The Critical Role Of Accounting Mentality In Enhancing Land And Building Tax (PBB) Compliance

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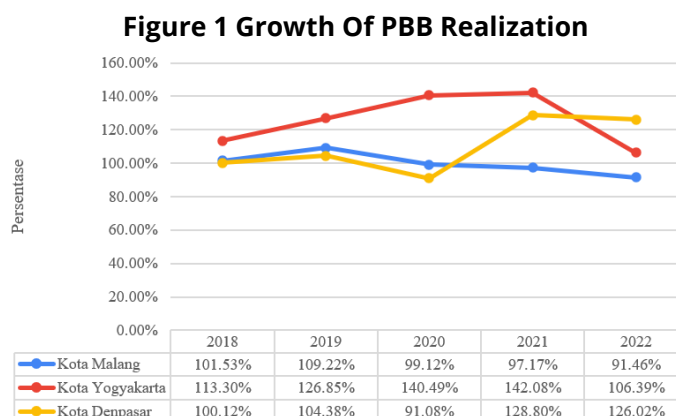
ABSTRACT

This study aims to identify the factors influencing taxpayer compliance in paying Land and Building Tax (PBB) in Malang, Yogyakarta, and Denpasar. A closed-ended questionnaire was used in this study to investigate to find out how tax payer's tax literacy, accounting mentality, and views on sanctions influence their tax compliance behavior. The influence of accounting mentality on PBB compliance remains underexplored. Existing research has yet to provide a comprehensive understanding of this relationship, leaving a clear opportunity for further investigation. Through a multiple linear regression of 258 respondents, this study found that accounting mentality has the most significant influence on PBB compliance. In addition, tax literacy and perception of tax sanctions also have a positive and significant impact. These findings have practical implications for city governments in efforts to improve PBB compliance through increasing tax literacy, strengthening accounting mentality, and enforcing strict and fair tax sanctions. Theoretically, these findings support the Theory of Planned Behavior, where tax literacy, accounting mentality, and perception of tax sanctions can influence taxpayer compliance behavior. This research also contributes to the existing literature by providing up-to-date findings on the relationship between these variables in the context of PBB compliance.

INTRODUCTION

Tax payments by the community are one of the sources of state revenue and the return on tax payments is indirect in the form of proper infrastructure development for the community (Santoso et al., 2021). Conditions related to the country's Land and Building Tax (PBB) revenue in 2023 according to the Ministry of Finance of the Republic of Indonesia (2024) stated that Indonesia had reached the revenue target and experienced an increase of 8.9%. However, behind this achievement, there are still issues related to PBB in the community such as the existence of green land which is often called "Petok D land" because ownership is marked with

"Surat Petok D" (Rijal et al., 2023) and Letter C (Budiraharjo, 2020), while according to the Basic Agrarian Law, Surat Petok D and Letter C are invalid evidence. In addition, direct proof of land ownership tends to be difficult to carry out in the event of a dispute related to green land because there is no exact point because the information on land area ownership still uses the scale of the Dutch colonial era (Rijal et al., 2023). The unauthorized position of "Surat Petok D" and Letter C can cause the growth of PBB revenue to be slow because tax agencies can only call a land a "tax object" when there is a Certificate of Ownership, so it can be concluded that there are still many people who live in properties on green land and their tax payments are not channeled to tax agencies.

The performance of state tax revenue, especially PBB, has a close relationship with how the state of PBB revenue in each region because according to the Peraturan Bersama Menteri Keuangan Dan Menteri Dalam Negeri No. 213/PMK.07/2010 Dan No. 58/2010 article 2 paragraph 1 states that the collection of PBB-P2 is transferred from the central government to the local government (Kemenkeu RI and Kemendagri RI, 2010). So, it is important for researchers to look deeper into the compliance of local PBB payments as happened in the cities of Malang, Yogyakarta, and Denpasar which experienced a decrease in PBB revenue in 2021-2022 (Figure 1.). Meanwhile, according to the Indonesian Economic Report, economic conditions in 2021 (BI, 2022) and 2022 (BI, 2023) have improved the performance of the national economy. In terms of the effectiveness of PBB realization, in the Yogyakarta and Denpasar regions, it is always above 100%, but the decrease in percentage is worrying because in 2021-2022 the government of each city has implemented tax bleaching for PBB payments (the program was quoted by the mass media News.ddtc.co.id (Yogyakarta and Denpasar Cities) and the Malang city news portal), whereas the implementation of the program should increase public interest in fulfilling PBB obligations.

Figure 1 Growth Of PBB Realization

	2018	2019	2020	2021	2022
Kota Malang	101.53%	109.22%	99.12%	97.17%	91.46%
Kota Yogyakarta	113.30%	126.85%	140.49%	142.08%	106.39%
Kota Denpasar	100.12%	104.38%	91.08%	128.80%	126.02%

Source: Badan Pendapatan Daerah Kota Denpasar (2023); Badan Pendapatan Daerah Kota Malang (2023); Pemerintah Kota Yogyakarta (2022)

The impact of the decline in the percentage of PBB revenue realization in the three cities has finally made the PBB contribution to the Original Local Government Revenue (OLGR) less than optimal (Figure 2.). With the tax contribution calculation formula by the Research and Development Team of the Ministry of Home Affairs, Faculty of Social and Political Sciences UGM (Huda dan Wicaksono, 2021) in the cities of Malang, Yogyakarta, and Denpasar in 2022 the amount of PBB contribution to OLGR has decreased, and in the last 5 years all PBB contributions to OLGR are in the "Poor" classification (Table 1.). Whereas according to previous researchers Cahyadi et al. (2023) state that PBB has a significant positive effect on the amount of OLGR in Denpasar city. Triarda & Damayanti (2021) also stated that PBB is one of the largest contributors to local taxes in Malang City but has experienced a decline in revenue performance. The problem of PBB contribution to OLGR that is not optimal can be answered by examining factors that have

the potential to influence taxpayer compliance in paying PBB such as tax literacy, accounting mentality, and perspective on tax sanctions.
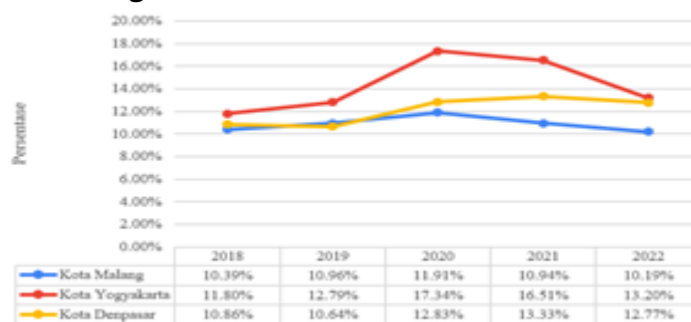
In answering the problem, this study uses the Planned Behaviour Theory point of view which explains that a person's behavior is influenced by internal motivation Ajzen (1991) This research was conducted because of the gap from previous research which is reflected in the inconsistency of research results which state that the tax sanction variable (Setiawan et al., 2020) has no effect on PBB payment compliance, and according to Resmi et al. in Arifin & Sriyono (2022) research states that tax literacy has no significant effect on MSME tax compliance. On the mental accounting variable according to Mutanga et al. (2021) and Nugroho et al. (2022) a strong accounting mentality has a positive and significant effect on SME tax compliance, so there is no research regarding the relationship between mental accounting and PBB payment compliance. Meanwhile, the author has an understanding that if taxpayers have allocated and prepared funds for PBB payments, have good tax literacy, and have the perspective that tax sanctions have been implemented consistently, tax compliance must occur. So to prove again the influence between the variables of tax literacy, accounting mentality, and tax sanctions in this study there is the use of indicators related to variables obtained from previous research.

Table 1 Criteria & Classification

Percentage Criteria	Classification of Contribution
0,00-10%	Very Poor
10,10%-20%	Poor
20,10%-30%	Moderate
30,10%-40%	Fairly Good
40,10%-50%	Good
50%	Very Good

Source: Huda & Wicaksono (2021)

Figure 2 Contribution Of PBB In OLGR

	2018	2019	2020	2021	2022
Kota Malang	10.39%	10.96%	11.91%	10.94%	10.19%
Kota Yogyakarta	11.80%	12.79%	17.34%	16.51%	13.20%
Kota Denpasar	10.86%	10.64%	12.83%	13.33%	12.77%

Source: Bapenda Kota Malang, Yogyakarta, Denpasar 2024, data processed (2024)

The novelty of this research is the orientation of the time and place of research which will bring new testing and analysis results between the variables of tax literacy, accounting mentality, and the perspective of tax sanctions on PBB payment compliance in Malang, Yogyakarta, and Denpasar. With this research, it also presents research results related to mental accounting variables on PBB payment compliance that have never been conducted in Malang, Yogyakarta, and Denpasar.

There is the use of demographic variables to complement the analysis of results such as age, education level and income, type of work, and tax socialization. This research contributes to the city governments of Malang, Yogyakarta, and Denpasar as an evaluation related to work programs that can ignite community tax compliance, especially PBB so that their contribution can be more optimal in OLGR in accordance with the results of the significance test of the mental

accounting variable, tax literacy, and the perspective of tax sanctions on PBB tax payment compliance (which one contributes the most) so that the city can be more independent and developed.

LITERATURE REVIEW

Grand Theory: Teory Of Planned Behavior (TPB)

Theory of Planned Behavior (TPB) is the perspective of this study, TPB was successfully developed by Ajzen (1991) which explains that individual intentions, desires, motivations influence in producing a behavior that is carried out in a conscious state by considering external factors such as the availability of opportunities, certain resources, and the possible impact on a behavior. TPB can explain how individual behavior to comply or not comply with tax obligations, this is in line with research by Mulyani et al. (2020) and Arifin & Sriyono (2022). TPB in this study includes the motivation, intention, and desire of individuals in understanding tax literacy, implementing mental accounting, and considering the advantages and disadvantages of imposing tax sanctions, so this theory can explain why someone chooses to comply with PBB payments.

The hypothesis on which this study focuses is that there is a relationship between tax literacy, mental accounting, and the perspective of tax sanctions that has a positive and significant effect on compliance with PBB payments in the cities of Malang, Yogyakarta, and Denpasar (Figure 3.).

Figure 3 Research Model
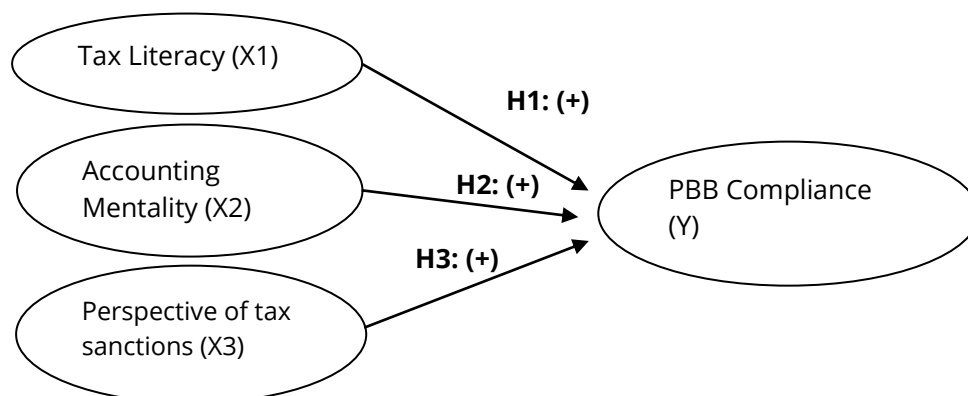
Source: Processed By Researchers. 2024

Land and Building Tax (PBB) Compliance

The dependent variable in this study is PBB tax compliance, which is a condition where taxpayers are able to fulfill their responsibilities as citizens to pay and report taxes in accordance with applicable deadlines, procedures, and tax regulations. Tax compliance consists of formal and material compliance, formal compliance means that taxpayers comply with obligations in accordance with tax legislation, while material compliance which also includes formal compliance but refers more to the content and soul of the legislation (Christian & Aribowo, 2021).

The measurement of the tax compliance variable itself has been summarized in 5 questions formed in reference to previous research by (Misra, 2019) and Pujiwidodo (2016). The indicators for these questions are based on Peraturan Menteri Keuangan No.192/PMK.03/2007 article 1, there is a selection of relevant indicators resulting in the use of indicators to determine tax compliance consisting of taxpayers not having tax arrears unless permitted by the Directorate General of Taxes, not committing tax-related criminal acts, and filling out tax-related documents truthfully (Ministry of Finance of the Republic of Indonesia, 2007).

Effect of Tax Literacy on Land and Building Tax Compliance

The first independent variable is tax literacy, which is a condition in which individuals have the knowledge and understanding to access and manage various information related to taxation so that they are aware of their obligations as taxpayers, know the rules or provisions, functions, benefits, systems, and risks of taxation. According to Gerger in research by Herawati et al. (2022), indicators in tax literacy are cognitive abilities (e.g., understanding tax types, rates, regulations, and deadlines), effective abilities (e.g., ethical behavior and awareness of tax importance), and psychomotor skills (e.g., proper tax payment and document completion). Furthermore, psychomotor ability is to make tax payments and fill out tax-related documents properly. As well as indicators according to Bornman & Wessels (2017) which consist of understanding and application of tax procedures by and individuals, as well as contextual knowledge related to procedures and procedures related to taxation. Measurement of tax literacy is done by asking 3 questions that refer to the research of Herawati et al. (2022) and Arifin & Sriyono (2022). From the TPB point of view, there is a subjective norm component and according to Ajzen (1991) there are social pressures and norm setting that influence certain behaviors. So, tax literacy can affect the subjective norm circulating in society and is firmly held so that it becomes a motivation for taxpayers to show obedient behavior in making PBB payments. Studies by Nistiana et al. (2022), Ma'ruf & Supatminingsih (2020), and Setiawan et al. (2020) support the idea that higher tax literacy leads to greater compliance in paying taxes.

- H1. Tax literacy has a positive and significant effect on PBB payment compliance in Malang, Yogyakarta, and Denpasar.

Effect Of Accounting Mentality On Land And Building Tax Compliance

The second independent variable is mental accounting, which is the economic behavior of individuals who separate their income into certain accounts according to their needs, so that decisions to spend their money are more controlled (Radianto et al., 2022). For the measurement of mental accounting variables, 4 questions were asked which had been adjusted to the indicators. The indicators used refer to previous research by Rospitadewi & Efferin (2017) which have been adjusted to the needs of researchers, there are 3 indicators such as Specific Account (examining how taxpayers allocate income for PBB payments and evaluate spending to avoid shortages), Self Control (how individuals manage funds according to account purpose), and Evaluation (individual views on the impact of financial management on PBB compliance). From the TPB point of view, mental accounting can affect the attitude towards behavior component (evaluation related to what individuals get if they do certain behaviors (Sulistianingtyas et al., 2018)) because by separating income and assertiveness over the use of funds from the separation, taxpayers will feel more controlled expenses but their needs are still well met, thus motivating taxpayers to comply with paying PBB. There is no previous research that specifically provides the results of the effect of mental accounting on PBB payment compliance, but according to Mutanga et al. (2021) mental accounting has a positive effect on tax compliance by MSMEs.

- H2. Mental accounting has a positive and significant effect on the compliance of PBB payments in Malang, Yogyakarta, and Denpasar.

Effect Of Perspective Of Tax Sanctions On Land And Building Tax Compliance

The perspective of tax sanctions is the next independent variable, and is one of the factors that affect PBB revenue. The perspective of tax sanctions is how taxpayers view all the implementation of PBB sanctions and fines in the community, some of the citizens seeing the sanctions as a preventive measure that deters violations, while others believe they encourage understanding of the importance of fulfilling tax obligations, leading to greater compliance. The indicator in this variable is that the more the community views that the implementation of PBB fines has been carried out consistently, firmly, and is able to detect all violations fairly, the more

obedient taxpayers will be in making PBB payments (Ma'ruf & Supatminingsih, 2020). According to Noviantari & Setiawan (2018) tax sanctions are an effort to prevent taxpayers from committing violations, with the perspective of tax sanctions that are firm, fair, and able to reach violators, it will become a control variable in the TPB theory that will motivate taxpayers to comply. Measurement of this variable is carried out with 5 reference questions from previous research by Pujiwidodo (2016) and Brata et al. (2017) which have been adjusted to the research needs. The assertion about strong tax sanctions are shown to positively affect compliance, is supported by studies from Ma'ruf & Supatminingsih (2020) and Purnamasari et al. (2018)

- H3. The perspective of tax sanctions has a positive and significant effect on compliance of PBB payments in Malang City, Yogyakarta, and Denpasar.

METHODS

This study is a descriptive quantitative type of research with primary data obtained from distributing questionnaire with Google Form which contain 17 questions to test the relationship between variables. In this study there is also a minimum population calculated using the method by Hair et al. in the research of Memon et al. (2020), with the following formula: N = 10 x the number of indicators/question used

So, in this study the minimum population is 170 taxpayers, researchers were able to collect as many as 258 respondents with a combination of random sampling and purposive sampling methods for the citizens of Malang, Yogyakarta, and Denpasar who have made PBB payments. Malang, Yogyakarta, and Denpasar were chosen to be the main focus of the research because the three cities have a high population density so there are many properties or PBB objects. In addition, when viewed in terms of income, the City Minimum Wage of the three cities is also close to each other, especially for the years 2021-2022 IDR 2,069,530 - IDR 2,994,144 (BPS Bali (2022); BPS Malang (2022); BPS Yogyakarta (2022)).

To measure the independent variables, a total of 12 questions were used with a Likert scale ranging from 1 to 4 (1: Strongly Disagree; 2: Disagree; 3: Agree; 4: Strongly Agree). According to Hertanto (2017), this scale helps to eliminate ambiguous interpretations and reduce biased responses, ensuring it meets the needs of the research. The tax literacy variable is based on the indicators and questions from the studies of Herawati et al. (2022) and Arifin & Sriyono (2022).

The mental accounting variable draws from the research of Santi et al. (2019), A. Kurniawan & Puspita (2021), and Mahapatra & Mishra (2020). The tax sanctions perspective variable is informed by the studies of Pujiwidodo (2016) and Brata et al. (2017). While some of these previous studies did not specifically address PBB payment compliance, the researchers adapted the questions to suit the needs of this study.

The indicators for the PBB compliance variable are derived from the research of Misra (2019) and Pujiwidodo (2016). Although the questions in these previous studies did not specifically address PBB payment compliance, all indicators used in this study were carefully selected and adapted to meet the research requirements. Consequently, the researchers determined that five questions would be included in this variable, with responses also measured using a Likert scale ranging from 1 to 4.

The research instrument has undergone validity and reliability testing, and the result is in each question the number of R counts is greater than the R table so that all questions are valid (Sujarweni, 2016). The reliability test shows that all variables have Cronbach's Alpha greater than 0.6, so all questions are reliable (Sujarweni, 2016). That means the data processing confirmed that the developed measurement instrument is valid and reliable for conducting the research (Table 2).

Table 2. Results of Research Instrument Test

Var	Item	R Count	R Table	Alpha Cronbach
X1.1	Paying Land & Property Tax (PBB) is an obligation and responsibility that I, as a Indonesian citizen, must fulfill, and I do not feel burdened by it.	0.5955		0.8322
X1.2	I know how to make Land & Property Tax payments, so I consistently pay my Property Tax by the end of September each year.	0.8451	0,4329	0.4492
X1.3	I always pay Land and Property Tax on time and in full because I understand the regulations and benefits associated with the payments I make.	0.889		0.3439
Alpha Cronbach Tax Literacy (X1)				0.6895
X2.1	When I receive income, I immediately allocate money to specific categories such as household expenses, personal needs, and taxes.	0.8669		0.6923
X2.2	I consistently evaluate the amount of spending in each category, including taxes, to prevent a shortage (or loss) of funds when tax payments are due.	0.8814	0,4329	0.6841
X2.3	I believe that effective financial management positively impacts my ability and timeliness in making Land and Property Tax payments.	0.5153		0.8652
X2.4	I am always firm in ensuring that funds for Land and Property Tax payments are used solely for this purpose, without being diverted to personal or other business needs.	0.8587		0.7165
Alpha Cronbach Accounting Mentality (X2)				0.8041
X3.1	Because of the sanctions, I am more diligent and compliant in paying Land and Property Tax to avoid penalties.	0.6935		0.7806
X3.2	In my opinion, the enforcement of Land and Property Tax penalties for late payments in my city is carried out firmly, fairly, and consistently.	0.763		0.7589
X3.3	I always prioritize paying Land and Property Tax, even when the local government offers routine tax amnesty programs.	0.8696	0,4329	0.7142
X3.4	In my view, the sanctions for late Land and Property Tax payments are appropriate, non-negotiable, and crucial for maintaining compliance.	0.9021		0.692
X3.5	I believe that late payments of Land and Property Tax should not be forgiven and should be subject to penalties.	0.6529		0.8836
Alpha Cronbach Perspective of Tax Sanctions (X3)				0.8048
Y1	I have always paid Land and Property Tax on time in accordance with the amount specified on the tax bill (SPPT), even though the government regularly offers tax amnesty programs.	0.8003	0,4329	0.7277
Y2	In the past two years, I have never received a reminder letter regarding overdue taxes from the DJP, particularly for Land and Property Tax.	0.769		0.7581

Y3	I have not been penalized for committing any tax-related offenses over the past 10 years.	0.9068		0.6688
Y4	If I have any outstanding Land and Property Tax payments, I will make the payment immediately when fulfilling my tax obligations for the current year.	0.7331		0.7576
Y5	I always complete Land and Property Tax-related forms, such as the Tax Object Notification (SPPT), the Land and Property Tax Payment Slip (SSP), and other related documents, accurately.	0.5626		0.8469
Alpha Cronbach PBB Compliance (Y)				0.7952

Source: Processed By Researchers. 2024

The data analysis method employed is multiple linear regression, using the following equation

$$Y = \alpha + \beta 1\, X1 + \beta 2\, X2 + \beta 3\, X3 + e$$

Statistical testing is conducted through descriptive statistics, normality tests, F tests, t tests, the coefficient of determination (R-squared) test, multicollinearity tests, and heteroscedasticity tests, all performed using STATA software. Additionally, the analysis incorporates demographic variables, such as age, education level, income, and type of work, which have been found to significantly affect PBB payment compliance, as identified by Mulyani et al. (2020). Furthermore, the study by Kemalaningrum & Octaviani (2021) demonstrates that tax socialization positively and significantly influences tax compliance.

RESULTS

A total of 299 responses were received, but only 258 were acceptable, as they corresponded to taxpayers who had made PBB payments, aligning with the target population. The data from these 258 respondents were also found to be normally distributed, and therefore, all of them were included in the analysis.

Table 3 Descriptive Statistics Results

Variable	Obs	Mean	Std. Dev	Min	Max
Tax Literacy	258	10.283	0.934	7	12
Accounting Mentality	258	13.643	1.345	9	16
Perspective of Tax Sanctions	258	17.078	1.581	11	19
PBB Compliance	258	17.143	1.510	12	19

Source: Processed By Researchers. 2024

Table 3 shows that the standard deviation for each variable is lower than the mean, indicating low variation within the data for each variable. This suggests that the distribution of the tax literacy, accounting mentality, perspective on tax sanctions, and tax compliance variables is relatively narrow.

Table 4 Residual Variable Normality Test Results

Variable	bs	Pr (Skewness)	Pr(Kurtosis)	Adj chi2 (2)	Prob>Chi2
Res	58	0.2417	0.1455	3.51	0.1725

Source: Processed By Researchers. 2024

Normality testing is conducted to assess the distribution of residuals in the regression model and to ensure the models suitability for analysis. Based on the results in Table 4, it can be

concluded that the data meet the assumption of normality, as indicated by the Prob>Chi2 values, which are above 0.05 (Sujarweni, 2016).

According to Ghozali (2018), regression analysis helps determine the strength of the relationship between multiple independent and dependent variables. Table 5 below shows the result of the F test yielded a Prob>F value of 0.00, which is less than 0.05, indicating that the data are valid and suitable for research (Surury, 2020) This result suggests that the model, comprising tax literacy, accounting mentality, and perspectives on tax sanctions, has a significant effect on tax compliance. Additionally, the t-test results in Table 5 show that the p-values (P>|t|) for all independent variables are less than 0.05, indicating a significant difference between the means of the independent and dependent variables. This implies that the regression model is appropriate for the study (Kurniawan, 2008). The t-test results further indicate that the means of the tax literacy, accounting mentality, and tax sanctions perspective variables differ significantly from the mean of tax compliance. Next, the R-squared test, as noted by Kurniawan (2008), shows that a higher R-squared value indicates a stronger ability of the independent variables to explain the dependent variable, either partially or collectively. The coefficient of determination was 66% (Table 5), meaning that tax literacy, accounting mentality, and perspectives on tax sanctions together explain 66% of the variation in PBB tax compliance, while the remaining 34% is attributed to other factors.

Table 5 Multiple Linear Regression Test Results

Source	SS	df	MS
Model	386.6177	3	128.8726
Residual	199.0761	254	0.783764
Total	585.6938	257	2.278964

Obs	258
F(3, 254)	164.43
Prob > F	0
R-squared	0.6601
Adj R-squared	0.6561

PBB Compliance	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
Tax Literacy	0.407	0.078	5.190	0.000	0.253	0.562
Accounting Mentality	0.478	0.060	7.970	0.000	0.360	0.596
Perspective of Tax Sanctions	0.237	0.055	4.290	0.000	0.128	0.347
_cons	2.373	0.681	3.490	0.001	1.032	3.714

Source: Processed By Researchers. 2024

Table 6 Results of Multicollinearity Test

Variable	VIF	1/VIF
Perspective of Tax Sanctions	2.52	0.397321
Accounting Mentality	2.14	0.467637
Perspective of Tax Sanctions	1.76	0.567299
Mean VIF	2.14	

Source: Processed By Researchers. 2024

Independent variables must be orthogonal and not exhibit correlations with one another, which is confirmed when the VIF value is less than 10 (Ghozali, 2018). The test results in Table 6 shows that the VIF values for all variables are below 10, indicating the absence of multicollinearity among the independent variables. Therefore, the regression model is deemed appropriate for the research.

Table 7 Results of Heteroscedasticity Test

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity Ho: Constant variance Variables: fitted values of PBB Compliance		
Chi2(1)	=	0.28
Prob > Chi2	=	0.5935

Source: Processed By Researchers. 2024

According to Surury (2020), if the significance value is greater than 0.05, there are no indications of heteroscedasticity. Table 7 shows that the Prob>Chi2 value is 0.59, which is greater than 0.05, indicating that the residuals in the sample exhibit low variation and tend to be homogeneous. The 258 respondent dataset includes 90 respondents from Denpasar City, 89 respondents from Malang City, and 79 respondents from Yogyakarta City. The following table is a breakdown of the demographic data

Table 8 Sample Demographic Data Breakdown

No	Category	Description	Amount	%
1	Age	18-21	3	1.16%
		22-25	4	1.55%
		26-29	86	33.33%
		30-33	128	49.61%
		>33	37	14.34%
2	Education	High School	46	17.83%
		Diploma 1	0	0.00%
		Diploma 2	1	0.39%
		Diploma 3	8	3.10%
		Diploma 4	22	8.53%
		Bachelor	158	61.24%
		Master	22	8.53%
		Doktoral/Profesor	1	0.39%
3	Income /Month (IDR)	<1.000.000	1	0.39%
		1.000.000-3.000.000	80	31.01%
		>3.000.000	177	68.60%
4	Job	Office Worker	170	65.89%
		Self-Employed	63	24.42%
		Office Worker & Self-Employed	25	9.69%
5	NPWP Ownership	Owned	253	98.06%
		None	5	1.94%
6	PBB Socialization Participation	Ever	258	100.00%
		Never	0	0.00%

Source: Processed By Researchers. 2024

DISCUSSION

The results indicate that tax literacy positively influences PBB payment compliance (H1 accepted). Taxpayers with a deeper understanding of taxation—such as knowledge of tax rates, sanctions, regulations, procedures, and deadlines—are more likely to comply with tax obligations. These findings align with the studies of Nistiana et al. (2022), Ma'ruf &

Supatminingsih (2020), and Setiawan et al. (2020). Additionally, this evidence supports the assertion that tax literacy influences subjective norms in the Theory of Planned Behavior. Higher tax literacy increases compliance with PBB payments, as it fosters greater tax awareness, as noted by Herawati et al. (2022). When taxpayers understand their obligations, including the process, deadlines, regulations, and benefits of PBB payments for regional development, they are more inclined to comply.

Table 5 further shows that tax literacy has the second-largest effect on compliance, following accounting mentality. This highlights the need for collaboration between local taxation and education authorities to enhance tax literacy among both new and experienced taxpayers. The demographic summary in Table 8 reveals important insights for local governments to enhance tax literacy, particularly encouraging income earners to recognize the obligation of having a Taxpayer Identification Number (NPWP) as part of tax compliance. Although the local government has effectively conducted PBB socialization, with all sample respondents reporting participation, attention should be given to the frequency and distribution of these efforts. Ensuring continuous and widespread PBB socialization will help optimize public knowledge of taxation, particularly regarding PBB. The demographic results indicate that the majority of respondents hold at least a bachelor's degree, have completed high school, and are over 18 years of age. This underscores the importance of early PBB socialization in high schools and universities. Furthermore, the data show that office workers tend to be more compliant with PBB payments. Given this, it is crucial for the government to collaborate with both public and private companies to regularly organize PBB counseling sessions for their employees.

Table 5 presents test results indicating that the mental accounting variable has a positive and significant effect on tax compliance (H2 accepted). This suggests that the more assertive taxpayers are in separating and evaluating their income and expenses, the higher their compliance with PBB payments. These findings support the research hypothesis and are consistent with studies by Mutanga et al. (2021) and Nugroho et al. (2022), which also found that mental accounting positively influences tax compliance (specifically for SMEs and motor vehicle taxes). This study expands on these findings by highlighting the positive impact of mental accounting on PBB compliance. From the perspective of the Theory of Planned Behavior, mental accounting can influence taxpayers attitudes towards PBB compliance (attitude toward behavior). The data show that most respondents allocate their income to specific accounts, evaluate expenses within those accounts, and recognize that proper financial management, including income separation, can enhance PBB payment compliance. This behavior fosters a more disciplined approach to the use of allocated funds, ensuring that money earmarked for PBB is not diverted for other purposes.

The mental accounting variable exhibits the largest coefficient among all variables, highlighting a significant finding that both the government and society should consider. It emphasizes the importance of financial management through mental accounting, which includes practices such as dividing income, evaluating expenses, and adhering to allocated fund usage. It is understood that all income earners can implement mental accounting in their daily lives. According to the demographic data, most respondents earn between IDR 1,000,000 and IDR 3,000,000. Therefore, local educational and community organizations should prioritize and intensify the promotion of mental accounting principles in financial management counseling for the public, targeting both Generation X and Generation Z. This will help cultivate the habit of income allocation, enabling individuals to better control and evaluate their expenses. Mental accounting can be naturally developed, especially since most of the respondents are office workers. In such environments, mental accounting may emerge through interactions among employees, fostering a positive culture of collectivism that encourages tax compliance (Ciziceno & Pizzuto, 2022). Additionally, the need to meet various personal and family expenses from monthly salaries further promotes the practice of income sharing and financial discipline.

The perspective on tax sanctions has the lowest coefficient among the independent variables; however, the effect of this variable on PBB compliance remains positive and significant (H3 accepted). This suggests that the more taxpayers perceive tax sanctions as being enforced firmly, fairly, and effectively against violators, the more likely they are to comply with PBB payments. These findings are consistent with the research of Ma'ruf & Supatminingsih (2020) and Purnamasari et al. (2018). Sanctions act as both a punishment and a binding rule, which positions the perspective on tax sanctions as a form of behavioral control. The more seriously taxpayers perceive sanctions to be, and the more they believe these sanctions will result in significant consequences if violated, the more likely they are to comply with PBB payments. In this study, respondents indicated that tax sanctions create pressure to ensure compliance, with taxpayers prioritizing timely PBB payments. They believe that late payments should not be tolerated and that the sanctions imposed are appropriate. Furthermore, respondents view the implementation of tax sanctions as fair, firm, and consistent. Demographic data also indicates that PBB socialization has been effectively carried out. Therefore, it is recommended that the government continue to emphasize the importance of strict and non-negotiable tax sanctions during every socialization effort, ensuring that the public is more aware of and compliant with PBB payment regulations.

However, the results of data processing show that the effect of the perspective of tax sanctions is much lower than other variables, this is an evaluation for local governments to further maximize the implementation of tax sanctions to be firm, fair, and transparent for the community. Local governments can start the implementation of the firmness of sanctions by not implementing the PBB tax bleaching event every year so that taxpayers do not have the idea that the government easily provides "forgiveness" in the form of removing fines for the behavior of taxpayers who are not on time in fulfilling their obligations to pay the PBB, this statement is evident from the phenomena that have occurred in the realization of PBB revenue for the cities of Malang, Yogyakarta, and Denpasar which continue to decline even though the PBB tax bleaching event has been held. Not only that, a fine of 2% of the value of PBB payable can contribute greatly to increasing regional income to advance regional infrastructure. To support the implementation of fair taxation sanctions, the local government must be able to cooperate with the village apparatus to collect data and re-measure related to land and building ownership in order to maximize PBB collection, the local government must also immediately regulate administrative and legality provisions related to the sale and purchase of green land which is still rampant in each city.

CONCLUSION

In 2021-2022, PBB revenue realization in the cities of Malang, Yogyakarta, and Denpasar declined, resulting in a continued "Poor" contribution to the Original Local Government Revenue (OLGR) over the past five years. Based on the findings from this study, several key factors can enhance PBB payment compliance in the cities of Malang, Yogyakarta, and Denpasar. First, improving tax literacy and promoting mental accounting are essential, as they have a significant positive impact on compliance. Local governments should increase the frequency of tax literacy while reducing tax amnesty events, which may weaken the effectiveness of tax sanctions. The perspective on tax sanctions, although impactful, should be reinforced by ensuring that sanctions are firm, fair, and transparent. Additionally, collaboration with local authorities to update land and building records, along with stricter regulations on green land transactions, is crucial for improving PBB collection and regional income. By addressing these factors, local governments can strengthen taxpayer compliance and optimize PBB revenue contributions to regional development.

SUGGESTION

This study has several limitations. First, the sample size from each city did not meet the minimum required due to time constraints. Additionally, access to data on PBB revenue targets and realizations for other cities, such as Surabaya and Bandung, was limited. Data regarding green land, which could potentially impact PBB revenue, was also difficult to obtain. For future research, it is recommended that the findings on the influence of mental accounting be applied to other forms of tax compliance. Researchers should consider conducting studies in other major cities, with a specific focus on the phenomenon of green land, exploring its implications in greater detail.

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