The Influence Of Taxpayer Awareness And Tax Supervision on Collection Efficacy Of Rural and Urban Land and Building Tax (PBB-P2) in Gorontalo City

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Abstract

This research aims at finding out the partial and simultaneous influence of taxpayer awareness and tax supervision on collection efficacy of rural and urban land and building tax (PBB-P2) in GorontaloCity. This research applies a quantitative approach using the expost facto method. The research design is causality. The technique of data analysis uses multiple regression. Findings revealed that (1) taxpayer awareness has a positive and significant influence on PBB-P2, (2) tax supervision has a positive and significant influence on PBB-P2, and (3) taxpayer awareness and tax supervision simultaneously have a positive and significant influence on PBB-P2 with 33.20% of the determinant value. Furthermore, the remaining 66.80% value is influenced by other variables that are not explained in this research such as taxpayer discipline, tax sanction, taxpayer compliance, reward for tax authorities, commitment, tax authority competency, and administrative modernization of PBB-P2

Keywords: PBB-P2, Taxpayer awareness, Tax Supervision

INTRODUCTION

The improvement of regional revenue in every autonomous region is supposed to be pursued periodically through effective and efficient administrative arrangements and in accordance with law and regulations along with the implementation guidelines. As an autonomous region, every province is required to develop and optimize the whole regional potentials from its own source revenue (Mulyadi, 2011).

By becoming the capital of Gorontalo province, Gorontalo City continues to develop and strives to improve its services to the locals through various developments in short and long term plans. It obviously aims to increase society's prosperity, particularly those who reside in Gorontalo City. Therefore, large funds are needed in order to actualize and accelerate the development program, and one of them is obtained through the optimization of regional revenue.

Based on the initial observation, the own source revenue of Gorontalo City underwent a decrease due to the lack of stability in the regional revenue from rural and urban land and building tax (PBB-P2) even though it has involved the urban village apparatuses to the tax collection.

In general, the PBB-P2 does not annually meet the target set by the Gorontalo City government. The discrepancy between the accomplished and achieving targets is due to the lack of taxpayer awareness. Taxpayer awareness is the intention of a person to sincerely fulfill his/her obligations. The increased level of taxpayer awareness will eventually result in understanding and willingness to pay off taxes and increases compliance. This is in line with a statement of Herriyanto and Tolly (2013) that maximizing tax revenue with a self-assessment system is not only performed by adding the number of active taxpayers, but also the government should raise more taxpayer awareness about their crucial roles for future national development. In order to achieve this goal, the government conducted several community outreach programs aiming to provide information about the Indonesian taxation system. This awareness of taxpayers will definitely increase the collection efficacy of PBB-P2 in GorontaloCity.

In addition, factors hindering tax efficacy are the lack of tax supervision by the local government and irregular supervision in every sub-district. Supervision is a process of determining what works have been accomplished, assessed, and corrected. This is to ensure those works are in accordance with the initial plans. Supervision also aims to increase operational efficiency of tax revenue. It is expected that supervision helps run the application of tax administration properly and correctly, resulting in the escalation of regional tax revenue.

Amilin (2016) explained the importance of supervision in improving the collection efficacy of PBB-P2. He said that supervision on taxpayers is a persuasive activity in a way of posting a letter that notifies the obligation of selected taxpayers' status. This type of supervision encourages the emergence of compliance, resulting in the improvement of tax revenue in the tax service office. Those taxes paid will eventually be put into the state treasury. Any type of tax revenue either the income tax, value-added tax, or other taxes received really depends on the level of taxpayer compliance in reporting and paying off the rates. This also applies to the tax authorities who are in charge of PBB-P2, in which the supervision of tax collection will be performed more effectively.

Therefore, based on these descriptions, the researcher is interested in conducting further research about the taxation problem entitled: "**The Influence of Taxpayer Awareness and Tax Supervision on Collection Efficacy of Rural and Urban Land and Building Tax (PBB-P2) in Gorontalo City**"

RESEARCH METHODOLOGY

This research was conducted in Financial Board of Gorontalo City. The population is 53.826 taxpayers of PBB-P2 in Gorontalo City. The sampling calculation uses Slovin formula to turn the number into 100. The method of data analysis uses multiple regression that is formulated as follow:

$$Y = a + b_1X_1 + b_2X_2 + e$$

Notes:

$\hat{Y}$ = Collection efficacy of PBB-P2

α = Constanta

β = Regression coefficient

X1= Taxpayer awareness

X2= Tax supervision

ε = Error

FINDINGS

A. Estimation of Multiple Regression Model

The analysis results are shown in the following table:

Table1: Regression Analysis Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	21.231	2.643		8.034	.000
Taxpayer Awareness	.344	.098	.437	3.519	.001
Tax Supervision	.217	.096	.281	2.266	.026

Source: Data Collection of SPSS 21, 2019

Based on the table, the multiple regression model is presented as follow:

$$\hat{Y} = 21{,}231 + 0{,}344X_1 + 0{,}217X_2 + e$$

B. Partial Hypothesis Testing

The testing results are shown in the following table:

Table2: Partial Testing Results

No	Variable	B Value	T_{count}	P-Value
0	Constant		8.034	0.000
1	Taxpayer Awareness	0.437	3.519	0.001
2	Tax Supervision	0.281	2.266	0.026

Source: Data Collection of SPSS 21, 2019

The following are the partial testing results:

1) The Influence of Taxpayer Awareness on Collection Efficacy of PBB-P2

The previous analysis results illustrated that the t-$_{count}$ value of taxpayer awareness variable obtains 3.519 with a Probability value of 0.001. This signifies that the P-$_{value}$ of t-$_{count}$ is lower than the alpha value of 0.05. As a result, taxpayer awareness has a positive and significant influence on PBB-P2 in Gorontalo City.

2) The Influence of Tax Supervision on Collection Efficacy of PBB-P2

The previous analysis results illustrated that the t_{count} value of tax supervision variable obtains 0.026 with a Probability value of 0.007. This signifies that the P_{value} of t_{count} is lower than the alpha value of 0.05. As a result, tax supervision has a positive and significant influence on PBB-P2 in Gorontalo City.

C. Simultaneous Hypothesis Testing

The simultaneous testing results are shown in the following table:

Table3: Simultaneous Testing Result

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2192.391	2	1096.196	42.463	.000ᵇ
	Residual	2504.105	97	25.816		
	Total	4696.496	99			

Source: Data Collection of SPSS 21, 2019

Based on the table, the F_{count} value obtains 24.063 with a probability value of 0.000. This signifies that the P_{value} of F_{count} is lower than the alpha value of 0.05. As a result, both taxpayer awareness and tax supervision simultaneously have a positive and significant influence on the tax collection efficacy of PBB-P2 in Gorontalo City.

D. Coefficient of Determination

Coefficient of Determination (R^2) is presented in the following table:

Table4: Coefficient of Determination

No	Variable	r Value	Standardized B Value	Determination of Coefficient
1	Taxpayer Awareness	0,437	0,662	0,289
2	Tax Supervision	0,281	0,631	0,178
	Total (Simultaneous Coefficient of Determination)			**0.467**

Source: Data Collection of SPSS 21, 2019

Based on the result analysis in the coefficient of the determination table, the R^2 value obtains 0.467. This value indicates that 46.70% of the variability in the collection efficacy of PBB-P2 is influenced by taxpayer awareness and tax supervision. Meanwhile, the remaining 53.30% is influenced by other variables that are not explained in this research such as taxpayer discipline, tax sanction, taxpayer compliance, reward for tax authorities, commitment, tax authority competency, and administrative modernization of PBB-P2

Furthermore, the multiplication results of the standardized coefficient and correlation value between independent and dependent variables obtained the partial determination coefficient value. It showed that the influence of taxpayer awareness on the collection efficacy of PBB-P2 is 28.90%. In addition, the influence of tax supervision on tax collection efficacy is 17.80%.

DISCUSSION

1. The Influence of Taxpayer Awareness on Collection Efficacy of PBB-P2 in Gorontalo City

Based on findings, the taxpayer awareness variable lies in a good criterion with a score of 82.55%. This means that the society of Gorontalo City, as taxpayers, has a high level of awareness to pay off on time and in accordance with the amount of tax rate of PBB-P2. Unfortunately, some people are still in need of getting the outreach program from the local government about the importance of PBB-P2 for the improvement and contribution to regional development. In particular, this aims to make them understand that tax is an absolute obligation fulfilled by taxpayers even to those who do not reside and only own land and building in Gorontalo City.

A finding of the taxpayer awareness having a positive and significant influence on the collection efficacy of PBB-P2 is in line with the research conducted in Gorontalo City. The coefficient positively denotes that the increased level of taxpayer awareness impacts on the more effective collection of PBB-P2.

This result is in accordance with Nurmantu (2005:7) opinion. He said that taxpaying for the sake of carrying out state function would encourage the society to obey their obligations in paying taxes. Awareness in paying taxes will arise because the people feel to partake in determining the tax regulations. Creating a taxpayer who is aware and cares about taxes can not be based on a law adage; where every person is considered aware of laws and regulations. This type of idealism thought will not be effective since it puts aside other conditions i.e., the sociological condition to be obedient to the applicable provision. The effort through community outreach programs about laws and regulations has become the most successful way to create an awareness and care taxpayer. In addition, it also helps tax authorities collect taxes with ease.

Therefore, it can be concluded that taxpayer awareness has a positive and significant influence of 28.90% on the collection efficacy of PBB-P2. In order to reduce or even completely abolish obstacles in tax collection, it requires an effort to make the taxpayers aware, care, and able to pay off their taxes. Providing guidance and direction about taxes is deemed as the most important step to do. Village apparatuses also play an important role to motivate, socialize, and persuade, along with making them aware of paying off their land and building taxes.

2. The Influence of Tax Supervision on Collection Efficacy of PBB-P2 in GorontaloCity

Based on findings, the tax supervision variable lies in good criterion with a score of 81.59%. This means that the government of Gorontalo City, through the Financial Board of Gorontalo is collaborating with the local government to supervise the improvement of PBB-

P2 actively. The supervision process, along with the precise establishment of the tax collection schedule, makes the regional tax collection of PBB-P2 more effective, on target, and potential.

The regression testing results for the second hypothesis found that tax supervision has a positive and significant influence of 17.80% on the collection efficacy of PBB-P2 in Gorontalo City. The coefficient positively denotes that the increased level of supervision in the collection of PBB-P2 will help achieve the efficacy of PBB-P2 collection in Gorontalo City

This result is in compliance with the findings of Atmasepa (2017) that standard determination seen from determining the supervisor, ways of supervision, and sanctions for infringement of the Regional Revenue Agency in land and building tax collection has not been ideally implemented. The assessment through checking operation during the process of land and building tax collection, along with periodic re-assessment has not been optimally done. Corrective actions through community outreach programs and addition to supervisors in the Regional Revenue Agency have not been optimally done as well. This is proven by the lack of taxpayers who commit to paying off the land and building tax rates. Therefore, the supervision is supposed to be well-conducted so that the tax collection will run in accordance with the local regulations.

Overall, it can be concluded that the influence of tax supervision on the collection efficacy of PBB-P2 is 16.53%. It is based on the main task and function of the Financial Board of GorontaloCity, in which to provide guidance, control, and supervision to the regional revenue management. Furthermore, some aspects that need to be examined are related to tax collection, the ability and motivation of tax authorities according to the established system, and procedures in tax collection activity. If the supervisory task is performed in accordance with the SOP, there will be an immense contribution of PBB-P2 to the regional revenue.

3. **The Influence of Taxpayer Awareness and Tax Supervision on Collection Efficacy of PBB-P2 in Gorontalo City**

Based on findings, the collection efficacy of PBB-P2 lies in good criterion with a score of 84.29%. Although the village government needs more coordination and communication with the RT-RW (hamlet and neighborhood) to monitor the tax collection achievements, it signifies that PBB-P2 collection in GorontaloCity has been running well. In addition, data of land and building assets in each village have to be registered for the target effectiveness. The tax collection is supposed to be seen from its efficacy because the

government has regulated the PBB-P2 payment receipt as a prerequisite to obtaining public services in Gorontalo City as well as to various applications with private parties.

The regression testing result, particularly the third hypothesis, found that the taxpayer awareness and tax supervision simultaneously have a positive and significant influence on PBB-P2 with 46.70% of the determinant value. Meanwhile, the remaining 53.30% is influenced by other variables that are not explained in this research, such as taxpayer discipline, tax sanction, taxpayer compliance, reward for tax authorities, commitment, tax authority competency, and administrative modernization of PBB-P2. If the taxpayer awareness is improving along with continuous supervision in PBB-P2, the tax collection will eventually run as expected.

Similarly, Novalistia (2016:3) pointed out that governments, the power holders in wheels of government, have to emphasize the aspect of public interest as a stakeholder. Overall, this research agrees with the findings of Donovan (2015) that the city government of Mojokerto applies some strategies in PBB-P2 collection, including acceleration in the provision of legal institutions, modern tax administration system, collaboration with other government institutions, technical guidance to tax collectors, online payment approach, community outreach program, a mobile DPPKA (Department of Revenue, Finance, and Asset Management) car, and a role model weekly activity. These strategies will raise social awareness and will become a part of supervision that can increase the collection efficacy of PBB-P2.

Therefore, the findings revealed that taxpayer awareness and tax supervision simultaneously have a positive and significant influence on the collection efficacy of PBB-P2 in Gorontalo City. A taxpayers' self-awareness becomes the most dominant factor since it comes from the internal factor, where the taxpayers, even when out of town, are encouraged to pay off the PBB-P2 by contacting the urban village government.

CONCLUSION

Based on the previous findings and discussion, it can be concluded that:

1. Taxpayer awareness has a positive and significant influence of 28.90% on the collection efficacy of PBB-P2 in Gorontalo City. The coefficient positively denotes that the increased level of taxpayer awareness impacts on the more effective collection of PBB-P2.

2. Tax collection has a positive and significant influence of 17.80% on the collection efficacy of PBB-P2 in Gorontalo City. The coefficient positively denotes that the

increased level of supervision in the collection of PBB-P2 will help achieve the efficacy of PBB-P2 collection in Gorontalo City.

3.   Taxpayer awareness and tax supervision simultaneously have a positive and significant influence of 46.70% on the collection efficacy of PBB-P2 in Gorontalo City. Meanwhile, the remaining 66.80% value is influenced by other variables that are not explained in this research such as taxpayer discipline, tax sanction, taxpayer compliance, reward for tax authorities, commitment, tax authority competency, and administrative modernization of PBB-P2

SUGGESTION

Based on the previous findings and conclusion described, the research suggestions are as follows:

1.   The efforts to increase self-awareness of taxpayers in Gorontalo City should be improved through community outreach program carried out by the urban village apparatuses regarding the importance of PBB-P2 for national developments, and changes of the Tax Object Sale Value of Non-Taxable Object (NJOPTKP) in neglecting PBB-P2 obligations, resulting in changes of tax rates, deadline, and sanctions.

2.   The city government, through the Financial Board, should have a more systematic collaboration, in which urban village apparatuses should report in once or twice a month about the progress of tax collection activity. This regular coordination and communication will result in well-run supervision and will resolve obstacles in tax collection with ease.

3.   Tax collection training for the urban village apparatuses is considered important to improve their competence, commitment, and work loyalty in order to contribute to raising awareness to the locals who are occasionally reluctant to pay off the land and building tax. In addition, all parties should also collaborate to raise taxpayer awareness regarding the proof of payment of land and building tax, in which it has become a prerequisite to obtaining public services in Gorontalo City. This will lead the society to inevitably pay off their taxes on time.

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