coordination (Dispar, DPMPTSP, Immigration, PLN, PDAM) for data dissemination

Furthermore, the data obtained from the TOPD Team is integrated with existing data. Large hotels are advised to install web services, while smaller hotels are allowed to use e-billing applications.

Integrated Policy Combination

The three policies are implemented simultaneously and complement each other:

Table 4. Policy Ranking

Component	Policy	Function	Target
MAIN	Web Service	*Real-time* supervision of medium-to-large hotels	High data accuracy
COMPLEMENTARY 1	E-Bill Application	Reaching hotels with limited IT	Inclusivity
COMPLEMENTARY 1	TOPD Team	Discovering new taxpayers	Tax base expansion

Source: Author's analysis (2026)

Implementation Recommendations

Stage I: Preparation (0-6 months)

1. Mapping of all hotels and accommodations based on IT readiness
2. Simple e-billing application creation
3. Additional recruitment and training for TOPD Team members

Phase II: Core Implementation (6-18 months)

4. Acceleration of Web Service installation in medium and large hotels
5. Launch of e-billing apps for small hotels
6. Bulk TOPD Team Operations for data collection of villas, boarding houses, and non-hotel accommodations

Stage III: Reinforcement (18-24 months)

7. Thorough evaluation and improvement of the system
8. Data integration from all three systems
9. Long-term policy-making that includes OTA cooperation, incentives, and human resource enhancement

This integrated solution handles all hotel tax issues in Badung Regency by using the Web Service policy as the supervisory center, the E-Billing Application as the path to inclusion, and the TOPD Team as the center for expansion. Revenue targets in the hospitality industry can be achieved effectively and sustainably with consistent implementation.

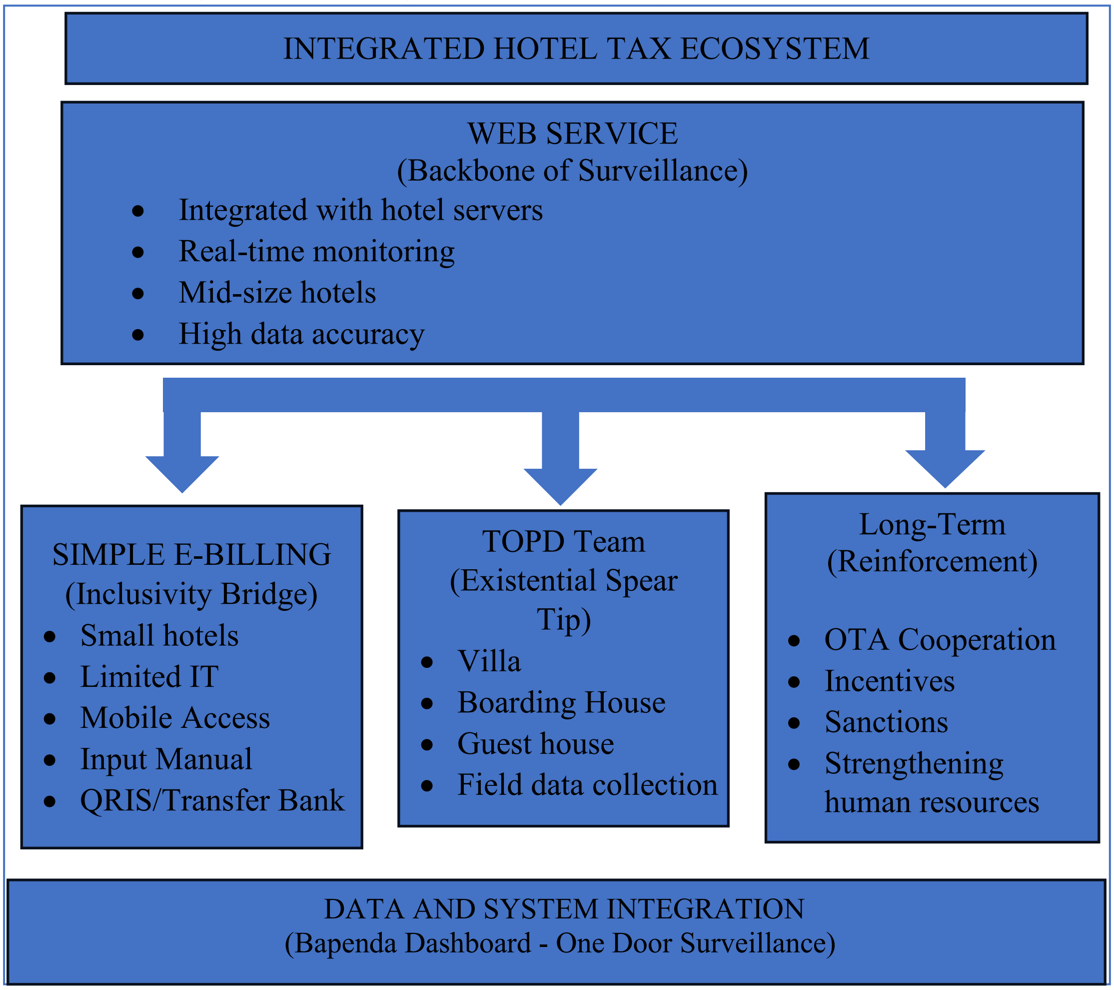

Figure 1. Integrated Policy Combination

Source: Author's analysis (2026)

Regional Regulation Number 8 of 2025, which requires the digitization of the tax system, the expansion of tax objects to include boarding houses, and increased supervision of digital transactions, supports this combination of policies. The revenue targets of the hospitality industry can be achieved effectively and sustainably with consistent implementation.

CONCLUSION

Hotel tax is one of the main sources of Pendapatan Asli Daerah (PAD) or Regional Original Revenue in Badung Regency and plays a strategic role in supporting regional development financing. The results of the study showed that hotel tax realization in Badung Regency during the 2021–2025 period experienced substantial fluctuations. The lowest achievement occurred in 2021 at 35.0% due to the impact of the COVID-19 pandemic, while the highest achievement occurred in 2022 at 140.2% following the recovery of the tourism sector. In subsequent years, realization again remained below the established targets, indicating a persistent gap between tax potential and successfully collected revenue. The failure to achieve hotel tax revenue targets was influenced by various internal and external factors. Internal factors included suboptimal taxpayer compliance, limited supervision of turnover reporting, and the incomplete integration of accommodation business actors into the tax collection system. Meanwhile, external factors included fluctuations in tourist arrivals, the growth of transactions through Online Travel Agent (OTA) platforms, and the presence of tourist accommodations, such as villas and boarding houses, that had not been optimally recorded or classified as taxable objects.

Based on the analysis results and policy alternative scoring, the Strengthening and Expansion of the Web Service System was identified as the primary alternative with the highest score because it was considered the most effective strategy for improving transparency, transaction data accuracy, and real-time supervision of tax revenues. To support its implementation, complementary policies were required, including the development of a simple e-billing application for small hotels with limited technological capacity and the optimization of the Regional Revenue Optimization Integrated Team (Tim Optimalisasi Pendapatan Daerah [TOPD]) to expand the taxpayer base through the identification and registration of unregistered accommodations. Supported by Regional Regulation Number 8 of 2025, which strengthens tax system digitalization, tax object expansion, and digital transaction supervision, the implementation of this integrated policy approach is expected to improve taxpayer compliance, broaden tax object coverage, minimize revenue leakage, and accelerate sustainable hotel tax target achievement. Ultimately, optimizing hotel tax revenue will strengthen Badung Regency's fiscal independence and support sustainable regional development aimed at improving community welfare.

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