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Gross Regional Domestic Product And Its Impact On Regional Tax Revenue In Buru District

Tri Wahyuningsih[1]
[1] Development Economics Program, Faculty of Economics, Iqra Buru University
*email: triwahyu0578@gmail.com

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ABSTRACT

Optimization of tax revenue is essential to achieve the ultimate goal of improving public welfare through the allocation of tax funds. Regional tax revenue in Buru Regency has not shown an increasing trend every year, and one of the factors influencing regional tax revenue is GRDP. The focus of this study is on which sector of GRDP needs more attention to increase regional tax revenue. This study aims to determine the effect of GRDP on tax revenue in Buru Regency, where GRDP is classified into primary, secondary, and tertiary sectors. This study was conducted using 10 secondary data sets from 2015 to 2024 with the help of the SPSS application. This study concludes that the primary sector GRDP, secondary sector GRDP, and tertiary sector GRDP have a significant and positive influence on regional tax revenue in Buru Regency. Simultaneously, the three independent variables have a substantial effect on regional tax revenue. The variables with the most significant impact on tax revenue, in sequence, are the secondary sector GRDP, primary sector GRDP, and tertiary sector GRDP. Thus, in an effort to increase regional tax revenue through increasing GRDP, the order of sectors that need attention/priority is secondary sector GRDP, primary sector GRDP, and finally, tertiary sector GRDP

INTRODUCTION

Regional autonomy policies provide opportunities for local governments to optimize tax revenue through effective strategies and policies, as they understand the conditions and needs of their regions. Regional tax revenue is one of the largest sources of revenue for Regional Original Income (PAD), which serves as a source of financing for regional development. However, the lack of exploration of regional tax potential results in annual tax revenues falling short of the set targets, thus contributing less than optimally to regional revenue. If tax funds are not utilized optimally due to unmet targets, this can negatively impact state governance. With this understanding, local governments can maximize all economic potential within their regions as a source of regional revenue. One of the regencies in Maluku that has the authority to manage and

regulate its region independently is Buru Regency, with data on regional tax revenues and economic growth rates as shown in Table 1.

Table 1. Realization of Local Tax Revenue and Economic Growth in Buru Regency from 2021 to 2024

Year	2021	2022	2023	2024
Local Tax	11.042.465,65	13.060.539,83	12.521.621,76	13.049.002,32
Economic Growth	2,97	5,34	4,02	4,38

Source: BPS Buru in Figures, 2025

Table 1 shows that economic growth fluctuated, followed by tax revenue realization during 2021-2024 in Buru Regency. This implies a positive relationship between regional taxes and economic growth. If regional tax revenue is used to fund productive projects and public services, such as infrastructure and economic development, it can increase competitiveness and public welfare. Therefore, fluctuating and low regional tax revenue in Buru Regency can be caused by fluctuating and low economic growth. According to Syahputra (2006), tax revenue is influenced by both external and internal factors. External factors that influence a country's tax revenue include economic growth, inflation, the rupiah exchange rate, international oil prices, crude oil production, international oil prices, and interest rates. Meanwhile, the internal factor that influences tax revenue is the tax rate itself.

Efforts to increase tax growth are inseparable from the share of automatic growth and the share of discretionary growth. Automatic growth encompasses changes in various economic variables, namely national income (NI) and growth in economic sectors. Discretionary growth, on the other hand, stems from the effects of changes in tax policy, including changes in tax laws, tax rates, and improvements in tax administration and services. Taxes play a significant role for the state because they can finance national development (Erica, 2021). Furthermore, taxes are used to improve and enhance public services and the interests of both taxpayers and non-taxpayers. These taxes are also used to improve the welfare of all citizens (Haskar, 2020).

The low and fluctuating economic growth rate in Buru Regency indicates that per capita output has not experienced a sustained increase over the long term. On the other hand, the Human Development Index (HDI), which serves as a benchmark for assessing a region's progress because it reflects accessibility to income, health, and education, has recorded a fairly good HDI in Buru Regency. Buru Regency's HDI of 70.56 places Buru Regency in third place in the entire Maluku province, below Central Maluku Regency (72.45) and Ambon City (82.06) (BPS, 2024).

This indicates that Buru Regency has good quality human resources, thus capable of creating a broader and higher tax revenue base. A relatively high Human Development Index (HDI) and fluctuating economic growth could indicate low government efficiency in managing available resources, thus affecting regional tax revenue due to under-utilized economic potential. Increased economic activity will lead

to increased state revenue and foreign exchange through various sectors, including the tax sector (Ridhuan, 2018). Therefore, by optimizing tax potential, it will support economic growth which will ultimately increase regional revenue, including the tax sector. Based on the description above, the purpose of this study is to analyze the influence and level of significance between Gross Regional Domestic Product (GRDP) of the primary, secondary, and tertiary sectors on regional tax revenue in Buru Regency in 2015-2024.

LITERATURE REVIEW

Local Taxes

Local taxes, according to Law No. 34 of 2000, are mandatory contributions made by individuals or entities to local governments without direct compensation, which can be enforced based on applicable laws and regulations, and which are used for. The following are general principles regarding local taxes, which are essentially the same as the taxation system, namely meeting general criteria for taxation (Sundary, 2018). Local taxes are divided into two categories based on Law No. 28 of 2009 on Local Taxes and Retributions, Article 2, Paragraphs 1 and 2, namely:

1. Provincial Taxes, consisting of: a) Motor Vehicle Tax, which is a tax imposed on motor vehicles owned by an individual; b) Motor Vehicle Name Change Tax, which is a tax imposed when transferring ownership of a motor vehicle through an agreement or circumstance, such as when sold, exchanged, donated, inherited, or transferred to a business entity; c) Motor Vehicle Fuel Tax, which is a tax imposed when using motor vehicle fuel; d) Surface Water Tax, which is a tax imposed for taking or utilizing surface water. All types of water above ground level, except seawater, whether in the sea or on land, are part of surface water; e) Tobacco Tax, which is imposed by the central government on tobacco excise.
2. Regency/City Taxes, consisting of: a) Hotel tax, which is a tax imposed on the use of hotel services; b) Restaurant tax, which is a tax imposed on people who use restaurant services; c) Entertainment tax, which is a tax imposed on entertainment activities; d) Advertising tax, which is a tax imposed on the installation of advertisements; e) Street lighting tax, which is a tax imposed on the use of electricity, from internal or external sources, for public street lighting, with payments borne by the local government; f) Non-metallic mineral and rock tax, which is a tax imposed for extracting non-metallic minerals and rocks from natural resources within or on the surface of the earth for utilization; g) Parking tax, which is a tax imposed on parking lots outside the road right-of-way used for business or commercial purposes. Motor vehicle parking facilities are included in this tax; h) Groundwater tax, which is a tax imposed for the

extraction and utilization of groundwater; i) Bird's nest tax, which is a tax imposed on activities related to the extraction or management of bird's nests; j) Rural and urban land and building tax, which is a tax imposed on land and buildings owned, controlled, and used by individuals or entities, except for land used for plantations, forestry, and mining; k) Land and Building Acquisition Tax (BPHTB), which is a type of tax imposed on the right to a piece of land, including the right to manage it, as well as the buildings on it.

Gross Regional Domestic Product and Regional Tax Revenue

According to Sjafrizal (2014), Gross Regional Domestic Product (GRDP) is essentially basic data and information about a region's economic activities. By definition, GRDP is the total value of goods and services produced in a region during a specific period. According to Todaro (2002), GRDP is the total value of all final outputs produced by a regional economy (whether by local residents or residents from other regions residing in the region). Gross Regional Domestic Product (GRDP) is the net value of final goods and services produced by various economic activities in a region during a specific period (Kevin, Bhinadi & Syari'udin, 2022).

GRDP directly influences various types of tax revenue, including regional taxes. An increase in GRDP also increases the output of a region within a given period, which can boost the regional economy. High regional economic revenue is linked to orderly tax collection rates, enabling higher tax collection targets than previously possible.

The relationship between the Primary Sector GRDP, Secondary Sector GRDP, and Tertiary Sector GRDP to Regional Tax Revenue is as follows: (a) Primary Sector: (agriculture, mining): Activities in this sector, such as agricultural and mining products, may be subject to Land and Building Tax (PBB) and other taxes related to the processing of natural resources; (b) Secondary Sector: (manufacturing industry, construction): The growth of the industrial and construction sectors produces goods and services that may be subject to VAT, value added tax, and other taxes related to production and sales; (c) Tertiary Sector: (services, trade, finance): Service and trade activities contribute significantly to GRDP, and these activities are often subject to taxes such as VAT, regional taxes, and income tax. In general, the higher the economic activity reflected in GRDP, the greater the potential for tax revenue because these economic activities produce added value that can be taxed (e.g., VAT, PBB, income tax).

METHOD

This research uses a quantitative method with 10 years of time series data. The data used is secondary data from the Statistics Indonesia (BPS) website (www.bps.go.id). These data include: 1) Buru Regency regional tax revenues for 2015-2024; 2) Buru Regency's GRDP at constant prices for 2015-2024, categorized into

primary, secondary, and tertiary sectors. The research model uses a multiple linear regression model with the following formula:

$$Y = \alpha + \beta_1 \text{ GRDP\_Primary} + \beta_2 \text{ GRDP\_Secondary} + \beta_3 \text{ PDRB\_Tertiary} + \varepsilon$$

Where:

Y	: Regional tax revenue
Primary_GRDP	: Primary sector GRDP
Secondary_GRDP	: Secondary sector GRDP
Tertiary_GRDP	: Tertiary sector GRDP
A	: Constant.
$\beta_1, \beta_2, \beta_3$	: Regression Coefficients
ε	: Error term

Operational Definition of Variables

Local Taxes (Variable Y)

The local taxes referred to in this study are the local taxes of Buru Regency collected based on the applicable laws in Buru Regency, which do not provide direct compensation and are based on regional development. The development of local taxes can be seen in the Report on the Realization of Local Revenue of Buru Regency.

GRDP (Variable X)

The GRDP used is the constant GRDP by industry with the base year 2000, meaning all goods and services are valued based on prices in the base year. The use of ADHK GRDP data is to observe the increase in economic activity (output) under constant conditions (constant prices) during a specific period. The data used is GRDP based on constant prices from 2015 to 2024, calculated in millions of rupiah and divided into three categories of variable X:

a. Primary Sector GRDP includes agriculture, forestry, and fisheries, as well as mining and quarrying.
b. Secondary Sector GRDP includes manufacturing, electricity and gas supply, water supply, waste management, recycling, and construction.
c. Tertiary Sector GRDP includes wholesale and retail trade, motor vehicle and motorcycle repair, transportation and warehousing, accommodation and food services, information and communication, financial and insurance services, real estate, business services, government administration, defense, and compulsory social security, education services, health and social services, and other services.

This study uses multiple linear regression with several tests as follows:

a. T-test, t-test indicates how much influence one explanatory variable individually has on explaining the variation in variables. The testing steps are as follows: a) Selecting the confidence level; this study uses a confidence level of 5%; b)

Calculating the t-value with the following testing criteria: Ho is rejected if t-calculated > t-table or sig. < 0.05; Ho is accepted if t-calculated < t-table or sig. > 0.05.

b. F-test, In the testing model, the F-test indicates whether all independent variables collectively influence the dependent variable. The F-test in this study was conducted at a confidence level or significance level of 5% (0.05). The following are the decision criteria for the F-test in this study (Suliyanto, 2018): 1) There is no simultaneous effect if F calculated ≤ sig. ≥ 0.05; 2) There is a simultaneous effect if F calculated > sig. < 0.05.

c. Coefficient of determination, coefficient of determination (R^2) value ranges from zero to one and indicates how well the model explains the variation in the dependent variable. The ability of independent variables to explain the variation in the dependent variable is limited if the R^2 value is small. Conversely, if the R^2 value approaches one, the independent variables can provide almost all the information needed to estimate the variation in the dependent variable (Ghozali, 2018).

RESULT AND DISCUSSION

Result

The Effect Of Primary Sector GRDP (X1) on Local Tax Revenue (Y)

The results of the data processing above show that the t-value is 3.128 and the sig. value is 0.014 < 0.05, so that the GRDP variable (X1) has a significant effect on the local tax revenue variable (Y) partially. The conclusion is that hypothesis H1 is accepted. The coefficient value β = 50710.969 indicates that the GRDP variable has an effect on the local tax revenue variable of Rp 50,710.969, with a positive impact. This means that every increase in the primary sector GRDP, which consists of the following industries: a). Agriculture, forestry, and fisheries; b). Mining and quarrying by Rp1,000,000.00 (one million rupiah) will result in an increase in local tax revenue of Rp 50,710.969 (fifty thousand seven hundred ten thousand rupiah and nine hundred sixty-nine cents) assuming other variables remain constant.

Table 2. Results of the t-Test of Primary Sector GRDP on Local Tax Revenue

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-18765343.011	8634736.854		-2.173	.062
	Primer	50710.969	16212.957	.742	3.128	.014

a. Dependent Variable: Tax

The Effect of Secondary Sector GRDP (X2) on Local Tax Revenue (Y)

The results of the data processing above show that the t-value is 2.242 and the sig. value is 0.003 < 0.05, so the secondary sector GRDP variable (X2) has a significant effect on the local tax revenue variable (Y) partially. In conclusion, H2 is accepted and H0 is rejected, or the hypothesis is accepted. The coefficient value β = 57714.835 explains that the secondary sector GRDP variable consists of: business fields: c). Manufacturing; d). Electricity and gas supply; e). Water supply, waste management, and recycling; f). Construction, has a positive effect on local tax revenue with a coefficient of Rp 57,714.835, which influences the local tax revenue variable. This means that every increase in the secondary sector GRDP by Rp 1,000,000.00 (one million rupiah) will result in an increase in local tax revenue of Rp 57,714.835 (fifty-seven million seven hundred fourteen thousand eight hundred thirty-five rupiah) assuming other variables remain constant.

Table 3. Results of the t-test of the Secondary Sector GRDP on Local Tax Revenue

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-16703466.866	5893691.276		-2.834	.022
	Sekunder	57714.835	13604.888	.832	4.242	.003

a. Dependent Variable: Tax

The Effect of Tertiary Sector GRDP (X3) on Local Tax Revenue (Y)

The results of the data processing above show that the t-value is 2.758 and the sig. value is 0.025, indicating that the tertiary sector GRDP variable (X3) has a significant effect on the local tax revenue variable (Y) in part. Therefore, the conclusion is that hypothesis H3 is accepted. The coefficient value β = 7479.589 explains that the tertiary sector GRDP variable, which consists of the following business fields: a). Wholesale and retail trade, repair of motor vehicles and motorcycles; b). Transportation and warehousing; c). Accommodation and food service activities; d). Information and communication; e). Financial and insurance services; f). Real estate; g). Business services; h). Public administration, defense, and mandatory social security; i). Education services; j). Health and social services; and k). Other services. (Accommodation and food services) positively impacts local tax revenue with a coefficient of Rp 7,479.589. This means that every increase in the tertiary sector's GDP of Rp 1,000,000.00 (one million rupiah) will result in an increase in local tax revenue of Rp 7,479,589. (seven

million four hundred seventy-nine thousand five hundred eighty-nine rupiah) assuming other variables remain constant.

Table 4. Results of the t-Test of the Tertiary Sector GRDP on Local Tax Revenue

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1459261.054	2599005.663		.561	.590
	Tersier	7479.589	2712.309	.698	2.758	.025
a. Dependent Variable: tax						

F Test (Simultaneous)

The purpose of the F test is to determine whether the independent variables (primary sector GRDP/X1, secondary sector GRDP/X2, and tertiary sector GRDP/X3) simultaneously or collectively influence the dependent variable (local tax revenue/Y). The decision criterion in this study is that if the calculated F value is < 0.05, as reflected in the ANOVA table, then Ha is accepted, which means that there is a simultaneous influence of the independent variables on the dependent variable. The results of the F test analysis based on the data are as follows:

Table 5. F Test Results (Simultaneous)

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	137767134375136.920	3	45922378125045.640	18.223	.002[b]
	Residual	15119994201782.262	6	2519999033630.377		
	Total	152887128576919.200	9			

Based on the above output, it can be explained that the significance value is 0.002 < 0.05. So, the conclusion is that the hypothesis is accepted. This means that there is a simultaneous positive and significant effect between the primary sector GRDP (X1), secondary sector GRDP (X2), and tertiary sector GRDP (X3) on local tax revenue (Y) in Buru Regency.

Coefficient of Determination

Table 6. Results of the Coefficient of Determination (R2) Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.949[a]	.901	.852	1587450.48226
a. Predictors: (Constant), Tersier, Sekunder, Primer				

The coefficient of determination is used to measure the ability of the dependent variable to influence the independent variable. This coefficient of determination shows how much the dependent variable influences the independent variable. The higher the

result, the better. The following are the coefficient of determination values obtained from the data processing results. Based on the output of the coefficient of determination (R2), it is known that the coefficient of determination or R square value of 0.901 indicates that 90.1% of the variation in local tax revenue can be explained by the primary sector GRDP, secondary sector GRDP, and tertiary sector GRDP variables. Meanwhile, the remaining 9.9% is influenced by other variables that were not studied

The Effect of the Primary Sector on Local Tax Revenue

The results of the t-test calculations in this study indicate that the Regional Domestic Product (RDP) variable of the primary sector has a significance value of < 0.05 (0.014 < 0.05), so H1 is accepted. This conclusion indicates a positive and significant influence between the Regional Domestic Product (RDP) variable and the local tax revenue variable in Buru Regency from 2015 to 2024. PDRB is one of the indicators of economic growth in a region or area over a specific period. PDRB also represents the value of goods and services produced from all economic activities in a region over a specific period of time (Yogi, Pradono, & Aritenang, 2018). The higher the PDRB of a region, the greater the potential for local revenue sources (Kevin, Bhinadi, & Syari'udin, 2022). According to Zhang and Cui's theory in Mispiyanti & Kristanti (2018), GRDP is a macroeconomic factor closely linked to tax revenue. This indicates that the Regional Domestic Product (GRDP) impacts the magnitude of regional tax revenue.

If the economic growth indicated by GRDP increases, then the income and welfare of the community will also increase. The higher the welfare of the community, the greater the awareness of the community in paying regional taxes. Additionally, with higher community income, individuals' income also increases, and their ability to pay regional taxes also increases (Ulfiyah, 2015). From the above theory, it can be concluded that GRDP, which is income, represents economic growth. If GRDP increases, local tax revenue will also increase. This is because an increase in community income reflects an increase in GRDP. Thus, the community's ability to pay taxes can increase with an increase in individual income, and local taxes will also increase. Therefore, the primary sector GRDP of Buru Regency influences the amount of local tax revenue in Buru Regency.

The results of this study are in line with the research conducted by Anggraeni et al. (2021), which concluded that GRDP has a positive and significant effect on local tax revenue. Furthermore, Aji's (2021) research also concluded that GRDP has a positive and significant effect on local tax revenue. Furthermore, the book Macroeconomic Impact and Policy on Taxation by Harahap et al. (2021) supports this research. It explains that economic growth, which is a macroeconomic variable and can be demonstrated by GDP, can influence tax revenue through the real value of the tax base

and individual consumption patterns. If a country's economic growth increases, the taxes collected from taxable objects also increase, so that government tax revenue will also increase. Similarly, at the local level, where local economic growth as indicated by GRDP can have an impact on local tax revenue.

The Influence of the Secondary Sector on Local Tax Revenue

Based on the results of the t-test calculation, it was found that the variable number of industries had a significance value of < 0.05 (0.003 < 0.05). This indicates a positive and significant influence between the variable of the secondary sector's GRDP and the variable of local tax revenue. Thus, local tax revenue in Buru Regency is influenced by the secondary sector, which consists of the following business fields: c). Manufacturing industry; d). Electricity and gas supply; e). Water supply, waste management, and recycling; f). Construction. The secondary sector, also known as the industrial sector, refers to the process of transforming raw materials or semi-finished goods into finished products with added value that can generate profits (Arnold, Nainggolan, & Damanik, 2020). The industrial sector comprises several subsectors, namely small, medium, and large industries. Furthermore, each industry contributes taxes in varying amounts to the region. Therefore, tax revenue in Buru Regency is influenced by the number of processing industries or the secondary sector.

Additionally, increased income in certain industries leads to an increase in the amount of taxes paid to the region. This is because if the income of such industries is high or the taxable income is significant, the amount of taxes that can be paid will also be substantial. The results of this study do not align with the findings of Arifin et al. (2018), who concluded that the number of industries does not have a positive impact on local tax revenue. However, they are consistent with the findings of Widyastuti and Andriani (2021), whose results indicate that the number of industries has a positive and significant impact on tax revenue.

The Effect of the Tertiary Sector on Local Tax Revenue

Based on the results of the t-statistic test and the coefficient of the tertiary sector GRDP variable, it is known that the tertiary sector GRDP variable has a positive and significant effect on local tax revenue (0.025 < 0.05). This shows that if the tertiary sector GRDP increases, local tax revenue will also increase. This aligns with the hypothesis that the tertiary sector's GDP has a positive and significant impact on local tax revenue in Buru Regency.

The increase in GRDP also indicates an improvement in the economy of a region, which will also increase the income received by production factors. The increase in production factor income leads to an increase in the ability to pay taxes because the community is in a state of adequate welfare. This indicates that when the GRDP-forming sector increases, tax revenue also increases. The sectors within GRDP that have

a stronger relationship with local taxes are the secondary and tertiary sectors, which are directly linked to local tax revenue. The GRDP-forming sectors that have a direct relationship and influence local tax revenue in Buru Regency include construction and real estate, which are linked to BPHTB and PBB, which are part of local taxes. As construction and real estate development increase, local tax revenue also rises.

The results of this study are in accordance with research conducted by Susanto, (2014) which shows that the GRDP sector in the form of hotels and restaurants, where both sectors are classified as the service sector/tertiary sector, plays a role in restaurant taxes having a positive and significant influence on Regional Original Income which includes regional tax revenues. Likewise, the results of research by Setyo Nugroho (2019) concluded that the tertiary sector consisting of the wholesale and retail trade sector, car and motorcycle repair, accommodation and food and beverage provision sector and the real estate sector, has a positive and significant influence on regional tax revenues, especially PBB P2. The high activity of the tertiary sector in a region can indicate economic progress in that region. This will affect the increasing selling value/price of property in the region, thereby encouraging an increase in NJOP and subsequently affecting the increase in PBB P2 revenue.

Simultaneously, the growth and development of GRDP, both in the primary, secondary, and tertiary sectors, contribute positively to increased regional tax revenues due to increased economic value added and income in a region. The increase in GRDP also indicates a strengthening of the economy in a region, which in turn increases the income received by factors of production. This increase in income from factors of production also increases the ability to pay taxes because the community is in adequate prosperity. This indicates that when the sectors that generate GRDP increase, tax revenues also increase.

This aligns with Wagner's theory, which states that government activity or spending continues to increase over time. As this increases, the quality of public facilities becomes more adequate and has greater positive value for the community, which encourages people to pay taxes. When the government spends on development and public facilities are built with quality and are useful for running the economy, it encourages people to pay the collected taxes. This is also in line with Sukirno (1985), who stated that if the level of government spending, including capital formation and the development of facilities and infrastructure, will have an impact on the smooth running of economic development, thus increasing government revenue.

CONCLUSSION

Based on the problems raised, data analysis, and discussion in the previous chapter, the following conclusions can be drawn:

1. The Gross Regional Domestic Product (GRDP) of the primary sector, secondary sector, and tertiary sector has a positive and significant effect on local tax revenue in Buru Regency. When GRDP increases, local tax revenue also increases. This occurs because an increase in community income reflects an increase in GRDP. Therefore, an increase in community income reflected in GRDP enhances the community's ability to pay taxes, thereby increasing local tax revenue in Buru Regency.
2. The variable that most significantly influences local tax revenue is GRDP in the secondary sector, which consists of the following industries: a). Manufacturing; b). Electricity and gas supply; c). Water supply, waste management, and recycling; d). Construction. This is followed by GRDP in the primary sector and GRDP in the tertiary sector. Next is the contribution of the primary sector, which includes the following industries: a). Agriculture, forestry, and fisheries; b). Mining and quarrying. Lastly, the smallest contribution comes from the tertiary sector GRDP, which includes the following economic sectors: g). Wholesale and retail trade, repair of motor vehicles and motorcycles; h). Transportation and warehousing; i). Accommodation and food services; j). Information and communication; k). Financial and insurance services; l). Real estate; m). Business services; n). Public administration, defense, and compulsory social security; o). Education services; p). Health and social services; and q). Other services. (accommodation and food services).

Recommendations

Based on the results of the analysis of the impact of the GRDP of the primary sector, the GRDP of the secondary sector, and the GRDP of the tertiary sector on local tax revenue as described above, it is recommended that the local government:

1. In an effort to increase local tax revenue through GRDP growth, the sectors that need attention/priority are the GRDP of the secondary sector, the GRDP of the primary sector, and finally the GRDP of the tertiary sector.
2. The government can also conduct outreach activities to educate taxpayers about the importance of paying taxes and can visit taxpayers directly to provide guidance on paying taxes on time and accurately, as well as to record taxpayers and taxable objects that have not yet been recorded in order to increase contributions to local taxes. This research can be used as a reference or guideline for local governments to develop synergies in addressing similar issues related to local tax revenue.
3. The weakness of this study is the limited data and limited model assumptions so that future researchers can expand external variables such as unemployment rate, inflation, interest rate, taxpayer awareness, and tax policy in order to obtain

more diverse results and provide a more complete explanation regarding the factors that influence regional tax revenue in Buru Regency

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