

## Correlation of tax knowledge and income level on taxpayer compliance in paying land and building tax

Subjects  
Accounting and  
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### ABSTRACT

**Purpose:** This study aims to determine the relationship between taxation knowledge and income level on taxpayer compliance in paying land and building tax, both partially and simultaneously.

**Methods:** This research is a correlational quantitative study on PBB owners in Bekasi, using stratified random sampling and the Slovin formula for sampling. Data were collected through a Google Form questionnaire and analyzed using Pearson correlation and multiple correlation using SPSS version 25.

**Findings:** The results of this study prove that taxation knowledge and income level partially and simultaneously have a relationship with taxpayer compliance in paying land and building tax on residents in Bekasi City.

**Practical Implications:** The research shows that tax knowledge and income level significantly affect taxpayer compliance in Bekasi City. Local governments need to improve tax education programs and consider variations in income levels to increase community participation in fulfilling tax obligations. Implementing this strategy is expected to increase public awareness and compliance, supporting regional development.

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**Abstrak**

Tujuan: Penelitian ini bertujuan untuk mengetahui hubungan antara pengetahuan perpajakan dan tingkat pendapatan terhadap kepatuhan wajib pajak dalam membayar pajak bumi dan bangunan (PBB), baik secara parsial maupun simultan.

Metode: Penelitian ini adalah studi kuantitatif korelasional pada pemilik surat pemberitahuan pajak PBB di Kota Bekasi, dengan sampel diambil menggunakan stratified random sampling dan rumus Slovin. Data dikumpulkan melalui kuesioner Google Form yang diuji validitasnya, kemudian dianalisis dengan korelasi Pearson dan korelasi berganda menggunakan SPSS versi 25.

Hasil: Hasil penelitian ini membuktikan bahwa pengetahuan perpajakan dan tingkat pendapatan secara parsial dan simultan memiliki hubungan dengan kepatuhan wajib pajak dalam membayar pajak bumi dan bangunan pada penduduk di Kota Bekasi.

Implikasi Praktis: Penelitian menunjukkan bahwa pengetahuan perpajakan dan tingkat pendapatan berpengaruh signifikan terhadap kepatuhan wajib pajak di Kota Bekasi. Pemerintah lokal perlu meningkatkan program edukasi perpajakan dan mempertimbangkan variasi tingkat pendapatan untuk meningkatkan partisipasi masyarakat dalam memenuhi kewajiban pajak. Implementasi strategi ini diharapkan dapat meningkatkan kesadaran dan kepatuhan masyarakat, mendukung pembangunan daerah.

Kata kunci: Pengetahuan Pajak, Tingkat Pendapatan, Kepatuhan Wajib Pajak dalam Membayar Pajak Bumi dan Bangunan

## 1. Introduction

Indonesia's sources of state revenue come from various sectors, with two main sources, namely taxes and non-tax state revenue (PNBP) (Dinarjito, 2017). Taxes are the most potential source of revenue and are used as state financing (Rahman, 2018). Therefore, public participation in paying taxes is very important to support national development, while the government is expected to manage taxes optimally. However, tax revenue in the regions, especially rural and urban land and building tax (PBB) (P2), is still not optimal. Since the collection authority was transferred to local governments, many regions have not been able to collect taxes optimally. According to the Executive Director of the Center of Indonesia Taxation Analysis (CITA), Yustinus Prastowo, one of the main obstacles is assets that have not been surveyed properly (Kontan.co.id, 2019). For example, the city of Bandung increased the PBB base in 2019 because, previously, the tax value was still far below the market price of land (Tempo, 2019).

Taxes in Indonesia are divided into central and local taxes. Central taxes are managed by the Directorate General of Taxes (DGT) and become a source of revenue in the APBN. In contrast, local taxes are managed by the Regional Tax and Retribution Agency (BPD) and become a source of revenue in the APBD (Cendana & Pradana, 2021). PBB itself is imposed on land and building ownership, making it one of the potential taxes in Indonesia because it covers all land and buildings in the country (Saputra, 2015).

Despite its potential, the realization of PBB revenue in Bekasi City from 2015 to 2017 was still below the target, namely 70.67%, 86.06%, and 82.43%. Only in 2018 was the realization of revenue able to reach 112.74%. The level of knowledge of taxation, the taxation system, and the taxation function influence taxpayer compliance. The higher a person's knowledge about taxes, the higher their compliance because they understand the sanctions if they do not fulfill their obligations (Febrian & Ristiliana, 2019).

In addition, income factors also affect taxpayer compliance. People with low incomes tend to prioritize basic needs and overpay taxes (Rahman, 2018). Febrian and Ristiliana (2019) added that income is closely related to taxpayers' ability to fulfill their obligations. Therefore, one of the main challenges in tax optimization is taxpayers' low tax knowledge and income level, which affects their compliance.

## 2. Theoretical Background & Hypotheses

### Theoretical Background

The main thing that taxpayers need to understand is knowledge about taxation, which includes understanding the rules and regulations of taxation in Indonesia. Good facilities and explanations are expected to increase public compliance with the obligation to pay taxes on time and according to the nominal amount that should be (Setiawan & Rohmatiani, 2019). Land and Building Tax is imposed on the ownership and utilization of land and buildings by individuals or entities, with the latest legal basis being Law Number 28 of 2009 (Kusumanigrum et al., 2020). Income is the result that a person gets from his work, reflecting net income throughout the production process (Budiasih et al., 2017; Triarama, 2017).

Taxpayer compliance in paying Corporate Income Tax (PPh) is divided into two categories: formal compliance, which focuses on administrative compliance, and material compliance, which relates to the correct calculation and collection of taxes (Putri & Nurhasanah, 2019). Research by Salmah (2018), Setiaji and Nisak (2017), and Yusnidar et al. (2015) shows that taxpayer knowledge has a positive effect on PBB payment compliance. However, Suharyono's research (2019) shows that tax knowledge does not always guarantee an increase in taxpayer compliance, as happened in the Bengkalis Regency.

### Hypotheses

Developing a research hypothesis is a crucial step in the research process. The hypothesis serves as a temporary answer to the problems that have been proposed. According to Yusuf (2014), hypotheses can be divided into several categories based on the focus of the research. In this context, two main hypothesis categories were formulated to address the problem being studied. First, a partial research hypothesis was formulated to explore the relationship between certain variables and taxpayer compliance in paying PBB. In this case, the first hypothesis can be stated as:

H1 : Tax knowledge affects taxpayer compliance in paying PBB, which suggests that tax knowledge has an impact on taxpayer compliance in paying PBB.

H0 : Tax knowledge does not affect taxpayer compliance in paying Land and Building Tax.

In addition, the second hypothesis is formulated as follows:

H2 : Income level affects taxpayer compliance in paying PBB.

H0 : Taxation knowledge and income level do not affect taxpayer compliance in paying PBB.

Second, a simultaneous research hypothesis is formulated to analyze the joint effect of the two variables, namely taxation knowledge and income level, on taxpayer compliance in paying PBB.

This hypothesis is stated as follows:

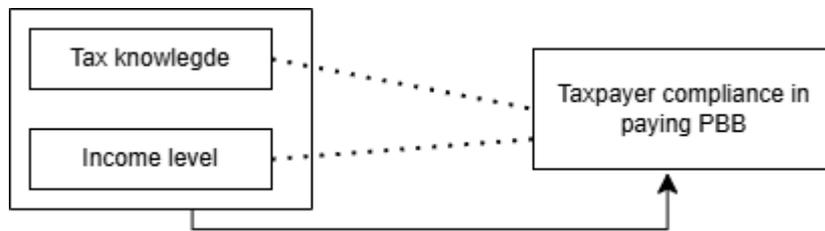
H3 : Tax knowledge and income level affect taxpayer compliance in paying PBB.

H0 : Tax knowledge and income level do not affect taxpayer compliance in paying PBB.

Thus, the development of this hypothesis not only provides direction for research but also forms the basis for further testing of the relationship between these variables. The conceptual

framework of this study can be seen in Figure 1 from the description above.

Figure 1. Conceptual framework



### 3. Methods

#### Sample and procedures

This study adopted a quantitative approach with a correlational method and used primary data collected through a questionnaire distributed to residents of Bekasi City. The target population was 1,532,820 residents aged 20-59. The researcher selected 100 respondents using a stratified random sampling technique to ensure representativeness. Variable measurements were carried out with statements that measure respondents' perceptions using a Likert scale from 1 to 5, where number 1 indicates Strongly Disagree (STS) and number 5 shows Strongly Agree (SS).

As part of the data collection method, questionnaires were distributed via Google Forms to 120 respondents, resulting in 111 questionnaires being returned. After filtering, 11 questionnaires did not meet the criteria, so 100 questionnaires were declared valid. The characteristics of the respondents showed a composition of 47% male and 53% female, with the majority coming from North Bekasi District (46%) and working as private employees (55%). In terms of income, 59% of respondents have income between Rp. 4,000,001 to Rp. 10,000,000.

### 4. Results and Discussion

#### Descriptive analysis

Based on the results of the descriptive analysis shown in table 1. Several important conclusions can be drawn. First, in terms of tax knowledge, the minimum value recorded was 25, and the maximum value reached 40. The average (mean) obtained was 33.92, which indicates that the majority of respondents tended to give an assessment of "agree" to each statement submitted. The standard deviation value of 3.532 indicates that the data has homogeneous characteristics with a normal distribution. If considering the income level variable, the analysis shows a minimum value of 13 and a maximum of 35, with a mean of 28.30.

This finding also reflects that all respondents gave an assessment of "agree" to the related questions. The standard deviation of 3.506 further confirms that the data on this variable is also homogeneous, with a distribution that is close to normal, so that the results can be said to be valid. For the variable of taxpayer compliance in paying Land and Building Tax (PBB), the minimum value obtained was 19, while the maximum value recorded was 35, with a mean of 29.29. This figure indicates that respondents tend to give an assessment of "agree" to the compliance. The standard deviation value of 3.316 indicates that the data is still homogeneous, with a normal and accurate distribution. Overall, the results of this study indicate the

consistency of respondents' assessments of tax knowledge, income levels, and taxpayer compliance.

Tabel 1. Descriptive analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Tax Knowledge	100	25	40	33.92	3.532
Income Level	100	13	35	28.30	3.506
Taxpayer Compliance in Paying LBT	100	19	35	29.29	3.316
Valid N (listwise)	100				

Source: Results of data processing with SPSS version 25, 2021

This finding also reflects that all respondents gave an assessment of "agree" to the related questions. The standard deviation of 3.506 further confirms that the data on this variable is also homogeneous, with a distribution that is close to normal, so that the results can be said to be valid. For the variable of taxpayer compliance in paying Land and Building Tax (PBB), the minimum value obtained was 19, while the maximum value recorded was 35, with a mean of 29.29. This figure indicates that respondents tend to give an assessment of "agree" to the compliance. The standard deviation value of 3.316 indicates that the data is still homogeneous, with a normal and accurate distribution. Overall, the results of this study indicate the consistency of respondents' assessments of tax knowledge, income levels, and taxpayer compliance.

### Hypotheses testing

In Table 2, it can be seen that the Pearson correlation value ( $r$ ) between the tax knowledge variable and taxpayer compliance in paying PBB is 0.625. This value indicates that there is a relationship between tax knowledge and taxpayer compliance when paying PBB.

While the direction of the relationship is strong based on the correlation coefficient, the value is in the range of 0.60 - 0.79, and the income level variable with taxpayer compliance in paying PBB is 0.509. This value indicates that there is a relationship between income level and taxpayer compliance when paying PBB. While the direction of the relationship is moderate based on the correlation coefficient, the value is in the range of 0.40 - 0.599. This means that partially, if tax knowledge and income level increase, taxpayer compliance in paying PBB will also increase.

Table 2 shows the multiple correlation values between taxation knowledge and income level on taxpayer compliance in paying PBB with the result of an  $r$  count of 0.669, which means the direction of the relationship is strong based on the correlation coefficient. The value is in the range of 0.60 - 0.799. Meanwhile, to determine the relationship or not, the error rate is set at 10% or 0.1 and  $df = 97$ , the  $r$  table is 0.1663 because  $r \text{ count} > r \text{ table}$  is  $0.669 > 0.1663$  so it can be concluded that there is a relationship between taxation knowledge and income level on taxpayer compliance in paying PBB simultaneously or together.

Tabel 2. Hypotheses Testing

			Income Level	Taxpayer Compliance in Paying LBT
Tax Knowledge	Pearson Correlation	1	.478**	.625**
	Sig. (2-tailed)		.000	.000
	N	100	100	100
Income Level	Pearson Correlation	.478**	1	.509**
	Sig. (2-tailed)	.000		.000
	N	100	100	100
Taxpayer Compliance in Paying LBT	Pearson Correlation	.625**	.509**	1
	Sig. (2-tailed)	.000	.000	
	N	100	100	100
R		.669 <sup>a</sup>		

Source: Results of data processing with SPSS version 25, 2021

## 5. Conclusion

Based on the results of the study, it can be concluded that tax knowledge has a positive and significant relationship with taxpayer compliance in paying SPPKB in Bekasi City; the better the tax knowledge, the higher the level of compliance shown. In addition, income level also contributes to compliance, where understanding the flow and benefits of taxes helps improve compliance even though income varies. The simultaneous relationship between tax knowledge and income level shows that the two variables complement each other to encourage higher tax compliance. However, this study has limitations, such as the data collection stage being hampered by the COVID-19 pandemic and the inconvenience of some respondents in filling out the questionnaire, as well as the data collection method, which only uses questionnaires without in-depth interviews, which may not provide a complete picture. Therefore, for further research, the public is advised to be more active in increasing tax compliance without making income a barrier. At the same time, local governments need to be more proactive in providing education about taxation so that public tax awareness and compliance increase.

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