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The Influence of Tax Socialization, Tax Knowledge, Tax Sanctions, and Education Level on the Compliance of Urban and Rural Land and Building Tax (PBB-P2) Taxpayers in Sidoarjo Regency

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Abstract: This study aims to examine the influence of tax socialization, tax knowledge, tax sanctions, and education level on the compliance of Urban and Rural Land and Building Tax (PBB-P2) taxpayers in Sidoarjo Regency. Although annual PBB-P2 revenue has consistently increased and even exceeded its targets, the number of paid Tax Object Numbers (NOP) remains relatively low, indicating ongoing challenges in achieving optimal taxpayer compliance. This research employs a quantitative approach through a survey method by distributing questionnaires to taxpayers in the region. The collected data were analyzed using SmartPLS 4.0 to test the effect of the independent variables on taxpayer compliance. The results reveal that tax socialization, tax knowledge, tax sanctions, and education level all have a positive influence on taxpayer compliance. The model's R-squared value of 0.769 indicates that 76.9% of the variation in compliance is explained by these variables. These findings emphasize the importance of educational and regulatory factors in enhancing tax compliance. Therefore, it is recommended that local governments strengthen tax education programs, implement fair and transparent sanctions, and improve community education to optimize PBB-P2 revenue collection.

Keyword: Tax Socialization, Tax Knowledge, Tax Sanctions, Education Level, PBB-P2.

INTRODUCTION

PBB P-2 is one of the important sources of regional income, because its contribution to the Regional Revenue and Expenditure Budget (APBD) is very significant. PBB P-2 is imposed on every person or entity that owns or controls land and buildings, and the amount of tax to be paid is determined based on the regional government's taxable object sales value (NJOP). Organizing Regional Government Land and Building Tax through the Regional Revenue Service so that it can carry out intensification and extensification activities, one of which is by increasing effectiveness or optimizing existing potential by seeking equivalent effectiveness,

in accordance with government provisions and calculations related to such effectiveness (Mulyani 2021). According to Nugrahadi (2020), emphasized that strong regional regulations as a legal basis, as well as good human resource management, are very important to increase PBB P-2 revenue. There are several factors that contribute to the decline and failure to achieve the budget realization, which show that there is resistance from the community to pay taxes, both actively and passively, which is caused by unstable economic conditions (Nuruldiani et al., 2023).

Based on the target data and PBB P-2 tax revenue in Sidoarjo Regency, it has reached its annual target, in 2017-2020 it reached the target and experienced an increase in its percentage, in 2021 it appears that it has not reached the target where the PBB P2 target should be 258,000,000,000 but the realization of the receipt was only 254,650,339,833, because in that year the COVID 19 outbreak allowed Taxpayers to experience arrears in PBB P2 payments, but in 2022 it increased to 289,171,697,663, and in 2023 it reached the target again to 305,517,707,518. The achievement of this target was due to the realization of the current year and the realization of arrears from the previous year. The Sidoarjo district government will continue to improve efficiency in tax collection through the application of modern technology and a more integrated system so that the tax administration process becomes more effective and transparent. This effort can improve taxpayer compliance and increase overall tax revenue.

Factors that influence PBB P-2 Taxpayer compliance are very diverse, including tax socialization, tax knowledge, tax sanctions, and education level. First, Taxpayers who have a good understanding of tax regulations tend to be more compliant in fulfilling their tax obligations (Afritenti & Fitriyani 2020). Tax socialization plays an important role in increasing taxpayer understanding of tax obligations, which in turn contributes to increased compliance (Kusuma et al., 2023). Effective socialization not only increases compliance but also contributes to increasing regional income. Through a planned and sustainable approach, it is hoped that the level of taxpayer compliance can increase, which in turn will contribute to increasing local revenue.

Second, this tax knowledge shows that a good understanding of tax regulations can increase taxpayer awareness and compliance. This tax knowledge cannot be denied that technology and good tax knowledge can support each other to increase PBB P2 taxpayer compliance (Rahardika & Kusumo 2024). Tax knowledge plays an important role in increasing PBB-P2 taxpayer compliance. To achieve a higher level of compliance, a comprehensive approach is needed that includes increasing knowledge. Third, tax sanctions also play an important role in influencing taxpayer compliance. The application of clear and firm sanctions can encourage taxpayers to fulfill their obligations (Imtiyazari et al., 2023). However, sanctions that are not understood or considered unfair can lead to non-compliance. Therefore, it is important to ensure that taxpayers understand the consequences of non-compliance and that the sanctions applied are fair and transparent (Saadah et al. 2023).

Finally, the level of education of taxpayers has a strong influence on their compliance in PBB P-2. Adequate knowledge of tax regulations and tax obligations can improve taxpayer compliance, especially in the context of PBB (Indrati & Marceggiani 2023). Therefore, efforts to improve tax education and literacy in the community are very important to improve tax compliance, including in PBB payments (Meilani & Inayati 2024). If negligence in paying taxes from PBB-P2 Taxpayers continues to be normalized, this can result in an incentive to avoid or ignore, which in turn can have a negative impact on regional tax revenues.

METHOD

This study applies a quantitative approach, where the data are expressed numerically and analyzed statistically. The research is rooted in the positivist paradigm and seeks to test the influence of several independent variables—namely, tax socialization, tax knowledge, tax

sanctions, and educational level—on the compliance of Urban and Rural Land and Building Tax (PBB-P2) taxpayers in Sidoarjo Regency. The population in this study includes all PBB-P2 taxpayers in Sidoarjo Regency for the year 2024, totaling 814,310 individuals. The sample was selected using proportionate stratified random sampling, ensuring fair representation from various districts within the regency.

The data analysis was performed using the Partial Least Squares–Structural Equation Modeling (PLS-SEM) method. The analysis consisted of evaluating the outer model, which includes tests for convergent validity, discriminant validity, and reliability, and the inner model, which includes assessments of R-squared values and hypothesis testing to determine the influence between variables. These variables are operationally defined and measured using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree)

RESULTS AND DISCUSSION

Convergent Validity

Outer Loading

Table 1 shows that an indicator is considered reliable if it has a positive correlation value above 0.50. This correlation is known as the outer loading (Utama et al., 2023).

Table 1: Outer Loading

	KWP	PP	SP	SSP	TP	AVE
KWP1	0.835					0.678
KWP2	0.849					
KWP3	0.884					
KWP5	0.777					
KWP6	0.765					
PP1		0.824				0.696
PP2		0.840				
PP3		0.781				
PP4		0.854				
PP5		0.870				
SP1			0.741			0.652
SP2			0.802			
SP3			0.808			
SP4			0.800			
SP5			0.882			
SSP1				0.794		0.697
SSP2				0.840		
SSP3				0.844		
SSP4				0.811		
SSP5				0.869		
SSP6				0.847		
TP1					0.802	0.603
TP2					0.827	
TP3					0.850	
TP4					0.768	
TP5					0.725	
TP6					0.673	

Discriminant Validity

Output Cross-Loading

Table 2 each indicator has the highest loading value on its respective construct or original variable. Discriminant validity tests the extent to which a construct is truly different from other constructs (Gio et al., 2022).

Table 2: Cross-Loading

	KWP	PP	SP	SSP	TP
KWP	0.823				
PP	0.728	0.834			
SP	0.769	0.747	0.808		
SSP	0.786	0.628	0.620	0.835	
TP	0.687	0.528	0.619	0.675	0.776

Validity Test

Table 3 states that all indicators measuring latent variables are declared valid. Then the results of the composite reliability value for each variable show results > 0.7 , this also shows that the variables in this study are declared reliable. Composite reliability is considered superior for measuring the reliability value of a construct, and its characteristics are considered reliable if the value is > 0.7 (Ghozali 2020).

Table 3: Composite Reliability

	KWP	PP	SP	SSP	TP
KWP	0.823				
PP	0.728	0.834			
SP	0.769	0.747	0.808		
SSP	0.786	0.628	0.620	0.835	
TP	0.687	0.528	0.619	0.675	0.776

Inner Model

Table 4 shows the R-square value for taxpayer compliance of 0.769, which shows that tax socialization, tax knowledge, tax sanctions, and education level influence the taxpayer compliance variable by 76,9%. Other variables not mentioned in this study. Testing of the inner model or structural model is carried out to see the relationship between the significant value constructs and the R-Square of the research model (Ghozali 2020).

Table 4: R-square value

	R-square	R-square adjusted
KWP	0.769	0.758

Hypothesis Test

If the t-statistic value is greater than or equal to the t-table ($t\text{-statistic} > 1.65$), and the p value is less than 0.05, then H_0 is rejected and H_a is accepted (Suradi et al., 2021). Table 5 shows that variables 1 to 5, from the variables of tax socialization, tax knowledge, tax sanctions, and education level, have a significant positive influence on taxpayer compliance

Table 5: Path Coefficient

	Original Sample (O)	T statistic (O/STDEV)	P values
PP -> KWP	0.182	2.232	0.013
SP -> KWP	0.307	2.674	0.004
SSP -> KWP	0.388	4.272	0.000
TP -> KWP	0.138	1.696	0.045

The findings of this study demonstrate that tax socialization significantly influences taxpayer compliance in fulfilling their obligation to pay Urban and Rural Land and Building Tax (PBB-P2). Effective dissemination of tax information enhances taxpayers' understanding of their rights and obligations, reducing confusion and increasing voluntary compliance. This

supports the argument that structured and consistent tax education campaigns are essential to build a culture of tax compliance. Furthermore, tax knowledge also plays a crucial role in enhancing taxpayer compliance. Respondents with a good understanding of tax regulations are more likely to meet their obligations, as they are aware of the importance of taxes for regional development. This supports previous research stating that tax knowledge contributes significantly to fostering tax awareness and reducing tax evasion behavior.

Tax sanctions are also found to significantly affect taxpayer compliance. Clear, consistent, and fair enforcement of tax penalties helps deter non-compliance. When taxpayers are aware of the consequences of evading tax, they are more likely to fulfill their obligations to avoid legal repercussions. However, the application of sanctions must be accompanied by adequate socialization to ensure public acceptance and understanding. In addition, the level of education is an influential factor in taxpayer compliance. Higher education levels generally correlate with a better understanding of legal obligations, including taxation. This suggests that improving general education and promoting tax literacy programs could serve as long-term strategies to enhance compliance, particularly in regions with low educational attainment.

In summary, the combination of tax socialization, knowledge, sanctions, and education level significantly affects compliance with PBB-P2 payments. Although the annual tax revenue target is often met, the relatively low number of paid tax objects (NOPs) indicates persistent compliance issues. Therefore, tax authorities must integrate education, enforcement, and policy reform to foster sustainable taxpayer behavior.

This study has several limitations. The number of samples used is relatively small compared to the total population of PBB-P2 Taxpayers in Sidoarjo Regency, so the results cannot be fully generalized. In addition, the study was only conducted in one area, so the findings may not necessarily apply to other areas with different characteristics. The quantitative method through questionnaires also has the potential to cause response bias. This study is also limited to four variables, whereas many other factors may influence taxpayer compliance but have not been studied.

CONCLUSION

The conclusion of the study involving 89 respondents from a population of 814,306 PBB-P2 taxpayers in Sidoarjo Regency it can be concluded that several factors significantly influence taxpayer compliance. Tax socialization plays an important role; the more intensive and effective the outreach efforts by tax authorities, the more likely taxpayers are to comply with their obligations. In addition, tax knowledge also contributes positively—those who understand tax regulations, obligations, and the benefits of paying taxes tend to be more compliant. Tax sanctions are another influential factor, as the application of firm and consistent penalties deters non-compliance and encourages timely payment. Lastly, education level affects compliance; taxpayers with higher educational backgrounds are generally more aware of the importance of taxes and administrative procedures, making them more likely to fulfill their tax responsibilities.

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