

The Effect of Taxes on Market Balance With Subsidies As a Moderating Variable in West Papua Province

La Ode Alisyah

Fakultas Ekonomi dan Bisnis Universitas Papua, Indonesia
laodealisyah2020@gmail.com

ABSTRACT

This research is quantitative research with an exploratory approach. The data used in this article is secondary data that researchers obtained from the National Strategic Food Price Information Center for West Papua Province in the last 5 years. Apart from that, researchers also received it from the Central Statistics Agency. The data used in this research was analyzed using the smart PLS 4.0 analysis tool. The result in this article show the arguments that the researcher formed and formulated in the Hypothesis formulation section, namely the Sanctions variable, can have a positive relationship and a significant influence on the Market Balance and Subsidy variables and strengthen the influence of the Tax variable on Market Balance. This can be caused because the P-Values value is positive and is below the 0.05 significance level, namely 0.000 for the influence of the Tax variable on Market Balance and 0.000 for the influence of the Subsidy moderation variable on the influence of the Tax variable on the Market Balance variable. This is because taxes can influence sales prices, thus affecting demand and supply. This means that increasing taxes can increase sales prices which affect supply and demand. Taxes that are properly targeted can overcome price monopoly and increase market balance. In line with this, subsidies also have the same reason for achieving market balance. Thus, the first and second hypotheses in the research can be accepted.

Keywords: Taxes, Market Balance, Subsidies

INTRODUCTION

Taxes are people's contributions to the state treasury based on law (which can be enforced) without receiving reciprocal services that can be directly demonstrated and which are used to pay for public expenses. There are types of taxes, including income tax (PPH), land and building tax (PBB), value added tax (VAT). For this reason, you need to know the meaning of tax (Febriyani, 2015). According to the Tax Law and Procedures, tax is a taxpayer's contribution to the State which is owed by an individual or entity which is owed by an individual or entity and which can be enforced and levied by law, and does not receive compensation in return. directly and used for State needs for the greatest prosperity of the people (Irwanto et al., 2019).

There are several meanings or definitions of tax based on income from experts which appear different but have the same core and objectives, namely as follows: Definition of tax according to N.J. Peldman in the book *De Over Heidsmiddelen Van Indonesia* (translation): tax

is an achievement that is imposed unilaterally by and is owed to entrepreneurs (according to the norms set in general), without any counter-achievement that can be demonstrated in individual terms, intended to finance government expenditure. According to Rochmat Soemitro, quoted by Madiasmo, that: "Taxes are people's contributions to the State treasury based on the law (which can be enforced) without receiving reciprocal services (contra-performance) which can be directly demonstrated and which are used to pay general expenses" (Febriyani, 2015). According to S.I. Djajadiningrat quoted by Siti Official that: "Tax is an obligation to hand over assets to the State treasury which are caused by circumstances, events and actions that give a certain position, but not as a punishment, according to regulations set by the government and can be forced, but there is no reciprocal service from the State directly to maintain general welfare" (Vera Indra Sari, 2019).

From the several definitions above that have been put forward by several experts, there are characteristics inherent in the definition of tax, namely as follows (PATRICIA, 2021): 1. Tax is collected based on or with the force of the law and its implementing regulations. 2. In paying taxes, individual contra performance by the government cannot be shown. 3. Taxes are collected by the State, both the central government and regional governments. Taxes are intended for government expenses, which, if there is still a surplus in income, are used to finance.

Taxes have an important role in state life, especially in the implementation of development because taxes are a source of state income to finance all expenditure, including development expenditure (Lubis & Ovami, 2020). Taxes have several functions, namely as follows: a. Budget function (budgetary) This function lies in the public sector, namely collecting as much tax money as possible, in accordance with applicable laws to finance state expenditure. As a source of state tax revenue, it functions to finance state expenditure, to carry out routine state tasks and carry out development (Fadhil, 2023). Used for routine financing, such as employee expenses, goods purchases, maintenance, and so on. b. Regulatory function (regularized) The regulatory function means that taxes are used as a tool for the government to achieve certain goals, both in the monetary, social, cultural and political economic fields (Budiasih, 2009).

Apart from the two functions above, taxes also have other functions, namely: 1) Stability function. With taxes, the government has funds to implement policies related to price stability so that inflation can be controlled. This can be done by regulating the circulation of money in society, collecting taxes, using taxes effectively and efficiently. 2) Income redistribution function (Yusro, 2014). Taxes that have been collected by the State are used to finance public interests, including to finance development so that they can open up employment opportunities which will ultimately increase people's income. 3) The function of democracy. Taxes that have

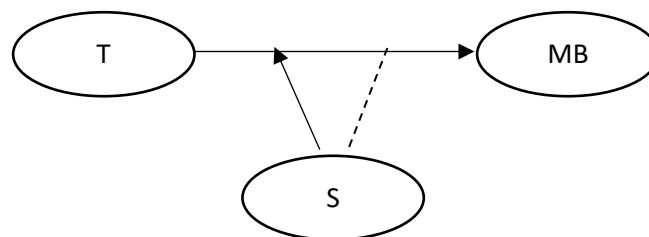
been collected by the State are a form of mutual cooperation system. This function is related to the level of government service to the tax paying community (HARYANTO, 2018).

Through the explanation that taxes can function as price stability, researchers believe that taxes can also influence market balance (Situmorang, 2021). The equilibrium price or price equilibrium will occur when demand meets supply or supply. The so-called equilibrium price is the price at which there is a balance between the number of goods purchased and the number of goods sold (Resmi, 2009). According to Sri Endang Rahayu, et al, market balance is a balance between supply and demand. According to Sri Endang Rahayu, et al, price balance is a price at which consumers and producers do not want to increase or decrease the number of goods sold or consumed (Diana Sari, 2013). If the price is below the equilibrium price, there is excess demand. Because demand will increase and supply will decrease. Conversely, if the price is above the equilibrium price, there is excess supply. As the quantity supplied increases, the quantity demanded decreases. Taxes imposed on sales always add to the price of goods offered. So it only affects the bidding function. Meanwhile, the demand function has not changed at all (Hartati, 2015)ha.

There is previous research cshowing that the Tax variable can influence or have a positive relationship and have a significant influence on Market Balance. Different from research (Purnama, 2016), this research adds the subsidy variable as a moderating variable. This research was conducted in West Papua province with data obtained from the National Food Price Information Center and the Indonesian Central Statistics Agency in the last 5 years.

RESEARCH METHODS

Figure 1
Research Methods



Noted:

T: Tax

MB: Market Ballance

S: Subsidy

The first picture in this research shows that the main objective of researchers in

collecting data from the National Food Price Information Center in West Papua and the Central Statistics Agency for the last five years is closely related to Taxes, Market Balance and Sanctions (Sugiyono, 2019). Researchers then speculate by explaining the function of tax, namely that it can provide price stability (Jonathan Sarwono, 2016). By increasing taxes, it will affect the selling price of food, the quantity supplied, and ultimately affect Market Balance. Based on this, the researcher aims to analyze the influence of taxes on market balance in West Papua. There is previous research, namely (Purnama, 2016). In contrast to Purnama, this research adds a subsidiary variable as a moderating variable that will influence Market Balance (Manzilati, 2017). This research is quantitative research with an exploratory approach (Abdurahman, 2016). The data used in this article is secondary data that researchers obtained from the National Strategic Food Price Information Center for West Papua Province in the last 5 years. Apart from that, researchers also received it from the Central Statistics Agency (Fadhil, 2023). The data used in this research was analyzed using the smart PLS 4.0 analysis tool with the hypothesis below (Purnama, 2016).

Hypothesis:

H1: The Influence of Tax on Market Ballance

H2: Sanction Can Moderates The Influence of Tax on Market Ballance

RESULT AND DISCUSSION

Background Analysis

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Validity Test

Using secondary data from the National Strategy Food Price Information Center and the Indonesian Central Statistics Agency for the Papua Bara Province for the last 5 years requires a validity test stage first even though many parties ensure that the data is valid because it comes from a credible source. The following are the UI validity results in this article (Ghozali, 2016):

Table 1

Validity Test

Variable	Loading Factor	Noted
Tax	0.848	Accepted
Market Ballance	0.921	Accepted
Subsidy	0.952	Accepted

Valid > 0.70

Reliability Test

If you have confirmed that the data obtained from the National Strategic Food Price Information Center and the West Papua Provincial Central Statistics Agency for the last five years are valid, then the next stage is to ensure that the Tax, Balance and Subsidies variables used in this research are reliable. The following are the results of the reliability test in this article (Sarstedt et al., 2014):

Table 2

Reliability Test

Variable	Composte Reliability	Cronbach Alfa	Noted
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Tax	0.878	0.845	Reliable
Market Ballance	0.931	0.892	Reliable
Subsidy	0.975	0.945	Reliable

Reliable > 0.70

Path Coefisien

The last stage is also the most important stage because all the data collected from the National Strategy Food Price Information Center and the Central Statistics Agency with the formulation of the two hypotheses proposed are answered in this section. The following are the Path Efficiency results in this article (Hair, 2010):

Table 3
Path Coefisien

	Variable	P-Values	Noted
Direct Influence	T->MB	0.008	Accepted
Indirect Influence	S* T->MB	0.052	Accepted

Significant Level < 0.05

The results from the third table of Path Coefficients above show that the arguments that the researcher formed and formulated in the Hypothesis formulation section, namely the Sanctions variable, can have a positive relationship and a significant influence on the Market Balance and Subsidy variables and strengthen the influence of the Tax variable on Market Balance. This can be caused because the P-Values value is positive and is below the 0.05 significance level, namely 0.000 for the influence of the Tax variable on Market Balance and 0.000 for the influence of the Subsidy moderation variable on the influence of the Tax variable on the Market Balance variable. This is because taxes can influence sales prices, thus affecting demand and supply. This means that increasing taxes can increase sales prices which affect supply and demand. Taxes that are properly targeted can overcome price monopoly and increase market balance. In line with this, subsidies also have the same reason for achieving market balance. Thus, the first and second hypotheses in the research can be accepted.

CONCLUSION

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