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Taxpayers Comply in Paying Land and Building Taxes (Case Study in Lamongan Regency)

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Abstrak

Taxes are one of the largest sources of state income. All citizens will benefit from the tax function. Recently, a lot of tax fraud has emerged among taxpayers. This research aims to determine the influence of understanding, level of trust in the government, community income, awareness and tax sanctions on taxpayer compliance in paying land and building taxes in Lamongan Regency. Lamongan Regency The object of this research is a village in Lamongan Regency. This research was conducted on 100 respondents using a simple random sampling method, namely Land and Building Taxpayers. This research uses a quantitative descriptive approach with associative research methods. Data collection was carried out by distributing questionnaires and data analysis using multiple linear regression. The research results show that the variables of understanding, level of trust in the government, and tax sanctions have no effect on taxpayer compliance in paying PBB, while people's income and awareness influence taxpayer compliance in paying PBB.

1. Introduction

As a citizen, one's duty is to pay taxes to the state in compliance with the law, which imposes compulsory contributions. A nation gets its revenue from its taxes. The nation's social and economic operations are funded by taxes. Per Law Number

28 of 2007 about the Third Amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures, Article 1 Paragraph 1. Taxes are required payments to the state that are due from a person or organization under coercive legal requirements. They are paid without regard to receipt of payment and are intended to fund public demands for the maximum prosperity of the populace.

There are two categories of taxes: central taxes and regional taxes. State and central taxes are collected by the government and used to fund state households. Regional taxes, which are utilised for regional needs for the greatest prosperity of the people, are a taxpayer's contribution to the area that is due by a person or company that is coercive based on the law, without getting direct compensation (Mardiasmo, 2018). A tax that contributes to the region's revenue is the Land and Building Tax. Except for areas used for plantation, forestry, and mining commercial operations, the rural and urban land and building tax is a tax on land and buildings owned, managed, and/or used by persons or companies (Indriyasari and Maryono, 2022). As a source of regional income, the City Government sets an annual target for land and building tax revenue, however this goal is not always fully met. The realisation of land and construction tax income is often found to be significantly less than the goals established by the Lamongan City Government.

By 2021, Lamongan Regency will have a PBB potential of 44.1 billion. In August 2021, just 22.3 billion, or 50.75 percent, were attained. The 820,120 PBB P2 taxpayers who are the targets of this effort are the target group. "Of course, in this way we can bring services closer to the community, as well as improve administration in the PBB payment process," Wahyudi said. The municipal administration of Lamongan, which anticipates that this tax would have a full impact, has not projected this amount (Bapenda, 2022).

Several elements are needed in order to improve taxpayer compliance with paying taxes, particularly land and building tax. Understanding, degree of faith in the government, people's income, knowledge, and tax penalties are all factors that might lead to a rise in taxpayer compliance with paying taxes. Later on, this variable will serve as a baseline to improve tax payment compliance. It's possible that these four variables won't have an impact on taxpayer compliance with tax payment. Other reasons can be the cause of this (Indriyasari & Maryono, 2022).

The Lamongan Regency instance is used in this research to investigate taxpayer compliance with Land and Building Tax payments. Because Lamongan Regency's tax revenues would not be realised in full until 2022, the researcher brought the item there (Bapenda, 2022). One of the State tax officers who had previously headed the general department of the Regional Office of the Directorate General of Taxes was accused of major money laundering, a case that stunned the public in March 2023. Transaction Reporting and Analysis Centre Law, utilised for governmental requirements for the maximum prosperity of the people, without obtaining direct pay. There are two categories of taxes: central taxes and regional taxes. State and central taxes are collected by the government and used to fund state households. Regional taxes, which are utilised for regional needs for the greatest prosperity of the people, are a taxpayer's contribution to the area that is due by a person or company that is coercive based on the law, without getting direct compensation (Mardiasmo, 2018).

Researchers used attribution theory in this study. According to this idea, people attempt to ascertain whether a behaviour is created inwardly or outside when they watch it in others (Robbins & Judge, 2011)**.** This theory is used to explain the internal and external circumstances that a taxpayer must meet in order to satisfy their tax payment obligations. This may help to understand how taxpayer knowledge, taxpayer income, and tax penalties affect taxpayer compliance with regard to filing taxes (Amran, 2018).

In addition to Attribution Theory, the Theory of Planned Behaviour is used in this study to explain behaviour that results from an individual's purpose (Ajzen, 1991). This is consistent with an individual's knowledge, accountability, and purpose to act or behave. If circumstances are favourable both internally and externally, it is envisaged that a taxpayer who is obligated to pay taxes would be motivated to comply with tax reporting. Furthermore, the imposition of tax penalties may reinforce the incentives to file taxes. In addition, as trust is the most essential thing to everyone, public confidence in the government might affect tax payment compliance. If the person granted the trust can be relied upon to uphold that authority, then tax payers will comply (Amran, 2018).

On the comprehension aspect, the aforementioned might be predicated. Understanding tax reporting and the associated penalties, together with the notion that paying taxes is a universal responsibility, might motivate individuals to file their taxes. A taxpayer is more likely to comply with tax laws if they have a stronger awareness of them (Amran, 2018)**.** The effect of comprehension, people's degree of confidence in the government, people's income, knowledge, and tax punishments on taxpayer compliance in paying Land and Building Tax was chosen by the researchers out of the five elements mentioned above. The aim of this study is to investigate and evaluate the impact of several factors, including people's income, knowledge, comprehension, and degree of faith in the government, on taxpayer compliance with regard to paying land and building tax.

Figure 1. Research Conceptual Framework
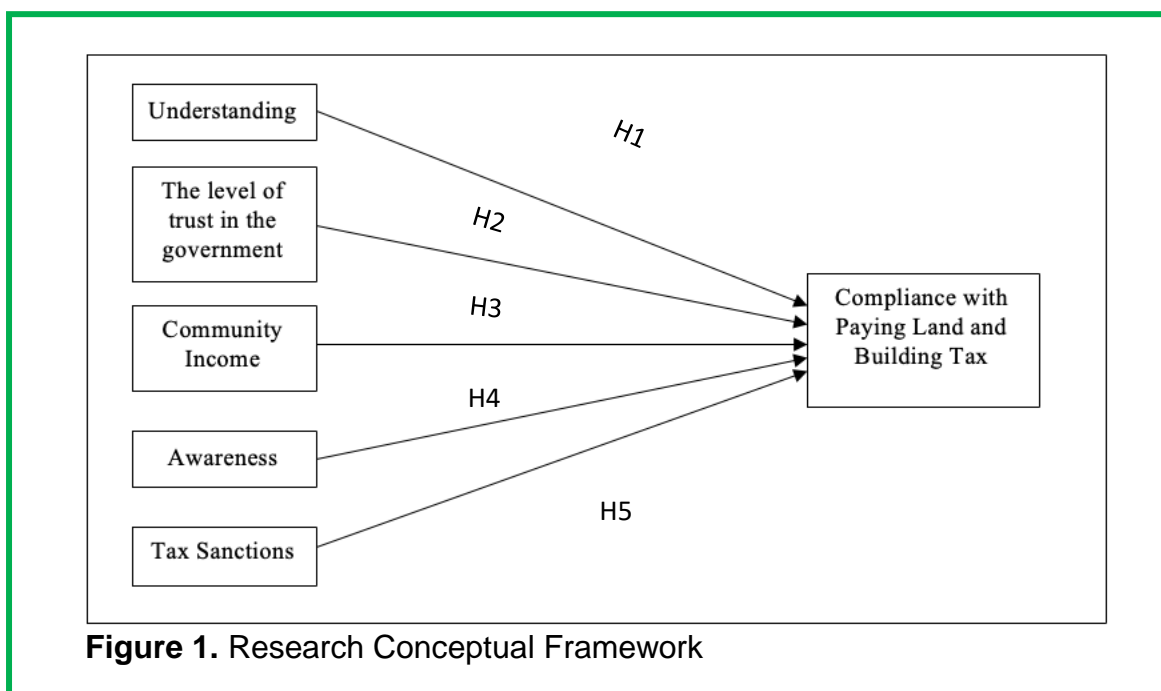
This study has five hypotheses, which are as follows:

H1: Paying Land and Building Tax compliance is positively impacted by tax understanding.

H2: Paying Land and Building Tax compliance is positively correlated with one's degree of faith in the government.

H3: Community income positively impacts land and building tax compliance.

H4: Paying Land and Building Tax compliance is positively impacted by awareness.

H5: Penalties for taxes have a favorable impact on paying land and building taxes.

2. Methods

Associative quantitative research methodologies are used in this study. By expressing the effect of comprehension, degree of confidence in the government, public revenue, and tax penalties on taxpayer compliance in paying Land and Building Tax, this sort of study seeks to evaluate a precise and well-defined hypothesis (Umbaran, et al. 2022). Primary data, which may be acquired directly or via questionnaires to respondents, were employed in this study. Primary data, according to Sugiyono (2019), is a kind of data source that gives data collectors access to data directly. The initial source or location where the research item is conducted is where the researcher personally gathers data. Opinions about the impact of knowledge, degree of trust in the government, public income, and tax penalties on taxpayer compliance in paying Land and Building Tax are determined using this primary data.

The whole community in Lamongan Regency that pays property and building taxes is the population under study. In Lamongan Regency, there are 822.743 registered beneficiaries of the 2022 SPPT PBB (Bapenda, 2022). Simple random sampling, or probability sampling, was the method of sample selection used in this study. In line with other studies, this study used a 10 percent error rate (Umbaran et al., 2022). The following formula determines the sample size needed for this study:

$$n = \frac{N}{1 + Ne^2} = \frac{822.743}{1 + 822.743.\,(0{,}05)^2} = 399{,}99 \text{ rounded to } 400$$

This may be understood to mean that 400 taxpayers who pay land and construction tax in Lamongan Regency constitute the minimal sample limit, as determined by the Slovin formula, which is 399.99. The data will be processed and evaluated in order to make use of the examined data, which will then serve as a foundation for decision-making. This study uses quantitative data analysis for its data analysis. When data is analyzed quantitatively, it takes the shape of numerical values that are derived via measurements or additions. Using statistical analytic techniques, this quantitative analysis determines the extent of the quantitative effect of a single change or a series of occurrences.

Multiple regression analysis is a tool used by researchers to quantify the degree of impact that exists between an independent and dependent variable. If there are two or more independent variables, multiple regression analysis will be performed. The following is the multiple linear regression equation used in this study (Aristo & Budiharjo, 2018):

$$Y = α + β1X1 + β2\ X2 + β3\ X3 + β4\ X4 + ε$$

In regression analysis, the pattern of relationships between variables is described in a regression equation, which is estimated based on sample data. The research question is how much understanding variable, variable for the level of trust in the government, community income variable, and tax sanctions variable affect to taxpayer compliance variable in paying PBB.

Information:

Y	= taxpayer compliance variable in paying PBB
$α$	= constant
$β_1 – β_4$	= regression coefficient
X_1	= understanding variable
X_2	= variable for the level of trust in the government
X_3	= community income variable
X_4	= tax sanctions variable
$ε$	= residual

3. Findings and Discussions

3.1 Findings

Descriptive Analysis of Respondent Characteristics

A questionnaire was used in this research to estimate the number of samples drawn from a 400 respondents survey; however, only 100 of them agreed to complete it. Based on the data gathered from the questionnaire, they meet the requirements for several groups because:

Tabel 1. Percentage of Respondents Based on Gender

No	Gender	Number of Respondents	Percentage
1	Man	60	60.0
2	Woman	40	30.0
	Amount	100	100

Source: SPSS processed data, 2023.

It is clear from table 1 that there was a total of 100 respondents, 60 male and 40 female including the respondents. Respondents for this study were from the Lamongan Regency Taxpayers, which includes many subdistricts (Lamongan Mantup, Modo, Kedungpring, Sugio, Babat, Tikung, Bluluk, Kembangbahu, Karanggeneng, Glagah, Laren, Maduran, Solokuro, Brondong, Sedayulawas, Kalitengah, Paciran, Deket, Sukodadi, Sambeng, Pucuk, Sekaran, Karangbinangun, Sukorame, Ngimbang).

Coefficient of Determination Test

Table 3. Coefficients of Determination

Variabel	R	R Square	Adjusted R Square
Taxpayer compliance variable in paying PBB	0.369	0.136	0.095

Source: SPSS processed data, 2023.

According to table 3, the number of R-Square or Adjusted R-Square indicates the coefficient of determination value. The factors of comprehension, people's income, tax punishments, and degree of confidence in the government all have a 9.5% impact on variable Y, which is taxpayer compliance in paying land and building tax, according to the Adjusted R-Square, which is 0.095.

F test

Table 2. F Test

Variable	F Count	Significance	Result
Taxpayer compliance variable in paying PBB	3.305	0.008	Significant

Source: SPSS processed data, 2023.

Table 2 states that the regression model under test is considered viable if the number of prob. The computed F (found in the sig column) does not exceed the error rate alpha (calculated at a value of 0.05).

Hypothesis testing

Table 4. Effect Test Results

Variable	Original Sample	T-Statistics	P-Value	Result
(Constant)	8.485	3.616	0.000	
Understanding (X1) –> Taxpayer compliance variable in paying PBB (Y)	0.050	0.347	0.729	have no effect
Level of Confidence (X2) –> Taxpayer compliance variable in paying PBB (Y)	-0.004	-0.061	0.952	have no effect
Community Income (X3) –> Taxpayer compliance variable in paying PBB (Y)	0.261	3.301	0.001	have an effect
Awareness (X4) –> Taxpayer compliance variable in paying PBB (Y)	0.148	1.936	0.056	have an effect
Tax Sanctions (X5) –> Taxpayer compliance variable in paying PBB (Y)	0.054	0.725	0.470	have no effect

Source: SPSS processed data, 2023.

Based on table 4, if prob. The independent variable's computed T value is 3.616. In the meanwhile, the dependent variables are, in that order, 0.347, -0.061, 3,301, 1,936, and 0.725. If the value in the Sig column is less than 0.05, it is considered to have an impact. After much consideration, it was decided that the factors X1, X2, and X5 had no bearing on the independent variables. In the

meanwhile, it is claimed that variables X3 and X4 have an impact on the independent variable.

3.2 Discussions

The Impact of Knowledge on Taxpayer Compliance with Regard to Land and Building Tax Payment

According to the researchers' investigation, comprehension has no impact on whether or not construction and land taxes are paid. According to study by Purwaningsih et al. (2022), comprehension has little impact on whether or not construction and land taxes are paid. Ermawati (2018) also stated in her research that knowledge has no effect on taxpayer compliance because of taxpayers' reluctance to properly understand taxes. This contrasts with the findings of a study by Hasanudin, et al. (2020), which indicates that knowledge affects adherence to the Land and Building Tax payment requirements. The attribution hypothesis, which holds that taxpayers' comprehension of tax laws is an internal cause that affects tax perceptions in decision making, has contradictions, according to research findings. This is so that when the taxpayer receives their tax bill, the residents of Lamongan Regency will still be required to pay taxes. Additionally, they usually don't challenge the tax rate because they believe it to be consistent with the rationale for the implementation of building and land taxes. Other than this, taxpayers in Lamongan Regency will pay Land and Building Tax on time and responsibly even if they are unaware of the processes for doing so and could benefit from clearer regulations regarding tax collection. Therefore, understanding has no bearing on compliance with tax compliance. person. Taxpayers in Lamongan Regency are merely aware that they are required to pay taxes since there are still several methods of collecting taxes, such as designating them to village authorities in their respective districts.

The Impact of Taxpayer Compliance with Regard to Land and Building Tax Payment on the Degree of Trust in the Government

The findings of the researchers' study demonstrate that compliance with paying land and construction taxes is independent of one's degree of faith in the government. As to the findings of study by Kristanti and Subarjo (2021), comprehension has no bearing on paying land and building taxes in compliance. The public's lack of complete faith in the government does not stop taxpayers from paying their share. The public's confidence in the government has decreased due to an increase in instances of corruption and misappropriation of tax dollars. In the hopes that the government would judiciously, fairly, and honestly distribute taxes to appropriately support the welfare of its citizens, this is an appeal to the public to make sure that their confidence is not betrayed with state funding provided via taxes. Distrust and feelings of indifference from the public towards a government mechanism that is running will reduce public awareness of paying taxes so that it can lead to reluctance among the public to pay taxes (Cahyani dan Sovita, 2024). Apart from that, a decrease in the level of public confidence in paying taxes can occur when people do not feel any changes in their tax payments, such as adequate infrastructure development and the community does not feel equal distribution of welfare or justice (Simanjuntak dan Sudjiman, 2023).

The Impact of Individual Income on Taxpayer Compliance with Regard to Land and Building Tax Payment

According to the researcher's findings, people's compliance with paying land and construction taxes is influenced by their income. According to Indriyasari dan Maryono (2022), people's income has an impact on their compliance with paying taxes. This implies that if circumstances are favourable on all fronts both internally and externally taxpayers will be motivated to pay their fair share. Since their money is utilised to maintain their basic necessities, those with low earnings will not be able to fulfil their duties. An individual's financial level affects their understanding of their duties and their compliance with the law. We may deduce that an individual's degree of tax compliance increases with their income. In line with the research results of Sritharan and Salawati (2019) which stated that an individual's personal financial position is the main important variable that influences the tax compliance behavior of individual taxpayers. The research findings of Wijaya and Nawira (2023), Hasna & Halimatusadiah, (2022), and Fathon et al., (2022) show that people's compliance with PBB tax payments is significantly influenced by their income. This is because the higher a taxpayer's income, the more capable they are in carrying out their duties to fulfill their tax obligations.

The Impact of Knowledge on Taxpayer Compliance with Land and Building Tax Payment

According to the researchers' analysis, people's income has little impact on whether they comply with their building and land tax obligations. Similar to studies done by (Amran, 2018). This indicates that the taxpayer is not yet liable for paying taxes. The absence of self-motivation to pay taxes is the cause of this. They don't know what their responsibilities and rights as citizens are. Some taxpayers pay their taxes, in part, because the government forces them to do so by threatening to withhold taxes. A high level of taxpayer awareness will also translate into a high level of tax payer awareness and increased state revenue from taxes. In this sense, tax literacy the public's understanding of taxes must be promoted by the government.

Tax Sanctions' Effect on Taxpayers' Compliance with Land and Building Tax Payment

According to the researcher's research, taxpayer compliance with PBB payment is unaffected by the lack of tax penalties. This indicates that the study does not confirm or refute the put forward theory. According to study by Purwaningsih et al. (2022), tax punishments have little impact on taxpayer compliance with regard to filing taxes. When penalties are applied too harshly, taxpayers may become rebellious in their tax obligations. For instance, there is a negative economic link between late tax payments and fines because some taxpayers choose not to pay the fines or face other tax penalties. Particularly when they have to pay penalties or fines, they believe that their tax burden is already too great. This could serve as a catalyst for taxpayer noncompliance with regard to Land and Building Tax payments. In addition to raising costs, it becomes more difficult to handle fine paperwork as individuals would choose to disregard them and withhold taxes. The results of this research are also in line with the findings of Zega and Husda (2024) and Andana et al., (2022) who stated that tax sanctions have an effect on taxpayer compliance in paying land and building taxes. This is caused by public awareness of the sanctions that will be received when people are late in paying land and building taxes. The higher the tax sanctions given to taxpayers who violate their obligations in paying taxes, the higher their sense of awareness in complying with their obligations.

4. Conclusion

Based on the research results above, it can be concluded that understanding, level of trust in the government, awareness, and tax sanctions all show results that do not affect taxpayer compliance in paying PBB. Therefore, to increase taxpayer awareness of paying PBB and the attitude of government officials, it is necessary to enforce discipline, foster a culture of honesty, and improve the legal system, which is realised by eliminating injustice. Only Lamongan Regency was used for this investigation. This is intended so that more research can broaden the research focus and enable research to make a more significant contribution, for example, by enabling comparisons between two different cities or districts.

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