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## **Optimizing Swallow's Nest Tax: Potential, Effectiveness, and Its Role in Regional Economic Development**

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Indaliana <sup>1</sup>, Selmita Paranoan <sup>2</sup>

***Abstract:***

*The swallow's nest tax holds significant potential to enhance Regional Original Revenue (PAD), particularly in Parigi Moutong Regency, where the swallow's nest industry has experienced rapid growth. However, despite its high potential, actual tax revenue remains relatively low. This study aims to analyze the potential, effectiveness, and contribution of the swallow's nest tax to regional tax revenue in Parigi Moutong Regency. A quantitative descriptive approach is used, incorporating documentation studies, field studies, and literature reviews. Data sources include tax revenue reports from the Regional Revenue Agency (BAPENDA) of Parigi Moutong Regency. The potential tax revenue is estimated based on the number of entrepreneurs, production volume, and selling price of swallow's nests. Tax effectiveness is measured by comparing actual revenue with the set target, while tax contribution is assessed based on its proportion to total regional tax revenue. The findings indicate that the swallow's nest tax potential in Parigi Moutong Regency is substantial, with estimated revenues reaching Rp. 7,824,600,000.00 if all taxpayers comply with regulations. The tax collection effectiveness was relatively high between 2020 and 2022, with percentages approaching or exceeding 100%. However, in 2023, effectiveness significantly declined to 67.53%. Despite its potential, the contribution of the swallow's nest tax to total regional tax revenue remains minimal, averaging only 0.21% from 2020 to 2023. In conclusion, while the swallow's nest tax presents a promising revenue source, its realization remains suboptimal due to challenges in taxpayer compliance and low revenue targets. This study highlights the need for enhanced supervision, increased taxpayer awareness, and stricter enforcement policies to maximize swallow's nest tax revenue and strengthen its contribution to the PAD of Parigi Moutong Regency.*

**Keywords:** *Tax Effectiveness; Tax Contribution; Regional Tax Revenue; Swallow's Nest Tax; Tax Potential*

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### **1. Introduction**

Indonesia has various species of swiftlets, including those that produce high-quality nests. Several areas, such as Kalimantan, Sumatra, Sulawesi and Papua, are known as locations with significant swiftlet populations. With its extraordinary natural wealth,

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<sup>1</sup>Accounting Study Program, Faculty of Economics and Business, Universitas Tadulako, Indonesia.  
[indalianaaa@gmail.com](mailto:indalianaaa@gmail.com)

<sup>2</sup>Accounting Study Program, Faculty of Economics and Business, Universitas Tadulako, Indonesia.  
[shelo0709@yahoo.co.id](mailto:shelo0709@yahoo.co.id)

Indonesia is home to various species of swifts, including those that produce high-quality nests (Nggiu et al., 2024). The tropical natural conditions and diverse ecosystem conditions in these areas provide a supportive environment for the life and breeding of swallows (Afandy & Nugroho, 2021).

The economic potential of the swallow's nest industry in these areas is further strengthened by increasing demand in the international market, especially from consumers in China and other Asian countries (Sari & Sudiana, 2020). Swallow's nests are considered nutritious and have high health value, so the high demand creates profitable business opportunities for breeders and entrepreneurs in Indonesia (Kha et al., 2021). Along with this potential, it is important to implement sustainable practices in the swiftlet nest industry by ensuring the sustainability of swiftlet populations and maintaining environmental balance to support the sustainable growth of this industry ((Arroziqi & Sulistyowati, 2023; Mulalinda et al., 2022).

The growth of the swallow's nest industry can significantly impact regional tax revenues (Iriranto, 2022). As the number of businesses involved in the production and trade of swallow's nests increases, local tax revenues also tend to increase. Taxes from business actors in this sector can be a consistent and sustainable source of income for local governments. As autonomous regions, each district and city has the authority and freedom to regulate and implement local wisdom as a form of policy that emerges from community initiatives and aspirations. Regional Autonomy is expected to encourage changes in regions towards regional independence. Handing over and delegating authority to provincial and district/city governments from the central government gives local governments the freedom to manage potential and development in their own regions. (Budiawan, 2022; Fionasari et al., 2021)

With the implementation of Law of the Republic of Indonesia Number 1 of 2022 concerning Financial Relations Between the Central Government and Regional Governments, the authority delegated to Regency/City Regional Governments has become more precise and focused. One example is the authority to manage the swallow's nest tax. Regency/city regional governments are responsible for collecting and managing taxes related to the economic activities of swiftlet nests in their area through this law. This is expected to provide flexibility and financial independence for the Regional Government and encourage local economic development related to the swallow's nest industry.

With the Parigi Moutong Regency Regional Government Regulation Number 4 of 2021 concerning Regional Taxes, the regional government further regulates tax collections at the local level. In this context, the Regional Revenue Agency of Parigi Moutong Regency is responsible for handling and managing regional income sources through tax collections. Based on this regulation, the Regional Revenue Agency of Parigi Moutong Regency collects taxpayers' taxes in 14 sub-districts in Parigi Moutong Regency. This provides a strong legal basis for managing the swallow's nest tax and ensures that this revenue source can be used effectively to support development and public services at the local level, per regional needs and potential.

The government implements Several tax systems: *a self-assessment system, an official assessment system, and a withholding system*. Directorate General of Taxes since 1984 in increasing state revenues, introducing and using a self-assessment *system* as this new system for calculating, paying and reporting taxes, which is carried out independently (Kwarto & Yunaenah, 2019). *The official system assessment* is a tax calculated, paid, and reported based on local government determination. A temporary withholding *system* is a method of collecting taxes carried out by a third party with the authority to determine the amount of tax that the taxpayer must pay. In this system, taxes are calculated and withheld by a third party, not the taxpayer or tax officer. An example is the employee income tax withholding carried out by the agency or company treasurer.

Swallow's nest tax uses a self-assessment *system*, which is where taxpayers are responsible for calculating, paying and reporting their taxes. In this system, the government gives complete trust to taxpayers to determine the amount of tax that must be paid based on the income obtained from the swallow's nest business. With a self-assessment *system*, taxpayers must independently calculate the amount of tax by applicable regulations and then pay the tax to the tax officer without waiting for an audit or calculation by the tax officer. The government or tax officers play a role in supervising and ensuring that the tax calculations reported are correct and according to the regulations (Affan, 2020; Handayani, 2020).

The swallow's nest business has existed since before this regional regulation was implemented. The development of this industry can be attributed to the high prices offered and the increasing demand for swallow's nest products. The combination of high market demand and the economic potential of the swallow's nest business has encouraged its growth in the region. Swiftlet nest production in Central Sulawesi is experiencing a significant increase, reaching 47 tons per year (Ridwan & Arshandi, 2020).

Parigi Moutong Regency has one of Central Sulawesi's most significant swallow nest productions. Many in this region are actively involved in this industry, taking advantage of the supportive geographical conditions (Ridwan & Arshandi, 2020). Rice fields, forests and swamps provide ideal places to find food sources for swifts. Apart from that, the reasonably wide beach is also a strategic area for foraging activities for swallows. The combination of abundant natural resources and local community knowledge in managing the swallow's nest business makes Parigi Moutong Regency one of the potential areas in this industry.

The development of the swallow's nest business in Parigi Moutong Regency provides economic benefits for the local community and has a positive impact on the regional economy. This industry provides business opportunities for residents, thereby improving their standard of living. Apart from that, the sustainability of the swallow's nest business can also contribute to environmental preservation because people tend to maintain the ecosystem that supports the survival of swifts. By wisely utilizing natural resources, Parigi Moutong Regency can continue to develop the potential of

the swallow's nest business sustainably. The following is data on the number of swallow's nest taxpayers and the regional tax payments for swallow's nest tax.

**Table 1. Number of Bird's Nest Taxpayers and Taxpayers of Regional Tax Payments for Swallow's Nest Tax in Parigi Moutong Regency 2019 – 2023**

Year	Number of Swallow's Nest Taxpayers	Number of Taxpayers with Regional Tax Payments
2019	1.017	-
2020	1.052	54
2021	1.062	29
2022	1.171	19
2023	1.242	24

Source: BAPENDA Parigi Moutong (Data processed, 2024)

Based on data from the Regional Revenue Agency of Parigi Moutong Regency, swallow's nest tax revenues over the last five years have experienced significant fluctuations. Planning for collecting swallow's nest tax in Parigi Moutong Regency took place in 2019 by obtaining data on 1,017 swallow's nest taxpayers, and no taxpayers had yet made regional tax payments.

In 2020, 54 taxpayers were recorded as paying the swallow's nest tax, even though data from the master list reached 1,052 taxpayers. Then, in 2021, there was a decrease of 29 taxpayers paying taxes, while the number of taxpayers on the master list increased to 1,062. The decline continued in 2022, with only 19 taxpayers paying the swallow's nest tax, even though the master list of taxpayers increased to 1,171. In 2023, there will be an increase of 24 taxpayers paying the swallow's nest tax, and the master list of taxpayers will increase to 1,242. These fluctuations can be a concern for the authorities, who need to analyze the causes and formulate strategies to make tax revenues more stable in the future.

This research aims to analyze the potential tax revenue from the swallow's nest business in Parigi Moutong Regency, measure the effectiveness of tax collection, and assess its contribution to regional tax revenue. Through this approach, this research can provide an overview of how this sector can be optimized as a source of regional income and identify obstacles in implementing applicable tax policies. The results of this research can be a basis for local governments to formulate more effective strategies to increase taxpayer compliance and optimize tax revenues from the swallow's nest sector.

## 2. Theoretical Background

### Potential Swallow's Nest Tax

Potential refers to abilities or resources that can be developed to meet human needs, especially natural resources (Ewa, 2022). This potential includes everything that can be utilized or exploited from natural resources, such as Swallow's nest. As an example

of natural potential, Swallow's nests have high economic value because they are widely used in the food and medicine industries.

In government finance, tax potential refers to the income generated from various tax sources in an area. Potential tax revenue is often explained as the maximum amount of tax revenue that can be collected by the body or institution responsible for tax collection during a specific period by legal provisions governing the tax imposition process or the capacity, strength and ability to generate reasonable regional income under optimal conditions (Ewa, 2022). This potential is the basis for regional financial planning and management and for setting realistic income targets to support development and efficient community services.

In the swallow's nest industry, there is a potential tax, income that the government can obtain from economic activities related to swallow's nests. The potential level of this tax is very dependent on the production volume of swallow's nests, the market value of swallow's nests, and the tax policies that apply in the region. Thus, utilizing the potential of the swallow's nest tax is an integral part of fiscal policy to optimize revenues and ensure the sustainability of this industry.

### **Effectiveness of the Swallow's Nest Tax**

Effectiveness is an important measure that shows the extent to which a goal has been successfully achieved in terms of quantity, quality and time (Iriranto, 2022). The higher the percentage of target achievement, the greater the effectiveness of a process or program. Applying the concept of effectiveness is also relevant in the context of the effectiveness of the swallow's nest tax. In this case, the effectiveness of the swallow's nest tax can be measured by the extent to which the tax revenue target is achieved. By achieving optimal tax revenue targets, implementing tax policies on swallow's nests can be considered adequate, reflecting the system's ability to generate the desired income through established tax objectives.

### **Swallow's Nest Tax Contribution**

According to Andriani et al., (2024) and Agustini & Friani, (2021), the contribution is everything that a person receives after carrying out various efforts that have an impact on the input of resources (objects) or money. Calculating the value of this contribution is helpful as a basis for knowing how significant a person's business has played in their income and, whether it can be relied on as a source of income.

According to *the statement*, FASB number 6 defines Contribution as "an unconditional transfer of money or other assets to an entity or the voluntary settlement of a debt impact of an obligation, or a mutual transfer to another entity that is not the owner."

To measure how much contribution can be made by income from each type of local tax. The contribution of the swallow's nest tax is used to find out how much the swallow's nest tax contributes to local taxes. This contribution is made by comparing

swallow's nest tax revenues for a certain period with regional tax revenues for a certain period. The greater the result, the more significant the role of the swallow's nest tax on regional taxes, and vice versa; if the comparison is too small, the role of the swallow's nest tax on regional taxes is also tiny (Budiawan, 2022).

### 3. Methodology

This research uses descriptive research methods with a quantitative approach to analyze the potential, effectiveness and contribution of swallow's nest tax to regional tax revenues in Parigi Moutong Regency. A quantitative approach is used to obtain numerical data that can be measured statistically so that the research results can provide an objective picture of tax revenues from this sector. The data includes secondary data in the form of regional tax revenue reports from the Parigi Moutong Regency government.

Data collection techniques in this research were carried out through documentation and literature studies. Documentation studies collect secondary data from related agencies, such as regional tax revenue reports, the number of swallow nest businesses, and tax regulations that apply in Parigi Moutong Regency. Meanwhile, literature studies examine theories, concepts and previous research results relating to local taxes and the swallow's nest sector to provide a strong scientific basis for analyzing the data obtained.

Swallow's nest tax (variable BAPENDA Parigi Moutong Regency. Tax potential (X1) is measured using data from swallow's nest entrepreneurs from the community and BAPENDA. Tax effectiveness (X2) is analyzed based on the Parigi Moutong Regency Revenue and Expenditure Budget Report. Tax contribution (X3) is measured by comparing swallow's nest tax revenues to total regional taxes. Regional tax (variable Y) is a levy determined by the regional government by regulations imposed on tax objects in Parigi Moutong Regency for the 2019-2023 period and measured based on the Regional Revenue and Expenditure Budget Report from BAPENDA.

Data analysis was carried out using quantitative and descriptive analysis techniques. The following is the formula used to analyze the data in this research.

#### Potential Analysis

The potential tax on swallow's nests is calculated using the following formula.

$$\begin{array}{l} \text{PSW} = \text{JSW} \times \text{JsPH} \times \text{HSW} \\ \text{NPPSW} = \text{PSW} \times \text{TP} \end{array}$$

PSW	= Swallow's Nest Income (Rupiah)
JSW	= Number of Swallow Nests (Units)
JsPH	= Number of Nest Collection Per Day (Kg/Unit)
HSW	= Price of Swallow's Nest (Rupiah/kg)

NPPPSW = Potential Tax Value of Swallow's Nests (Rupiah)  
 TP = Swallow's Nest Tax Rate (10%)

### Effectiveness Analysis

Effectiveness measures whether an organization successfully achieves its goals, while the tax effectiveness level can be calculated using the following formula (DAP & Pratomo, 2015).

$$\text{Effectiveness} = \frac{\text{Realization of Regional Original Income}}{\text{Regional Original Income Target}} \times 100\%$$

So, to find the effectiveness of each regional tax, the following ratio is used in the following way.

$$\text{Effectiveness} = \frac{\text{Realization of Swallow's Nest Tax}}{\text{Swallow's Nest Tax Target}} \times 100\%$$

The effectiveness criteria are as follows:

**Table 2. Effectiveness Criteria**

Effectiveness Percentage	Criteria
< 65%	Ineffective
65 - 84%	Less Effective
85 - 99%	Quite Effective
≥ 100%	Effective

Source: Sector Performance Management

### Contribution Analysis

Contribution analysis determines the extent to which regions contribute to regional tax revenues. The amount of bird's nest tax contribution to regional tax revenues can be calculated using the following formula.

$$\text{Contribution} = \frac{\text{Realization of Swallow's Nest Tax}}{\text{Realization of Regional Taxes}} \times 100\%$$

**Table 3. Contribution Criteria**

Contribution Percentage	Criteria
0,00% - 10%	Very less
10,10% - 20%	Not enough
20,10% - 30%	Currently
30,10% - 40%	Pretty good
40,10% - 50%	Good
>50%	Very good

Source: Minister of Home Affairs Decree No. 690,900,327, (1996).

#### 4. Empirical Findings/Result

##### Potential Swallow's Nest Tax

**Table 4. Number of Swallow Nest Breeding Entrepreneurs  
2019-2023**

Year	Swallow's Nest Entrepreneur
2019	1.017
2020	1.052
2021	1.062
2022	1.171
2023	1.242

Source: BAPENDA Parigi Moutong (Data processed, 2024)

Table 4 shows data on the number of swallow nest breeding entrepreneurs from 2019 to 2023. In 2019, the number of entrepreneurs was recorded as 1,017. This figure continues to increase yearly, with 1,052 entrepreneurs in 2020 and a slight increase to 1,062 in 2021. A more significant increase occurred in 2022 when the number of entrepreneurs reached 1,171. This growth will continue until 2023, with the number of entrepreneurs reaching 1,242.

Based on the number of swallow nest breeding entrepreneurs from 2019 to 2023, it is assumed that each of the 1,242 bird nests produces 3 kg of swallow nests with the highest quality price of IDR twenty-one million per kilogram, all paying taxes honestly and by government regulations. So, the potential tax from breeding swallow's nests can be calculated as follows.

$$\begin{aligned} \text{Swallow's Nest Income} &= 1.242 \times 3 \text{ kg} \times \text{Rp } 21.000.000,00 \\ &= \text{Rp. } 78,246,000,000.00 \end{aligned}$$

$$\begin{aligned} \text{Potential Tax Value of Swallow's Nests} &= \text{Rp. } 30,510,000,000.00 \times 10\% \\ &= \text{Rp. } 7,824,600,000.00 \end{aligned}$$

If all swallow nest breeding entrepreneurs pay the correct amount of tax, the potential tax generated could reach IDR 7,824,600,000.00. This figure is only a tiny picture because most people in Parigi Moutong Regency are entrepreneurs who breed swiftlet nests. The tax potential may be much more significant, given the high level of community involvement in this industry.

Based on the illustration or assumption above, taxes from swallow's nests have enormous potential to support development and contribute to regional taxes in Parigi Moutong Regency. This tax system adheres to the self-assessment *system*, which means that the taxpayer himself determines the amount of tax owed. Therefore, it is very important to increase every taxpayer's awareness and honesty regarding the importance of paying taxes on time and in the correct amount.



**Effectiveness of the Swallow's Nest Tax****Table 5. Effectiveness of Swallow's Nest Tax in Parigi Moutong Regency 2019-2023**

Year	Swallow's Nest Tax Revenue Target (Rp)	Realization of Swallow's Nest Tax Revenue (Rp)	Effectiveness Percentage (%)	Criteria
2019	-	-	-	
2020	Rp. 50,000,000.00	Rp. 49,820,000.00	99,64	Quite Effective
2021	Rp. 25,000,000.00	Rp. 33,562,350.00	134,25	Effective
2022	IDR 40,000,000.00	Rp. 41,457,368.00	103,64	Effective
2023	Rp. 40,000,000.00	Rp. 27,013,712.00	67,53	Less Effective

Source: BAPENDA Parigi Moutong (Data processed, 2024)

Based on Table 5, the effectiveness of the swallow's nest tax in Parigi Moutong Regency from 2019 to 2023 shows variations in performance. In 2020, with a revenue target of Rp. 50,000,000.00, realization reached Rp. 49,820,000.00 or 99.64%, which is categorized as quite effective. 2021 recorded excellent performance, where tax revenues amounted to IDR. 33,562,350.00, exceeding the target of Rp. 25,000,000.00 with an effectiveness of 134.25%, indicating very effective tax management. 2022 also shows high effectiveness with receipts of IDR. 41,457,368.00, slightly exceeding the target of Rp. 40,000,000.00 with an effectiveness of 103.64%. However, in 2023, tax effectiveness will experience a significant decline. Even though the revenue target remains Rp. 40,000,000.00, the realization only reached Rp. 27,013,712.00 or 67.53%, which is categorized as less effective.

The average realization of swallow's nest tax revenue in Parigi Moutong Regency from 2020 to 2023 is approaching or exceeding 100 per cent, with some years achieving very high effectiveness. In 2020, realization reached 99.64%; in 2021, it reached 134.25%; and in 2022, it reached 103.64%, indicating that tax collection performance is quite good. Although there is a significant decrease in 2023 with an effectiveness of 67.53%, the overall average still reflects improvements in the tax collection system and process. This indicates that, in general, the swallow's nest tax collection mechanism in Parigi Moutong Regency is running well and effectively. However, it still needs improvement to maintain consistent performance in the future.

**Swallow's Nest Tax Contribution****Table 6. Contribution of Swallow's Nest Tax to Regional Taxes in Parigi Moutong Regency 2019-2023**

Year	Realization of Swallow's Nest Tax (Rp)	Realization of Regional Tax Revenue (Rp)	Percentage (%)	Criteria
2019	-	-	-	-
2020	Rp. 49,820,000.00	Rp. 16,839,265,901.48	0,30	Very less
2021	Rp. 33,562,350.00	Rp. 16,516,040,839.22	0,20	Very less

2022	Rp. 41,457,368.00	IDR 21,835,571,998.41	0,19	Very less
2023	Rp. 27,013,712.00	IDR 18,180,097,553.14	0,15	Very less
Amount	Rp. 151,853,430.00	Rp. 73,370,976,292.25	0,84	
Rate-Rata	Rp. 37,963,357.50	Rp. 18,342,744,073.06	0,21	

Source: BAPENDA Parigi Moutong (Data processed, 2024)

Table 6 shows the contribution of swallow's nest tax to total regional tax revenue in Parigi Moutong Regency from 2020 to 2023. In 2020, the swallow's nest tax was realized as IDR. 49,820,000.00 of total regional tax revenue of Rp. 16,839,265,901.48, resulting in a contribution percentage of 0.30%, which is categorized as "Very Less." In 2021, the realization of the swallow's nest tax will decrease to Rp. 33,562,350.00 from the total regional tax revenue of Rp. 16,516,040,839.22, with a contribution percentage of 0.20%, also in the "Very Less" category.

Furthermore, in 2022, the swallow's nest tax will generate IDR. 41,457,368.00 from the total regional tax revenue of Rp. 21,835,571,998.41, with a contribution percentage of 0.19%, remains in the "Very Less" category. In 2023, the realization of the swallow's nest tax will decrease again to Rp. 27,013,712.00 from the total regional tax revenue of Rp. 18,180,097,553.14, with a contribution percentage of 0.15%, remains in the "Very Less" category. Overall, during these four years, the total contribution to the swallow's nest tax was IDR. 151,853,430.00 from the total regional tax revenue of Rp. 73,370,976,292.25, with an average contribution of 0.21%. The "Very Low" category shows that the contribution of swallow's nest tax to regional tax revenues is still very minimal.

## 5. Discussion

The potential for swallow nest tax in Parigi Moutong Regency is huge because the development of this industry is quite significant, with the number of swallow nest taxpayers continuing to increase yearly. The available data calculates the potential tax based on the number of entrepreneurs, production volume, and selling price of swallow's nests. The potential tax revenue can reach IDR 7,824,600,000.00 if all entrepreneurs pay taxes correctly. This potential illustrates how much this sector can contribute to Original Regional Income (PAD), assuming optimal tax compliance.

This research shows that although the swallow's nest industry is growing rapidly, taxpayer compliance is still low, so the realization of tax revenues has not yet reached its maximum potential. A study by Sukrizal, (2019) in Bengkalis Regency found that the potential for swallow's nest tax is huge if all business actors are registered and pay taxes according to the provisions. However, the main obstacles to optimizing this tax are a weak data collection and supervision system and a lack of outreach to taxpayers. Therefore, the potential for taxes can reach significant figures if tax compliance can be improved through stricter regulations, a more effective collection system, and appropriate socialization.

The effectiveness of the swallow's nest tax is measured by comparing the actual tax revenue with the set target. Data shows that the effectiveness of tax collection was generally quite good from 2020 to 2022, with percentages approaching or exceeding 100%. However, there will be a significant decline in 2023, with an effectiveness of only 67.53%. This decline indicates that there are challenges in maintaining consistent tax collection performance. Obstacles such as lack of compliance, supervision, or other external factors can cause reduced effectiveness.

Previous research by Iriranto (2022) in Batang Regency found that the effectiveness of swallow's nest tax collection tends to fluctuate, influenced by the level of taxpayer compliance and local government monitoring efforts. Another study by Fionasari et al., (2021) in Rokan Hulu Regency shows that the effectiveness of the tax is less than 90%, so it falls into the quite effective category. The results of this research support the findings in Parigi Moutong Regency, where the decline in tax effectiveness in 2023 indicates the need to increase tax monitoring and compliance strategies to maintain the stability of regional revenues.

The contribution of swallow's nest tax to total regional tax revenue is minimal, even though the potential and effectiveness of collection have been relatively high for several years. During the 2020-2023, the average tax contribution is only 0.21% of total regional tax revenue. This small contribution indicates that even though the potential is significant, the realization of tax revenues has not been able to impact PAD significantly. This is due to the low value of the swallow's nest tax revenue target compared to the total regional tax revenue target, as well as the lack of compliance by entrepreneurs in paying taxes in full.

Previous research by Iriranto (2022) in Batang Regency found that although the swallow's nest tax has excellent potential, its contribution to Original Regional Income (PAD) is minimal, only around 0.03% of total regional tax revenue. A similar thing was found in research by Fionasari et al., (2021), which showed that the tax contribution in Rokan Hulu Regency was in the medium category with a value of less than 10%. These findings align with conditions in Parigi Moutong Regency, where although the effectiveness of tax collection has been quite good for several years, the actual contribution to total regional tax revenue remains minimal. Therefore, stricter policies are needed to set tax targets and increase taxpayer compliance to optimise this sector's contribution to PAD.

## **6. Conclusion**

The potential tax on swallow's nests in Parigi Moutong Regency is enormous because of the high number of breeding entrepreneurs and the high economic value of swallow's nests. Suppose everyone is obliged to obey and pay taxes according to the rules. This potential shows that the swallow's nest sector can be a significant source of tax revenue for the region. The effectiveness of Swallow's Nest Tax Collection in Parigi Moutong Regency has looked quite good in several years, with an effectiveness

level approaching or exceeding 100% from 2020 to 2022. However, effectiveness experienced a drastic decline in 2023 to 67.53%, indicating challenges in maintaining consistent tax collection performance. Then, the contribution of Swallow's Nest Tax to Regional Taxes is minimal, with an average of only 0.21% of total regional tax revenue in 2020-2023. Even though the effectiveness of tax collection has been quite good for several years, the contribution to Original Regional Income (PAD) is still minimal, indicating that the existing potential has not been fully realized. Further efforts are needed to ensure that this enormous potential can be optimized to support regional development more significantly.

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