

The Effect of Taxpayer Awareness and Tax Sanctions on Compliance in Paying Land and Building Taxes

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ABSTRACT

This study aims to obtain empirical evidence about the effect of taxpayer awareness and tax sanctions on taxpayer compliance in paying land and building taxes in Bukit Kecil sub-district of Palembang. The population in this study is the land and building tax (PBB) that have been registered in Bukit Kecil District in 2017 as many as 8,596 people. Meanwhile, the sample in this study were 99 respondents. Data collection methods used in this study are by distributing questionnaires to respondents and using a likert scale. The data in this study were processed using Statistical Product and Service Solutions (SPSS) version 22 and using quantitative analysis. The results of this study indicate that taxpayer awareness and tax sanctions have a positive and significant effect on tax compliance in paying land and building taxes in Bukit Kecil sub-district of Palembang.

Keywords: *awareness, sanctions, compliance*

1. INTRODUCTION

In the context of implementing development, a country must be supported by adequate funding. The funds usually come from state revenue, one of which is from the revenue sector. In Indonesia tax is the largest source of state revenue, which is divided into central tax and local tax. Tax as the main source of state revenue has shown a very significant role, therefore the government must strive to optimize tax contributions as part of the largest source of state revenue. As of 1 January 2014 the Rural and Urban Sector Land and Building Tax is managed by the Regional Government. This is a mandate from Law Number 28 of 2009. This provision has had a very positive impact on increasing the Government's Budget. Thus, the effectiveness of land and building tax revenues in the regions is still found a number of obstacles, namely community compliance in paying land and building taxes. The realization of the Land and Building Tax (PBB) of the Palembang City Government, in 2018 is targeted at IDR 190 billions and the payment due date is no later than September 30, 2018, but the achievement is only IDR 157.7 billions. This is allegedly due to the large number of PBB debt arrears [1].

The effort to improve taxpayer compliance by raising awareness of taxpayers and tax sanctions. According to Tuwo [2] Awareness of taxpayers affects tax compliance. The imposition of tax sanctions on taxpayers can lead to the fulfillment of tax obligations by taxpayers so as to increase compliance with the taxpayers themselves [3].

According to Law Number 28 of 2009 concerning Land and Building Taxes in Rural and Urban Areas [4], hereinafter referred to as taxes, is a tax on land and / or buildings owned, controlled, and /or utilized by individuals or entities for the

urban and rural sectors except for areas which are used for business activities in Plantation, Forestry, and Mining.

Compliance means submission or compliance with the teachings or rules. So taxpayer compliance can be interpreted as subject, obedience and compliance of taxpayers in carrying out the rights and obligations of taxation in accordance with applicable tax laws. It can be concluded that compliance is subject to and obedient to an applicable rule. Compliance with respect to taxation means the state of the taxpayer carrying out his obligations, in a disciplined manner, in accordance with the laws and regulations as well as the applicable taxation method [5].

Tax awareness is a condition where taxpayers know, understand, and implement tax provisions correctly and voluntarily. Taxpayer awareness is the behavior of taxpayers that involves the confidence and knowledge to be able to act in accordance with the system or provisions imposed by taxation [6].

Tax sanctions are control devices that control so that taxpayers continue to meet their tax obligations due to the loss that will be obtained by taxpayers if they do not pay tax which will automatically make taxpayers think if they do not want to fulfill their tax obligations. A policy in the form of imposition of sanctions can be used for 2 (two) purposes, the first is to educate and the second is to punish. The first purpose is to educate, it is intended that those who are sanctioned will become better and better aware of their rights and obligations so that they no longer make the same mistakes. The second purpose is to punish so that the condemned party will become a deterrent and no longer make the same mistakes [7]

2. RESEARCH DESIGN AND METHODOLOGY

Population is a generalization area consisting of objects/ subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions [8]. The sample is "part of the number and characteristics possessed by the population [9].

Population can also be defined as the whole unit or individual within the scope to be studied. The population in this study is the taxpayer (WP) who has registered land and building tax (PBB) sub-district of Bukit Kecil which is 8,596 WP and the number of samples are 99 respondents in Bukit Kecil Sub-District of Palembang.

The data used by the researchers in this study are primary data, that is data obtained directly from taxpayers. The data collection method used in this study is a survey method in which the researcher asks questions or statements to respondents both in oral and written form [8].

3. RESULTS AND DISCUSSION

According to Ghozali [10] the normality test aims to test whether in the regression, the interruption variable or residual has a normal distribution. Based on graph display results in below, it can be seen that the P-Plot graph has points that follow and approach the diagonal line so that it can be concluded that the data used in this study meets the assumption of normality.

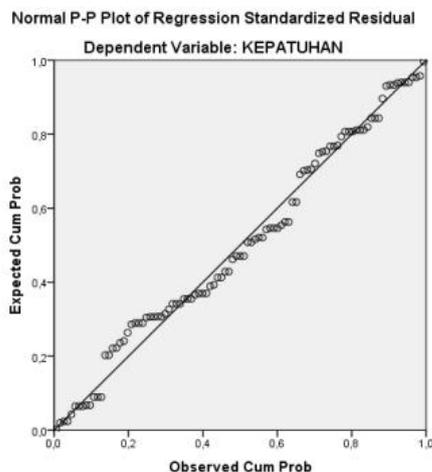


Figure 1 Normality Test Results

According to Ghozali [10] Multicollinearity Test aims to test whether the regression model found a correlation between independent variables (independent). Based on the SPSS calculation results in the Coefficienta shows that the VIF value on the awareness variable is 1.771, the sanction variable is 1.771, meaning that the VIF value < 10 and the tolerance value is close to 1 which means X1, X2 variables do not occur /is not free from multicollinearity symptom.

According to Ghozali [10] states that a good regression model is Homoscedasticity or does not occur Heteroscedasticity. If the residual plot that occurs does not describe a certain

systematic pattern, more random, on above and below zero on the Y axis, then the regression equation used in this research can fulfill the assumption of homoscedasticity or there is no heteroscedasticity problem.

Based on the results, it appears that the data points spread above and below or around the number 0 and the points do not collect only on above or below. These points also do not form certain clear patterns, so it can be concluded that there is no symptom of heterocedasticity.

Based on the results of Multiple Regression Anaysis, constant value (β_0) is 4,120. This means that if the variable Taxpayer Awareness and Tax Sanctions value is 0, then Taxpayer Compliance 4,120. The regression coefficient value of the Taxpayer Awareness variable (X1) has a positive value of 0,383. This means that taxpayer awareness has a positive effect on taxpayer compliance. This shows that the higher the Taxpayer Awareness of one unit (1), the Taxpayer Compliance will increase by 0,383 with the assumption that other independent variables have a fixed value. The regression coefficient value of the Tax Sanction variable (X2) is positive, that is 0,495. This means that tax sanctions have a positive effect on taxpayer compliance. This shows that the higher the Tax Sanction of one unit (1), the Taxpayer Compliance will also increase by 0,495 with the assumption that other independent variables are fixed in value.

Based on the results of t test, the t-value and the degree of significance of each independent variable are indicators of acceptance and rejection of the hypothesis. The Taxpayer Awareness variable (X1) t-count value of positive is 5,019 greater than the t-table value of 1,985, so it can be said that the Taxpayer independent variable (X1) has a positive influence or contribution to the dependent variable Taxpayer Compliance (Y) From the significance value obtained at $0,000 < 0,05$, it can be stated that Taxpayer Awareness (X1) has a significant effect on Taxpayer Compliance. Based on these results, the researcher's hypothesis affects Taxpayer Compliance can be accepted.

Likewise the Tax Sanction variable (X2) t-count value of 6,169 is greater than the t-table value of 1.985, so it can be said that the independent variable Tax Sanction (X2) has an influence or contribution to the taxpayer Compliance dependent variable (Y). From the significance value obtained at $0,000 < 0,05$, it can be stated that the Tax Sanction (X2) has a significant effect on Taxpayer Compliance. Based on these results, the researcher's hypothesis that the Tax Sanction affects Taxpayer Compliance can be accepted.

From the results of F Test, the calculated F-value is 92,191 and the significance is 0,000. This indicates that the F-count of 48,666 is greater than the F-table of 2,470, so it can be stated that simultaneously the independent variables are Taxpayer Awareness and Tax Sanctions dependent variable Taxpayer Compliance. F-table is obtained from table f with $df 1 = 4$ and $df 2 = (99-4-1) 94$ so that the F-table value is 2,470. The significance level of 0,000 is less than 0,05 or 5%, so it can be concluded that overall the independent variables namely Taxpayer Awareness X1), and Tax Sanction X2) have a significant influence on the dependent variable Taxpayer Compliance (Y). Based on that conclusion, then the researcher's hypothesis that the variable Taxpayer Awareness,

and Tax Sanctions together affect the Compliance of Taxpayers simultaneously can be accepted.

Based on the result of Determination Coefficient Analysis, note R of 0,811. The results can be categorized "Strong ", the correlation coefficient value of Taxpayer Awareness and Tax Sanctions on Taxpayer Compliance. From this table it can also be seen that the result of R Square or the coefficient of determination (KD) obtained is 0,658. This can be interpreted that the X variable has a contribution effect of 65, 8% of the Y variable.

Researchers obtained evidence that taxpayer awareness significantly influenced taxpayer compliance in paying PBB. Taxpayers voluntarily fulfill their obligations to include fulfilling contributing funds for the implementation of the construction of the City of Palembang with the higher level of taxpayer awareness, the level of compliance in paying taxes will also be better.

Taxpayer consciously that paying taxes is a mirror of good citizens and trust that the collection of the PBB results will return to the community Taxpayers realize that the importance of land and building taxes for the development of the payment area can be detrimental to the region. This means that taxpayers have enjoyed the results of development that have been carried out by the government, such as infrastructure development projects such as bridges, environmental roads in places where people live so that this has directly built awareness in the community.

The results of this research are in line with research conducted by Santi [6] shows that taxpayer awareness has a significant effect on compliance with land and building taxpayers. Then, research conducted by Alfiah [11] which states that taxpayer awareness significantly influences the willingness to pay taxes. And research conducted by Brata [12] and Utomo [13] also states that awareness of taxpayers significantly influences to the compliance of taxpayers.

Researchers obtained evidence that tax sanctions had a positive and significant effect on tax compliance in paying PBB. Taxpayers know that if they are late paying the PBB, they will be fined, so that taxpayers will pay off the PBB on time to avoid tax penalties. In addition, based on observations in the field that if the taxpayer does not pay the PBB or late to pay the PBB will not be served by the city government in terms of population administration such as the requirements for making family cards and others.

Tax penalties are the government's responsibility. Imposing sanctions by the Government can increase the discipline of taxpayers in terms of the timeliness of paying taxes and accuracy in filling out the tax object registration forms and changes in PBB tax object data. But until now there are still many taxpayers who consider tax sanctions low. If sanctions given by the government run well, the level of compliance of taxpayers will increase.

The results of this study are in line with Fitrianiingsih [14], stating that sanction in fines is a positive influence on taxpayer compliance. Jotopurnomo [15] states that tax penalties affect the compliance of individual taxpayers in Surabaya. Kusuma's research [16] also states that tax sanctions have a positive effect on taxpayers compliance. Similarly, research conducted by Tarigot [17] states that

penalty sanctions significantly influence the compliance of taxpayers.

Researchers obtained evidence that awareness of taxpayers and tax sanctions simultaneously and significantly affect taxpayer compliance in paying PBB taxes in the city of Palembang. The four independent variables contribute to increasing taxpayer compliance in paying PBB taxes through timely payment of taxes and encouraging taxpayers to become tax-obedient citizens.

In addition, they are also able to encourage taxpayers to participate in regional development and increase awareness of taxpayers to implement obligations as citizens through paying PBB taxes properly. Furthermore, the PBB tax penalty sanctions also encourage taxpayers to pay taxes on time and consciously report information about PBB taxes to the government / tax collector.

This result is in line with research conducted by Mutia [18] which states that tax sanctions affect mandatory compliance taxes on paying land and building taxes.

Based on the results of the above research, researchers provide the following conclusions:

1. Awareness of taxpayers has a positive and significant effect on tax compliance in paying Land and Building Tax (PBB);
2. Tax sanctions have a positive and significant effect on tax compliance in paying Land and Building Tax (PBB); and
3. Awareness of taxpayers, and tax sanctions simultaneously and significantly influence tax compliance in paying PBB taxes in Palembang.

5. CONCLUSION

Based on the results of the research, (1) Awareness of taxpayers has a positive and significant effect on tax compliance in paying Land and Building Tax (PBB); (2) Tax sanctions have a positive and significant effect on tax compliance in paying Land and Building Tax (PBB); and (3) Awareness of taxpayers, and tax sanctions simultaneously and significantly influence tax compliance in paying PBB taxes in Palembang

The Government of Palembang should increase understanding of taxpayers through adequate socialization to the people who become The PBB taxpayers so that it can increase taxpayer compliance in paying PBB taxes. Further research should increase the amount of data processed and add other variables that are predicted to affect tax compliance in paying PBB taxes.

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