THE EFFECT OF LOCAL TAXES AND LEVIES ON THE LEVEL OF LOCAL FINANCIAL INDEPENDENCE IN REGENCY/CITY IN RIAU PROVINCE IN THE 2019-2024 FISCAL YEAR

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ABSTRACT

This study aims to determine the effect of regional taxes and levies on the level of regional financial independence in regencies/cities in Riau Province. This study uses a quantitative method with secondary data obtained from the Directorate General of Fiscal Balance (DJPK) for the 2019–2024 period. Data analysis was carried out using classical assumption tests, namely the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. Multiple linear regression tests and hypothesis tests, namely the t-test, F-test, and coefficient of determination (R2) test. The results of the study indicate that regional taxes partially have a positive and significant effect on the level of regional financial independence. Regional levies also have a positive and significant effect. Simultaneously, both variables have a significant effect on the level of regional financial independence. These findings indicate that optimizing taxes and levies can increase Regional Original Income (PAD) and strengthen regional fiscal independence.

Keywords: *Regional Taxes, Regional Levies, Level of Regional Financial Independence.*