

LEGAL REVIEW OF TAXPAYER COMPLIANCE IN PAYING LAND AND BUILDING TAX

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ABSTRACT

This study aims to analyze the factors that influence the level of community compliance in paying land and building tax in Tropodo Village, Waru Sub-district, as well as to analyze the efforts made by the government to improve legal compliance. The research was conducted in Waru Sub-district, specifically in Tropodo Village, using an empirical normative type research approach. Data collection involved document studies, field surveys, and interviews, with the use of qualitative descriptive analysis. The results of the study explain that the level of compliance of the people of Tropodo Village in paying land and building tax is still low, which is caused by several factors. First, cultural and historical factors, where taxes are still considered as a means of community extortion, although this perception has changed since the era of independence and democracy, where taxes are better understood as an economic burden on the community. Second, the lack of information provided by the government to taxpayers, resulting in a lack of understanding and awareness of the obligation to pay land and building tax. Third, economic factors, with the increase in land and building tax burdening some citizens, especially those with irregular incomes such as construction workers and traders. They find it difficult to pay taxes, especially due to the lack of direct rewards for tax payments. In addition, efforts that can be implemented by the Village and Sub-district heads are considered not optimal to remind and provide information to taxpayers.

Keywords: law, taxpayer, land and building.

INTRODUCTION

The Unitary State of the Republic of Indonesia has the main objective of achieving justice and prosperity in accordance with the principles of Pancasila and the 1945 Constitution of the Republic of Indonesia. One of the strategies adopted by the government in order to achieve this goal is to grant autonomy to local governments. Within the framework of regional autonomy, local governments are given the authority to manage their own affairs in accordance with the principles of autonomy and co-administration. This regional

autonomy aims to accelerate the improvement of people's welfare by improving public services, empowering communities, and actively involving them in the development process (Shazmin et al., 2016).

Land and Building Tax (PBB) is one of the most important sources of local revenue in the development and administration of the country (Taranu & Verbeeck, 2022). This tax has a significant role in supporting government programs to improve community welfare, as well as financing various national development projects. Therefore, the level of taxpayer compliance in paying PBB is crucial in maintaining the stability and development of the country. This is in accordance with the study of Dewi and Merkusiwati (2018) Taxpayer compliance in paying Land and Building Tax (PBB) is highly dependent on their understanding of the importance of tax contributions and factors that influence their awareness to fulfill tax obligations. Public understanding of how taxes are used to finance public services and infrastructure such as education, health, and road infrastructure is very important. If taxpayers feel that the taxes they pay will contribute positively to improving the quality of life and development in their neighborhoods, they are likely to be more compliant. In addition, social, cultural and economic factors can also affect the level of tax awareness (Setiana et al., 2010). For example, people's level of education and social awareness can affect the extent to which they understand the importance of paying taxes. In addition, transparency and fairness in the tax system also play an important role. If taxpayers feel that the tax system is fair and that their taxes are used efficiently, they are more likely to comply with their tax obligations (Budhiartama & Jati, 2016).

The central government authorizes local governments to manage some government affairs. However, this must be done responsibly and governed by regulations that regulate the equitable sharing and utilization of national resources. One important aspect in this regard is the financial balance between the central government and local governments. The main principles in the implementation of regional autonomy are transparency and accountability, which are in line with the focus on improving people's welfare and taking into account the aspirations of the community (Dye & McGuire, 1997). For this reason, local governments are expected to provide better and more efficient services to the community, thus creating fairer and more prosperous conditions.

Every Indonesian citizen has the right to prosper and participate in their government. To govern effectively and achieve these goals, funds are needed, and one important source of funds is taxes, including land and building taxes. Taxes are one of the main components of Local Owned Revenue (PAD) used by local governments to finance various programs and services aimed at improving the welfare of the community.

Article 6 paragraph 1 of Law No. 33/2004 outlines the sources of local revenue that are vital to support local development. These revenue sources include local taxes, user charges, the results of the management of separated local assets, and other legitimate local revenues. Local taxes and levies are two important components in raising funds used by local governments to organize public services and development projects. Meanwhile, the

results of the management of separated regional assets mean revenues derived from the exploitation of natural resources or regional assets. In addition, other legitimate local revenues include revenues from the sale of local assets, current account services, interest income, profit differences, commissions, and others obtained in the purchase and sale of goods and services by local governments. Local taxes have a deeper meaning, in addition to being a means of collecting funds, taxes also reflect the principles of equity and justice in society. Taxes help finance development and services that ultimately improve people's welfare. For the people, paying taxes is a form of civic duty, and they expect that the government will use the money efficiently and transparently for the common good (Makhradi, 2016). In practice, there is sometimes a lack of transparency in tax management by government officials, which can reduce public trust and awareness in paying taxes. In addition, people in cities often face a tax burden that continues to increase every year, which can be a heavy economic burden. This can result in some taxpayers being reluctant to pay Land and Building Tax (PBB). In rural areas, the situation can be different, with lower taxes and therefore, more accessibility. This can lead to non-compliance in paying taxes in the city (Shan, 2011).

Sources of local revenue include various components, including local taxes, levies, the results of the management of separated local assets, and other legal local revenues. The public has high expectations that the government will use tax funds properly to advance the country and improve people's welfare. Unfortunately, there is often a lack of transparency in tax management, which has a negative impact on the level of public trust and their awareness in paying taxes.

There are still many taxpayers who have not complied with their obligations in paying taxes to the state. Cooperation between the community and the government is needed to ensure the development and administration of the country runs well. Factors such as tax fee increases and technical issues can be barriers for taxpayers, making it important to review the law related to taxpayer compliance in paying land and building tax. This study will examine the legal aspects related to taxpayer compliance in paying PBB. As such, this legal review will help provide a deeper understanding of the challenges and opportunities in improving taxpayer compliance in paying PBB.

METHODS

This research is a normative qualitative research. The qualitative approach is used to explore an in-depth understanding of taxpayer compliance in paying land and building tax, while the normative approach refers to the legal norms that apply in Tropodo Village, Waru District, Sidoarjo Regency. The data used in this research comes from various sources, including the results of direct interviews with relevant parties, who provide insight and perspective on the issue of taxpayer compliance. In addition, this research also utilized data from literature studies, where various literatures relevant to the thesis topic were explored to support the analysis. Furthermore, data was obtained through documentary materials, such as applicable laws and regulations, relevant reports,

archives related to land and building tax, and the results of previous studies that contain important information related to the issue under study. Through the combination of data from these various sources, this study aims to identify factors that influence taxpayer compliance and evaluate the implementation of laws related to land and building tax in order to increase understanding and awareness of tax obligations in the community.

RESULTS AND DISCUSSION

Factors Impacting the Level of Taxpayer Compliance in Land and Building Tax Payments

The level of taxpayer compliance in paying land and building tax (PBB) can be influenced by a number of different factors (McCluskey et al., 2012; Ramdhani, 2020). The following are some of the factors that have an impact on the level of taxpayer compliance in PBB payments:

1. Cultural Reasons (Historical Background)

Cultural and historical factors do have a strong influence on taxpayers' perceptions of taxes in Indonesia, and this reflects the country's long history involving colonization and significant social change (Sinai & Gyourko, 2004). During more than half a century of foreign colonization, including the Dutch colonial period and the Japanese occupation, taxes were often used as a means of extortion against the people. This created a strong understanding that tax was a government instrument to take money from the people without giving much benefit back. However, over time and with the rise of the spirit of independence, the perception of taxes began to change. In the current age of independence and democracy, taxes are no longer seen as a means of extortion against the oppressed, but as a means to support development and public services. Even so, there are still some taxpayers who consider taxes a burden, especially Land and Building Tax (PBB) which tends to increase every year.

This change in perspective reflects the evolution of the tax system in Indonesia and the government's efforts to provide taxpayers with an understanding of the role of taxes in the country's development. At the same time, the government is also working to make the tax system fairer and more transparent, which can help change the perception of taxes from an extortionist tool to a contribution to the nation's progress (Carlson, 2005). It is important to continuously improve public understanding of the important role of taxes in the country's development and ensure that the tax system runs transparently and efficiently to ease the burden felt by taxpayers, especially in the case of PBB which often increases from year to year. Thus, it can minimize the negative understanding of taxes and encourage more taxpayers to comply with their obligations voluntarily.

2. Lack of Information Counseling Efforts by the Government to the Community or Taxpayers

The unavailability of information and lack of extension programs from the government can indeed have a negative impact on the level of public awareness in paying Land and Building Tax. Without sufficient understanding of the importance of their contribution through taxes, taxpayers do not have a strong motivation to fulfill their tax obligations. Therefore, providing information and counseling to taxpayers has a key role in increasing the level of tax compliance. Providing information and counseling is an effective instrument to increase taxpayers' knowledge about the benefits of paying taxes and to remind them to always fulfill their obligations to pay Land and Building Tax on time (Bai et al., 2014). Through this approach, the government can emphasize that the taxes paid by taxpayers play a role in supporting government programs aimed at improving people's welfare. One effective method is to hold meetings and hearings at the village level or in each RT/RW. This gives the government the opportunity to interact directly with taxpayers, answer their questions, and explain how tax funds are used for the common good. This approach also helps build a sense of solidarity and mutual cooperation among taxpayers, as they will better understand that by paying taxes, they are participating in development and community welfare efforts.

3. Technical Errors

Technical errors in the preparation of SPPT are a serious issue in tax administration. From interviews with tax officials, it appears that technical errors such as mismatching the address listed in the SPPT with the actual address can create confusion for both officials and taxpayers. This can result in SPPT not arriving on time or even reaching people who should not have tax obligations. In addition, handling the large number of SPPT is also a significant problem. Officers must accurately sort SPPT based on location or area such as RW or RT. This difficulty in sorting SPPT can hamper the distribution process to taxpayers who should receive the SPPT. Another obstacle arises when vacant land and buildings, which have previously changed hands or been sold by the owner, are not properly reported to the kelurahan. This can result in errors in the distribution of the SPPT to the new owner, or even to the owner who should no longer be responsible for the tax. All of these technical obstacles can hinder the distribution of SPPT to taxpayers. If the SPPT does not arrive on time, this can be a factor that makes taxpayers late in paying their taxes. Furthermore, the impact of these technical errors on the level of taxpayer compliance, as well as proposing solutions or improvements that can be implemented by the authorities to overcome these obstacles, including improvements in the tax administration system and expansion of extension efforts to taxpayers.

The constraints faced by taxpayers, as revealed in interviews with them, are an important element in understanding tax compliance. Taxpayers face a range of issues that affect their level of obligation and awareness in paying Land and Building Tax (PBB). One glaring problem is the unavailability of taxpayer data at the payment points that have been listed in the Surat Pemberitahuan Pajak Terhutang (SPPT). This forced

taxpayers to deal with the tax office, which often slowed down the payment process and created a sense of inconvenience. Another issue highlighted is errors in the distribution of SPPT, which can lead to SPPT being switched or deposited at an address that does not match the taxpayer. As a result, taxpayers are forced to wait for clarification and clarity regarding their SPPT, which is often time-consuming and makes it difficult for them to fulfill their tax obligations on time. These constraints can hamper taxpayers' awareness of paying PBB, as these complex and intrusive processes can make them feel deterred and often end up delaying tax payments. Therefore, improvements to tax administration and SPPT distribution, as well as the provision of more efficient services to taxpayers are needed to improve overall tax compliance.

Government Measures to Increase Land and Building Taxpayer Compliance

1. Providing counseling to taxpayers

By providing counseling to taxpayers, it is expected to provide clear information, consultation that helps answer their questions, and guidance that directs the steps that need to be taken in paying Land and Building Tax (Khayati, 2021). In this way, it is expected to increase taxpayers' understanding of the importance of their contribution through the payment of Land and Building Tax, and inspire their awareness and commitment to fulfill their civic duty by paying taxes.

It is important to remember that outreach should not be limited to when tax payment deadlines approach. Through continuous outreach conducted by the kelurahan, it is expected to provide taxpayers with a deeper understanding of the important role of Land and Building Tax. This approach aims to increase public awareness in paying taxes on time without having to wait for the arrival of the tax month, so as to avoid delays in payment. Thus, tax awareness can be improved on an ongoing basis, and people will be better prepared to fulfill their tax obligations whenever necessary.

By implementing continuous counseling, the government hopes to provide solutions to taxpayers who have low incomes. It aims to ensure that they can pay their Land and Building Tax on time, without experiencing delays in payment. As such, this approach helps realize inclusiveness and fairness in the tax system, where taxpayers with varying income levels can fulfill their tax obligations without undue hardship.

2. Improving Services to Taxpayers

Improving services to the community is an important step in increasing taxpayer awareness in paying Land and Building Tax. In this effort, the government has brought tax payment points closer to various locations that have been determined. This information is stated in each Tax Notification Letter (SPPT) given to taxpayers to pay Land and Building Tax at various places, such as the nearest bank, Post Office, or through an ATM machine located closest to where they live. However, there are obstacles faced by tax officials, including the large number of SPPT that must be sorted according to RT/RW areas, as well as the large amount of land and buildings that are

vacant or have changed hands, which makes the SPPT distribution process more complicated. Nonetheless, the government is trying to resolve these obstacles, so that services to the community remain optimal and uninterrupted. By improving efficiency in handling these obstacles, the government can continue to bring tax services closer to the community.

3. Providing Awards

Giving awards to taxpayers or to the sub-district is one effective way to motivate them to achieve maximum achievement in terms of land and building tax payments. By giving awards, it is hoped that it will encourage the sub-district to be more active and dedicated in efforts to maximize land and building tax revenues, so that the targets that have been set can be achieved better. Such awards can take the form of recognition for outstanding contributions in fulfilling tax obligations, or awards for sub-districts that successfully achieve tax revenue targets. In this way, the government can positively incentivize taxpayers and sub-district authorities, encouraging them to continue to comply with tax rules and contribute to national development.

CONCLUSION

In an effort to increase public awareness to pay Land and Building Tax, there are several steps that have proven to be very effective. First, providing counseling to taxpayers is a very valuable method. With this approach, taxpayers are provided with better information and a deeper understanding of the benefits and important role of paying Land and Building Tax. Paying taxes essentially plays a role in supporting the success of government programs that run the wheels of government. Land and Building Tax is also a concrete tool that creates national solidarity in state financing and national development. Second, improving services to taxpayers is very important. Better service from the Sub-district can simplify the payment process for taxpayers. This creates a positive experience and strengthens their awareness of their obligation to pay Land and Building Tax. Third, rewarding taxpayers and the Kecamatan is an effective step in motivating them to be committed and more dedicated in providing counseling to taxpayers. By paying Land and Building Tax on time, tax revenue can reach the target, and this will be recognized and rewarded by the government as a form of appreciation. By combining these three strategies, efforts to increase public awareness to pay Land and Building Tax can be more effective and sustainable, creating stronger tax awareness in the community.

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