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## The Effect of Regional Tax, Regional Levy, General Allocation Funds and Special Allocation Funds on Capital Expenditure of West Java Province

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***ABSTRACT***

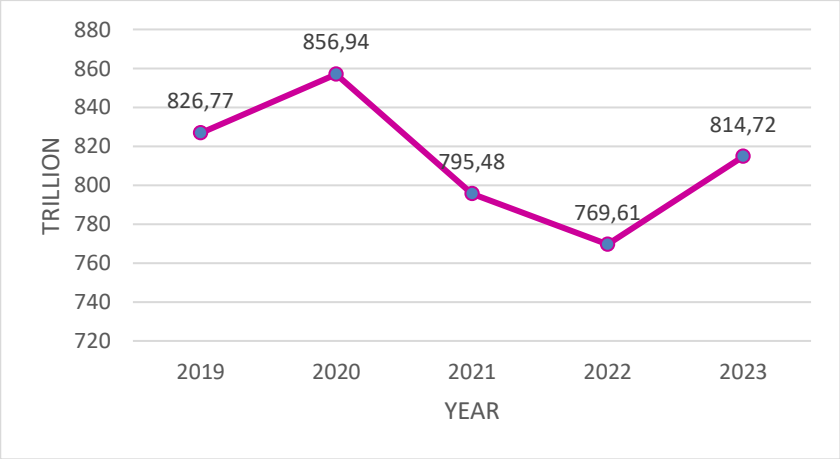
***Purpose -*** *This study seeks to assess the effect of Regional Tax/RT, Regional Levy/RL, General Allocation Funds/GAF, and Special Allocation Funds/SAF on Capital Expenditures/CE in the province of West Java.*
***Design/methodology/approach -****The research method uses a quantitative approach with the independent variables being RT, RL, GAF and SAF and the independent variable being CE. The sampling approach utilized is saturated sampling, encompassing 27 regencies/cities within West Java province, which includes 18 regencies and 9 cities, using time series data over 4 years, specifically from 2018 to 2021. The analytical method applied is multiple linear regression, with a total data consisting of 108.*
***Findings*** *- The findings indicate that both RT and GAF significantly impact CE, meanwhile RL and SAF do not have a notable effect on CE. Simultaneously, all variables independent affect Capital Expendiures.*
***Research limitations -*** *The independent variables do not fully influence the dependent variable, meaning that there are still other variables that can have an impact, such as Revenue Sharing Funds, Original Regional Income, Grant Funds, and others.*
***Originality/value*** *-This research uses all members of the population as research samples.*

## INTRODUCTION

Base on law 22/1999 concerning Regional Government which was later revised by Law 32/2004, explains the division and formation of regions by the Unitary State of the Republic of Indonesia is a form of manifestation authority and responsibility from the central government to regional, where regional leader have the right to regulate their own regions, both from the financial sector and non-financial sector, to aim is to improve public services and advance the regional economy in Indonesia.

It is hoped that with regional autonomy which was proclaimed in 1998, the participation of the central government will tend to decrease, which means that the region concerned will become more independent and can meet its needs from the resources owned by the region. Regional government leaders are expected to be able to creatively and innovatively empower the resources owned by each region to maximize Regional Original Income (Nany et al., 2022). The granting of the broadest possible autonomy to the Regions is aimed at accelerating the realization of community welfare through improving services, empowerment, and community

participation (Syafnita, 2020). Nationally, in the last 5 years, the composition of transfers to regions and village funds from the central government to regional governments has still experienced fluctuations which can indicate that there is no trend of decreasing. Until 2023, the central government has allocated in the State Revenue and Expenditure Budget, transfer to region to a total of 545 regions consisting of 37 provinces and 508 districts or cities which are presented in Figure 1.




Source: Directorate General of Taxes and Finance /DGTF, 2023

**Figure 1. Transfers to Regions and National Village Funds 2019-2023**

From Figure 1 it can be seen that the amount of national general allocation fund transfers fluctuates. In 2019 it was 417.87 trillion rupiah, then to 427.09 trillion in 2020, then fell to 390.29 trillion in 2021, after that it fell again to 378.00 trillion in 2022, and rose again to 396.00 trillion in 2023. National special allocation fund transfer data also shows results that are still fluctuating. In 2019 it was known to be 200.37 trillion, then it rose to 202.53 trillion in 2020, then fell to 196.43 trillion in 2021, after that it fell again to 189.59 trillion in 2022, and fell again to 183.72 trillion in 2023 (DGTF, 2023).

From several things mentioned above, it is still problems in the ability of local governments to generate local revenue for finance their respective regional expenditures. This cannot be separated from the conditions of each region which cannot be the same because they have various financial and non-financial characteristics.

West Java Province is the province with the largest population on a national scale, where as of April 2023 data shows a total of 48,782,402 people spread across several dense cities such as Bandung, Bogor, Depok and industrial areas such as Bekasi and Karawang (BPS, 2023). Nationally, the processing industry plays quite an important role where in 2021, this industry will be the largest contributor to national GDP, namely IDR 3.27 quadrillion or around 19.25%. Regarding locally-generated revenue, West Java is in second place at the national level in terms of processing industry after the Riau Islands which is at 42.08%. BPS data shows the contribution of the West Java processing industry is 41.8% of Gross Regional Domestic Product.

Several empirical research results suggest that there are still very diverse study results from these research variables and show inconsistent results, so it is still possible to conduct research with different periods and units of analysis. The following studies have produced findings that Regional Taxes have an impact on capital expenditure with units of analysis in various regions such as Aceh, East Java and South Sumatra (Ramlan et al., 2016); (Samudra &

Sugeng, 2020) and (Martini et al., 2022). Contradicts research by (Wahyudi & Handayani, 2015) which stated that Regional Tax partially had no effect on Capital Expenditures in East Java province in 2009-2013.

Inconsistent results also occurred in Regional Retributions that affect or not affect capital expenditure in the Central Java, East Java and Bali regions with varying time spans from 2010 to 2019 (Trisnani & Isthika, 2022); (Wahyudi & Handayani, 2015); (Pratama et al., 2021); (Pangestika, 2017) and (Sudika & Budiartha, 2017).

Research by (Hendaris & Rahayu, 2019); (Sudika & Budiartha, 2017) (Pratama et al., 2021) (Sari, 2017) (Wahyudi & Handayani, 2015) n the provinces of West Java, Bali, Central Java and East Java also showed varying research results, where the General Allocation Fund was able to influence Capital Expenditure, but was also unable to influence it.

The research (Lubis & Nasution, 2024) stated that Special Allocation Fund had an affect on Capital Expenditures in North Sumatra province for the 2014-2018 period. Different research by (Sudika & Budiartha, 2017) state that Special Allocation Fund had effect on Capital Expenditures in the province of Bali for the 2010-2014 period. Another research conduct by (Widiani et al., 2022) state that Special Allocation Fund have no partial effect on Capital Expenditures in Central Java in 2015-2018. Another research by (Huda & Sumiati, 2019) whose results show that Capital Expenditures can not affected by Special Allocation Fund in DIY province 2011-2016.

This research aims to determine and analyze the influence of Regional Tax, Regional Levies, General Allocation Funds, Special Allocation Funds partially and simultaneously on Capital Expenditures in West Java province for the period 2018 - 2021. Base on aim of research, thus the research hypothesis can be stated as follows:

H1: Regional Tax affect Capital Expenditure
H2: Regional Levy affect Capital Expenditure
H3: General Allocation Funds affect Capital Expenditure
H4: Special Allocation Funds affect Capital Expenditure of West Java ProvinceH5: Regional Tax, Regional Levy, General Allocation Funds and Special Allocation Funds affect Capital Expenditure.

The variables will be referred to in this study will use by the variable abbreviations RT for Regional Tax, RL for Regional Levy, GAF for General Allocations Funds, SAF for Special Allocations Funds and CE for Capital Expenditures.

## LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

According to Indonesia Statement of Financial Accounting Standards 23 (2010) states that government accounting is an information system that produces financial and non-financial reports to describe budget implementation and government financial governance. (Halim & Kusufi, 2015) defines that government accounting is a service activity in the context of providing quantitative information, especially of a financial nature, from government entities for the purpose of making economic decisions from interested parties regarding various alternative directions and actions.

According to (Mardiasmo, 2018) referring to the American Accounting Association which states that the objectives of accounting in public sector organizations are to (i) provide the information needed to properly, efficiently, and economically manage an operation and distribution of resources entrusted to the organization, where this objective is related to management control and (ii) present information that allows managers to report on the

implementation of responsibilities in managing programs and the use of resources that are their rights appropriately and effectively, as well as providing opportunities for government employees in managing public funds, which are objectives related to accountability.

**Regional Revenue and Expenditure Budget Structure**

Decree of the Minister of Home Affairs Number 29/2002 confirms by Regional Revenue and Expenditure Budget structure is an entity consisting of regional income, regional expenditure and financing with the following explanation:

a) Regional income represents a local entitlement acknowledged as a supplement to the value of net assets within annual timeframe, which does not require repayment by the locality. Regional income encompasses all earnings that qualify as local rights within a single fiscal year, which will transition into regional treasury funds. Regional income includes:
   i. Regional Original Income, consisting of regional tax, regional Levy, separated regional wealth management results and other legitimate regional original income.
   ii. Balancing Funds, consisting of General Allocation Funds, Special Allocation Funds and Profit Sharing Funds.
   iii. Other Legal Income, consisting of Grant Income, Emergency Fund Income, Tax Profit Sharing Funds, Financial Assistance, Adjustment Funds, and Special Autonomy Funds.
b) Regional expenditure includes all expenditure which is a regional obligation in one budget year which will become regional cash expenditure for which the region will not receive repayment.
c) Financing, includes any receipts obligations that require repayment and/or costs that will be reimbursed, both in the applicable fiscal year and in future fiscal years. Regional financing is a regional government financial transaction intended to cover the deficit or to utilize the Regional Revenue and Expenditure Budget surplus.

**Regional Tax (RT)**

Base on Law 28 of 2009 explain that RT is payer's individuals or organizations provide support in a mandatory way under legal provisions without expecting immediate rewards, aimed at fulfilling regional necessities for the utmost benefit of the community. According (Anggoro, 2017) RT are levies whose collection is governed by local regulations, and tax payers do not receive reimbursements directly from the regional authorities.

**Regional Levy (RL)**

In accordance with Law 28/2009 description that Regional Taxes and Regional Retributions, the definition of RL is a payment made for special services or permits that are specifically offered and/ provided by the regional governmental to benefit individuals or organization. Meanwhile main difference between levies and tax is that in levies there is a direct counter-performance. This means that the levy payer makes the payment because it is intended to obtain certain achievements from the government, for example to obtain permits for certain businesses. Levies are levied on payments in the form of services or certain permits granted by the government to individuals or entities.

**General Allocation Funds (GAF)**

Base on Law number 33/2004 explains that the GAF are allocated with the aim of equalizing financial capacity between regions in the context of implementing decentralization and regional autonomy funds sourced from the State Revenue and Expenditure Budget. GAF is a source of regional income which is part of the Balancing Fund and is one of the factors that influences the size of a region's capital expenditure allocation. According to (Wulandari & Iryanie, 2017) GAF are funds allocated to each autonomous region (province/district/city) in Indonesia every year as development funds.

Economic inequality between one province and another cannot be avoided with fiscal decentralization. To overcome this inequality, the Central Government took the initiative to provide subsidies in the form of GAF to regions. Regions with higher levels of poverty will be given a larger GAF than rich regions and vice versa. According to Law no. 33 of 2004 in (Anggoro, 2017), the total value of GAF as a whole is at least 26% of net domestic income in the State Revenue and Expenditure Budget. What is meant by State Revenue and Expenditure Budget net domestic income is revenue receipts (tax and non-tax) minus state revenues shared with regional governments to distribute budget funds to the regions so that development implementation is also more equitable.

**Special Allocation Funds (SAF)**

From regulation 55/2005 concerning Balancing Funds explains SAF are allocated to certain regions with the aim of helping to fund special activities at regional and in accordance with national priorities, and this funds sourced from State Revenue and Expenditure Budget. It should also be noted that not all regions receive SAF, because SAF aims for equality and to improve the condition of physical infrastructure which is considered a national priority.

Giving SAF to a region is different from GAF, where GAF is given without any requirement for matching funds to be provided by the Regional Government. Meanwhile, in order to obtain SAF, regions must provide matching funds budgeted in the Regional Revenue and Expenditure Budget. Law no. 33 of 2004 states that SAF recipient regions are required to provide matching funds of at least 10% of the SAF allocation

**Capital Expenditures (CE)**

CE will provide benefits for more than one budget year and increase regional assets so that it will increase routine expenditure such as maintenance costs. According to Law no. 71 of 2010 states that capital expenditure is budget expenditure for the acquisition include buying, develope and escalation of fixed assets and other assets that provide benefits for more than one accounting period. (Mardiasmo, 2018) revealed that CE is a group of direct expenditures used to finance investment activities (increasing assets). The amount of CE allocated in the Regional Revenue and Expenditure Budget is at least 20% of regional expenditure in accordance with the mandate of Presidential Regulation no. 5 of 2010.

## RESEARCH METHODOLOGY

The focus of this research is to study the Regional Revenue and Expenditure Budget Realization Report from 27 districts and cities in West Java. These reports are provided by the Directorate General of Fiscal Balance and the Central Statistics Agency, covering the years 2018 to 2021. From these reports, data was collected on the independent variables, which include

Regional Tax (RT), Regional Retribution (RL), General Allocation Fund (GAF), and Special Allocation Fund (SAF). The dependent variable in this study is Capital Expenditure (CE).

**Population and Sample**

Population refers to all the people or things that the research is focused on (Riyanto & Hatmawan, 2020). The population in this study was 27 districts/cities in West Java province, consist of 18 districts and 9 cities using time series data for 4 years, namely 2018-2021. A sample is defined as a collection of data taken or selected from a population (Santoso, 2019). Because the entire population was sampled, the sampling method used was saturated sampling, which includes all individuals in the population as research samples. Thus, the total data used in this study covered 27 districts/cities over a four-year period, resulting in 108 data.

**Data Analysis Technique**

Based on the research's goals and hypotheses of this research, multiple linear regression as the method to analyze the data and SPSS as the tool to process the data research. Before conducting multiple linear regression analysis, the initial step is to perform a classical assumption test to determine the feasibility of the multiple linear regression model. This classical assumption test includes the normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test. The normality test aims to evaluate the distribution of data within a dataset, using the Kolmogorov-Smirnov test in this study. Meanwhile, the multicollinearity test is designed to identify correlations between independent variables in the regression model**.** (Ghozali, 2016). The heteroscedasticity test seeks to determine if there exists a disparity in variance among the residuals of differing observations within the regression model. When the variations in residuals from one observation to the next remain steady, it is termed homoscedasticity; conversely, if they vary, it is known as heteroscedasticity. A well-functioning and accurate regression model is characterized by homoscedasticity, indicating the absence of heteroscedasticity. The heteroscedasticity evaluation utilized in this study is the pattern test.

**Multiple Linear Analysis**

Multiple linear analysis was used to explain the magnitude of the influence of the independent variables, namely RT, RL, GAF and SAF and dependent variable, namely CE with the following regression equation:

$$CE = a + \beta1*RT + \beta2*RL + \beta3*GAF + \beta4*SAF + e$$

Note:

CE =Capital Expenditures
a = Constant value
β = Independent variable coefficient

RT: Regional Tax; RL: Regional Levy; GAF: General Allocation Funds; SAF: Special Allocation Funds; e: Standard error

**Hypothesis Testing & Coefficient of Determination**

The hypothesis test conducted in this study seeks to identify the influence of the independent factor on the dependent variable and the test consists of the t test (partial test) and the F test (simultaneous test). According (Ghozali, 2016) It was indicated that the coefficient

of determination as an instrument to assess the model's capacity to account for variability. The coefficient of determination ranges from 0 to 1; if value is nearing 1, it suggests a stronger influence of the independent variable over the dependent variable. Conversely, if the score is closer to 0, it implies a weaker impact of the independent variable on the dependent variable.

## RESULTS AND DISCUSSION

### Descriptive statistics

Descriptive statistics serve to summarize data by highlighting the lowest value, highest value, mean, and standard deviation. The outcomes of descriptive statistical analysis for the research variables with a total of 108 data are shown in Table 1.

**Table 1. Descriptive Statistics Results**

| | N | Min | Max | Mean | Std. Deviation |
|---|---|---|---|---|---|
| LOG_RT | 108 | 4.08 | 6.41 | 5.3772 | .54190 |
| LOG_RL | 108 | 3.51 | 5.71 | 4.3984 | .40999 |
| LOG_GAF | 108 | 5.54 | 6.33 | 6.0161 | .19488 |
| LOG_SAF | 108 | 4.83 | 5.89 | 5.5245 | .24572 |
| LOG_CE | 108 | 4.77 | 6.23 | 5.6525 | .27281 |
| Valid N (listwise) | 108 | | | | |

Source: SPSS Output, 2023

The average value for research data in nominal terms for 2018 – 2021 is presented in Table 2.

**Table 2. Average Value of Research Data (in billions of IDR)**

| NO. | VARIABLES | YEAR | | | |
|---|---|---|---|---|---|
| | | 2018 | 2019 | 2020 | 2021 |
| 1. | RT | 472,636 | 529,820 | 464,499 | 549,659 |
| 2. | RL | 37,412 | 57,310 | 33,510 | 35,168 |
| 3. | SAF | 368,241 | 411,089 | 371,119 | 381,426 |
| 4. | DAF | 1,169,336 | 1,216,982 | 1,093,735 | 1,070,394 |
| 5. | CE | 544,732 | 652,634 | 456.142 | 497,668 |

Source: BPS, 2023 (data processed)

### Classic Assumption Test

Presented below are the findings from the classical assumption evaluation, which includes test for normality, Multicollinearity assessment, Autocorrelation examination and Heteroscedasticity Analysis, with the findings illustrated in Table 3. It can be concluded that all criteria in the classical assumption evaluation have been met, indicating that the regression model is appropriate for forecasting CE based on the effects of the independent variables in this study.

**Table 3. Classic Assumption Test Results**

| Test | Method | Guidelines | Results | Conclusion |
|---|---|---|---|---|
| Normality | Kolmogorov Smirnov | Sig > 0.05 | 0.104 | Normally distributed |
| Multicollinearity | VIF & tolerance | 1 > VIF >10 | | Multicollinearity free |
| Autocorrelation | Durbin Watson | -2 < DW < 2 | 1,525 | Autocorrelation free |
| Heteroscedasticity | Scatterplots | Random | Random | Heteroscedasticity free |

Source: SPSS output, 2023 (processed data)

**Multiple Linear Regression Analysis**

A multiple linear regression analysis was conducted to assess the extent of effect an independent variable comprising RT, RL, GAF and SAF had on CE as shown in Table 4.

**Table 4. Output Coefficients and Significance**

| Variable | Coefficients of Unstandardized Regression | | T statistic | Significance |
|---|---|---|---|---|
| Intercept | ,396 | ,552 | ,717 | ,475 |
| RT | ,158 | ,046 | 3,430 | ,001 |
| RL | .102 | ,057 | 1,806 | ,074 |
| GAF | ,515 | ,209 | 2,466 | ,015 |
| SAF | ,155 | .153 | 1,012 | ,314 |
| R-Squared | 0.635 | | | |
| F-statistic | 47,629 | | | |
| Significance | 0,000 | | | |

Source: SPSS Output, 2023

Based on Table 4, the following regression equation can be produced.

**CE = 0.396 + 0.158*RT + 0.102*RL + 0.515*GAF + 0.155*SAF**

From the multivariable regression formula, it is evident that the constanta (α) of 0.396 represents the baseline for capital expenditure. The constant of 0.396 indicates that if Regional Taxes, Regional Levies, General Allocation Funds and Special Allocation Funds are zero, then the value of Capital Expenditure is 0.396.

Capital expenditure will increase by 0.158 for every 1 unit increase in Regional Tax assuming the value of other independent variables is 0.

Capital expenditure will increase by 0.102 for every 1 unit increase in Regional Retribution assuming the value of other independent variables is 0.

Capital Expenditure will increase by 0.515 for every 1 unit increase in the General Allocation Fund assuming the value of the other independent variables is 0.

Capital Expenditure will increase by 0.155 for every 1 unit increase in the Special Allocation Fund assuming the value of the other independent variables is 0.

All independent variables have a positive regression coefficient, which means there is a unidirectional relationship with the dependent variable, namely CE. If the variables RT, RL, GAF and SAF increase by 1 unit, then CE can increase by the regression coefficient of each independent variable.

**Partial (t) test, Simultaneous (F) tes and Coefficient of Determinatioan**

From the statistical test results in Table 4, it can be concluded that partially the RT variable has a significant effect on CE, RL has no effect on CE, GAF has an effect on CE and SAF has no effect on West Java provincial CE in 2018 – 2021. Based on the Table 4, the calculated probability value f is obtained$_{count}$47.629 > ftable 2.692 with a significance level of 0.000, meaning the probability or significance level is 0.000 < 0.05, so all independent variables simultaneously have a significant effect on CE in West Java province in 2018 - 2021.

Based on model results *summary*, obtained determination value of 0.635, this means that all independent variable is able to influence the dependent variable by 63.5% and the

remaining 36.5% is influenced by other variables not examined in this research such as profit sharing funds, regional original income, grant funds and others.

**Discussion**

**The Effect of Regional Tax on Capital Expenditures**

The study findings that RT influence CE in West Java province in 2018-2021. This means that RT from 27 districts/cities throughout this province are able to have an influence on government CE in 2018-2021. The influence that can be given is positive, if there is an increase in RT revenues, then this will also increase CE province. This study is able to prove that RT have a positive or unidirectional relationship with CE. This also means that all districts/cities in West Java have efforts that should be appreciated in increasing RT as a component of regional income in West Java province. This can be because RT have a large contribution in providing income for the region, it can be seen from the average RT which has increased during the research period, namely in 2019 amounting to IDR 529.82 billion and 2021 amounting to IDR 549.65 billion, so the greater regional tax collected, whether from taxes like hotel, advertising, restaurant, entertainment venue, parking and street lighting, the greater the regional income that can be collected, with the greater the income, the greater the income will be. The impact on the allocation of CE will also increase due to the availability of funding sources for capital expenditure. This research supports previous research conducted by (Ramlan et al., 2016); (Samudra & Sugeng, 2020) and (Martini et al., 2022).

**The Effect of Regional Levies on Capital Expenditures**

The study findings that RL have an influence on CE in this province in 2018-2021. This research proves empirically that Regional Levies are unable to have an impact on CE in this province in 2018-2021. This research is able to prove that Regional Levies have a positive relationship with Regional Expenditures.

Based on the collected research data, it can be inferred that the RL across 27 regencies and cities in West Java showcases an average of 4.3984, accompanied by a standard deviation of 40.9999. This descriptive analysis indicates that the research data exhibits a significantly high variation range, suggesting that mean is lower than standard deviation. This might contribute to the lack of impact of RL on CE in this province. Throughout the observed year, the research data also reveals a tendency for RL to dip in 2018, 2020, and 2021, although there was a rise in 2019. This situation is understandable, particularly in the last two years during which a global pandemic stemming from the COVID-19 outbreak restricted the movement of people and goods, and this RL is intrinsically linked to such activities. This research strengthens research conducted by (Pratama et al., 2021); (Pangestika, 2017) and (Sudika & Budiartha, 2017).

**The Effect of General Allocation Funds on Capital Expenditures**

Research result states that the GAF has an influence on CE. This means that the GAF from the central finance provided to West Java province during 2018-2021 is able to have an influence on government CE. The influence that can be given is positive, where if there is an improvement in GAF revenues, this will also provide an increase CE West Java province. This research is able to prove empirically that the GAF has a positive relationship with CE. GAF are the most important form of fund transfer apart from SAF and profit sharing funds, which aim to reduce financial disparities and create stabilization of economic activity in the regions, and are linked

to regional spending because the GAF received by regional governments are aimed at to fund local government spending, especially in terms of improving public services which can be created through the development of infrastructure and facilities. The results of this research are consistent with research conducted by (Hendaris & Rahayu, 2019); (Sudika & Budiartha, 2017) and (Pratama et al., 2021).

**The Effect of Special Allocation Funds on Capital Expenditures**

Research resultstates that the SAF has no effect on CE. SAF are funds originating from the State Revenue and Expenditures Budget which are allocated to regions to help finance certain needs. SAF are used to cover public service gaps between regions by giving priority to the fields of education, health, infrastructure, maritime and fisheries, agriculture, regional government infrastructure, and the environment. For example, building community health centers in the regions, building schools and repairing damaged roads. Spending on infrastructure encourages economic growth in a region, because the region knows its own characteristics. This view indicates that if regional governments properly understand the characteristics of their regions, then development budget allocations will be more focused, meaning that in allocating public budgets regional governments must capture what the public expects.

During the year observed, research data shows that the transfer of Special Fund Allocations tends to decrease in 2020. This condition is understandable, especially in 2020 where globally there has been a pandemic condition as a result of the COVID-19 outbreak where the central government is more focused on financing under the national economic recovery program related to the pandemic conditions, such as the distribution of social funds, the national vaccine program, additional funds in the health sector or other sectors. So that the budgeting of Special Allocation Fund to regions has decreased in priority, where SAF is used specifically to finance activities such as road and bridge infrastructure, irrigation, drinking water and sanitation, agriculture, marine fisheries, regional government infrastructure, the environment and rural infrastructure and trade. This research is consistent with study conducted by (Widiani et al., 2022), and (Huda & Sumiati, 2019)

**The Effect of Regional Tax, Regional Levies, General Allocation Funds and Special Allocation Funds on Capital Expenditures**

The findings simultaneous test showing that RT, RL, GAF and SAF together impact CE in West Java province during the years 2018-2021. In line with the initial research aims, this study has yielded empirical results confirming that these financial elements are capable of jointly affecting CE. However, the influence exerted is not comprehensive, as there are additional factors outside the scope of this study that are expected to affect CE. it can be seen on score of coefficient of determination are 63,5%, which mean at moderate category and the remaining 36.5% is still can influenced by other variables, like include profit sharing funds and budget financing surplus, which represents the difference between actual regional income and expenditures at the conclusion of the budget period, among others.

This research has also proven empirically that the simultaneous relationship between RT, RL. GAF, SAF on CE is positive or unidirectional, where if there is an increase in RT, RL, GAF and SAF it will also cause an increase in CE. All variabels independent namely RT, RL, GAF and SAF are several contributors to regional income which are expected to finance CE and other expenditures. If capital expenditure is realized evenly, the community will feel the benefits. By

increasing capital expenditure, it is hoped that it can fulfill the government's objectives, namely to improve public services and community welfare.

## CONCLUSIONS

The conclusion in this research is that RT and GAF have an effect on CE, The effect that can be provided is positive, where if there is an increase in RT and GAF, this will also increase CE in West Java province. The other side RL and SAF have no effect on CE, meanwhile simultaneously all independent variables are able to influence CE in West Java province in 2018 – 2021. The limitation of this research is that the independent variable does not fully influence the dependent variable, meaning that there are still other variables that can have an impact, such as Revenue Sharing Funds, Original Regional Income, Grant Funds, and others, so this can be done in further research.

The advice that can be given is to obtain RT and RL so that they have a tendency to increase every year, for example by encouraging investment and economic growth, improving the quality of services and facilities which can later be used to increase the allocation of CE more optimally, especially for regional development so that each region can feel the benefits of development .

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