Analysis of Public Awareness in Sampe Cita Village Towards Land and Building Tax (PBB) Payment

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Abstract

This study aims to determine the level of public awareness regarding paying Land and Building Tax (PBB) and their understanding of the importance of PBB for village development. This study used a qualitative method with a descriptive approach. The data used were primary data obtained through direct interviews with village heads, village officials, hamlet heads, and local residents. Data collection techniques included observation, interviews, and documentation. The data obtained were then analyzed using data triangulation techniques. The results of the study indicate that the majority of the community understands the meaning and benefits of PBB as a source of regional revenue used for the development of public facilities and improving community welfare. Public awareness of paying taxes also increased following outreach by the village government regarding the importance of timely tax payments. However, some residents still lack understanding of PBB payment procedures and consider tax payment to be a priority. Factors influencing public awareness include education level, tax knowledge, economic conditions, and the active role of the village government in providing outreach and education to the community. With ongoing outreach, it is hoped that the community will become more aware and compliant in fulfilling its obligation to pay Land and Building Tax (PBB).

Keywords: Land and Building Tax, Tax Paying Obligation, Taxpayer Awareness

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Introduction

Taxes are a source of state revenue used to finance development, from village roads and schools to healthcare. At the village level, the type of tax most directly impacting residents is the land and building tax. According to Prof. Dr. Hanif Nurcholis (Regional Autonomy Expert), village-level taxes represent a manifestation of local independence, where legitimate levies are used to finance village households for the benefit and public services of the village community.

The legal basis governing Land and Building Tax (PBB) in Indonesia refers to several levels of regulations, ranging from the Constitution (UUD) to operational laws. The following are the articles and laws governing it:

1. Supreme Foundation (UUD 1945), Article 23A of the 1945 Constitution (after amendments)
2. Primary Law on PBB, Law No. 12 of 1985 amended by Law No. 12 of 1994, Articles 2, 3, 4, and 6
3. Regulations concerning Regional PBB (PBB-P2) in Law No. 1 of 2022 is regulated starting from Article 37 to Article 43.

Tax obligations in village government are an instrument of public accountability, where every rupiah of state funds managed by the village must be accounted for to the state treasury through the applicable tax system. Taxpayers who fail to pay their taxes on time are subject to sanctions, a form of legal action imposed as a result of not fulfilling their tax rights and obligations. In other words, tax sanctions are firm measures to discipline taxpayers so that they do not violate the rules.

Based on data from one village in Deli Serdang Regency, specifically in Glugur Rimbun Village, some residents still fail to fulfill their annual land and building tax obligations. This situation impacts village revenue and ultimately impacts the implementation of development programs at the village level. This low level of compliance is often related to the community's level of understanding of the types of village taxes, payment procedures, and the benefits of taxes for village development. On the other hand, village officials play a crucial role in providing information and assistance to residents to ensure a smoother tax payment process.

Therefore, this research is necessary to determine the extent of residents' understanding of village taxes, the factors influencing their compliance, and how village officials and law graduates can help improve this understanding. Low tax compliance directly impacts village budgets. Low tax revenues hamper development programs and public services. Furthermore, this issue is not solely a legal one. It also concerns knowledge, economics, and public trust in the government. The research findings are expected to provide input for villages in developing more effective and easily understood tax outreach activities.

Problem Formulation

1. How familiar are village residents with the types of taxes applicable in Sampe Cita Village, especially land and building tax?
2. What factors influence the awareness of Sampe Cita Village residents regarding PBB (land and building tax) payments?
3. What is the role of village officials in improving residents' understanding and compliance with taxes?

Literature Review 2.1 The Concept of Tax and Village Financial

Independence Tax is a compulsory and crucial instrument of state revenue in supporting the financing of development at both the macro and micro levels, including the construction of road infrastructure, educational facilities, and the health care sector. In the smallest governmental scope, the type of levy that directly impacts the daily lives of the community is the Land and Building Tax (PBB). Based on the regional autonomy theory put forward by Hanif Nurcholis, the existence of taxes at the village level is actually a representation of local

independence. Through a legitimate and legal levy mechanism, funds collected from the community are reallocated to finance village household needs in order to realize public services and the interests of the village community itself. In addition, tax management in rural areas also functions as an instrument of public accountability, where incoming financial management must be accounted for transparently to the state treasury through the applicable tax system.

2.2 Legal Basis of Land and Building Tax (PBB) in Indonesia

The implementation of Land and Building Tax collection in Indonesia is based on a strong legislative hierarchy, starting from the highest constitution to operational regulations at the regional level. The legal bases include:

1. The 1945 Constitution of the Republic of Indonesia The highest constitution of the country through Article 23A of the 1945 Constitution (after amendment) confirms that all forms of taxes and other levies that have a compulsory nature for state purposes must be regulated by law.
2. Law Number 12 of 1985 in conjunction with Law Number 12 of 1994 This regulation is the main regulation that regulates the technical aspects of PBB. Specifically, the limitations and provisions are regulated in several crucial articles, including:

Article 2: Establishes limitations regarding Tax Objects, namely the classification of land and buildings that must be taxed.
Article 3: Regulates exceptions to Tax Objects that cannot be subject to PBB, such as places of worship, protected forests, or burial grounds.
Article 4: Establishes legal subjects categorized as Tax Subjects (taxpayers).

1. Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments (HKPD). Through this latest regulation, the authority to manage Rural and Urban Land and Building Tax (PBB-P2) is officially transferred and fully handed over to Regional Governments (Regency/City Governments). Provisions regarding the management of PBB-P2 are outlined in detail in Articles 37 to 43.

2.3 Taxpayer Awareness and Compliance

Taxpayer compliance is defined as a disciplined action in which the public fulfills its tax rights and obligations in accordance with applicable legal regulations. The relationship between the level of tax knowledge and public awareness has a very close correlation to the formation of compliance. When taxpayers receive clear, targeted, and repeated information dissemination, their tendency to pay taxes on time will increase significantly. Conversely, the public's lack of understanding of payment procedures, administrative procedures, and ignorance of the direct benefits of taxes on the advancement of village facilities are the main triggers for low tax target realization. In addition to internal factors such as individual understanding, the level of compliance is also predominantly influenced by external factors, such as the condition of the community's economic stability and the level of ease of access to the tax payment service system.

2.4 Tax Sanctions and Law

Enforcement To discipline taxpayers to prevent violations of regulations, the Indonesian tax system implements legal sanctions. These sanctions are the absolute legal consequences for non-fulfillment of tax obligations by the public. Based on applicable tax regulations, if there is a delay in fulfilling PBB payments past the due date, taxpayers will be subject to administrative sanctions in the form of interest fines of 2% (two percent) per month of the total principal tax owed. This administrative fine has a maximum accumulation limit of 24 months (two years). Although after the two-year period has passed the amount of the fine will no longer increase, the obligation to pay the principal tax owed remains inherent. In addition to interest fines,

compliance enforcement is also strengthened through the issuance of official warning letters from local governments and the implementation of indirect administrative sanctions, such as obstruction of the processing of legal civil documents, including land sale and purchase transactions, document transfer processes, and land certificate processing.

2.5 The Role of Village Government in Tax Optimization

In rural areas, the village government structureled by the village head and his staff, down to the hamlet head plays a very central and strategic role as the spearhead of the success of PBB target receipts. The village government holds three main functions continuously towards the community, namely the communication function, the education function, and the motivation function. In its practical implementation in the field, optimization of tax revenue can be achieved through active leadership and the application of a persuasive social approach. Forms of concrete roles that can be carried out by village officials include the distribution of Tax Payable Notification Letters (SPPT) quickly and accurately, the implementation of periodic communicative socialization in village forums, to the implementation of the jemput bola method or direct collection (active door-to-door) to residents' homes before the due date arrives.

Research Methodology

This study employed qualitative methods to understand how villagers view and understand land and building taxes and vehicle taxes. Instead of using questionnaires or numerical data, we went directly to the field to interview community leaders, village officials, and several residents with outstanding taxes. We also collected data from the village head's office, including taxpayer data and payment data, allowing researchers to directly explore residents' reasons, views, and experiences regarding tax compliance. Using these interviews and documents, we attempted to explain why many residents still remain non-compliant with their taxes and what can be done to improve their understanding of taxes.

Results

Land and Building Tax (PBB) is a source of regional revenue that plays a crucial role in supporting development and governance, particularly in rural areas. In the context of village development, PBB receipt is not only a taxpayer's obligation but also a form of active community participation in supporting the progress of their region. Therefore, a discussion of PBB is crucial to understand its implementation, challenges, and efforts to increase tax revenue at the village level.

The legal basis governing Land and Building Tax (PBB) in Indonesia refers to several levels of regulation, ranging from the Constitution (UUD) to operational laws. The following are the articles and laws governing Land and Building Tax:

a. Supreme Foundation (1945 Constitution) Article 23A of the 1945 Constitution (as amended) "Taxes and other compulsory levies for state purposes are regulated by law."
b. The Main Law on Land and Building Tax (PBB), Law No. 12 of 1985 concerning Land and Building Tax, which was later amended by Law No. 12 of 1994.

Article 2: Regulates Tax Objects (what land and buildings are subject to tax).

Article 3: Regulates tax objects that are not subject to PBB (such as places of worship, protected forests, cemeteries, etc.).

Article 4: Regulates Tax Subjects (who is required to pay).

c. Regulations Concerning Regional PBB (PBB-P2), Law No. 1 of 2022

Currently, PBB management has been divided. Rural and Urban PBB (PBB-P2) is delegated to the Regional Government (district government/city government). The latest regulations are regulated in: Law No. 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments (HKPD). The regulations regarding PBB-P2 are specifically regulated in Articles 37 and 43.

The implementation of the PBB (land tax) in Sampe Cita Village is carried out through collaboration between the local government, the village government, and tax collectors tasked with collecting data and submitting Tax Payable Notification Letters (SPPT) to the community. In practice, residents who own land and buildings are required to pay taxes in accordance with government-established regulations. These payments are typically made annually through banks, post offices, or officials appointed by the local government. Funds obtained from PBB revenue are then used to support regional development, such as road repairs, public facility construction, educational improvements, and other public services directly benefiting the village community.

Those who do not comply with taxes still consider PBB to be a low priority, resulting in frequent delays in payments. Furthermore, some residents still do not understand the direct benefits of paying taxes to village development. Lack of public awareness regarding the function and importance of PBB contributes to suboptimal taxpayer compliance. Economic factors are also a contributing factor to late tax payments, particularly for those with irregular incomes.

To increase village land and building tax (PBB) revenue, various efforts are needed, involving village governments, tax officials, and the community. One step that can be taken is to increase outreach activities regarding the importance of paying taxes and their benefits for village development. This outreach can be conducted through village meetings, community outreach, or direct information dissemination by village officials. With a better understanding, it is hoped that the community will be more aware and disciplined in fulfilling their tax obligations.

In addition to outreach, village governments also need to improve the quality of service in distributing SPPT (State Tax Return) forms and processing tax payments. Fast, clear, and easy service will help communities fulfill their obligations without encountering administrative difficulties. Village governments can also collaborate with relevant parties to simplify access to tax payments, eliminating the need for people to travel long distances to make payments. A streamlined payment system will positively impact taxpayer compliance.

Based on observations and literature reviews, it is clear that public understanding of Land and Building Tax (PBB) varies. While some residents understand that PBB is an annual obligation, not all understand that PBB payments play a crucial role in supporting village budgets and development.

The research also shows that public awareness of paying the Land and Building Tax (PBB) on time is influenced by several factors, namely education level, understanding of tax benefits, the role of village officials in outreach, and ease of payment services. Communities who receive clear and repeated information tend to have better compliance than those who receive less outreach. The better the community's understanding of the functions and benefits of PBB, the greater their likelihood of paying on time. This aligns with the finding that tax knowledge and taxpayer awareness are closely related to the level of community compliance.

Furthermore, the village head and village officials were also found to play a crucial role in increasing taxpayer awareness. Active leadership, good communication, and a persuasive approach can encourage community compliance in fulfilling their PBB payment obligations. In the village context, PBB is not only viewed as an individual obligation but also as a tangible contribution from the community to village development. Optimal tax revenue can assist the village government in supporting the provision of public facilities, development activities, and community services. Therefore, awareness of PBB payment needs to be understood as part of community participation in collective village development.

The role of village government is crucial in encouraging community compliance. Village heads and village officials need to continuously communicate, educate, and motivate the public to understand the importance of paying property tax (PBB). Regular outreach and an accessible approach will increase public awareness of their tax obligations.

Table 1. Number of taxpayers

No.	Hamlet	Number of PBB Taxpayers
1.	I	134
2	II	34
3	III	27
4	IV	81
5	V	55
6	VI	94
7	Kota Setia Budi Indah	73

The table above shows that Sampe Cita Village is divided into seven hamlets and has a total of 517 registered taxpayers.

Based on in-depth interviews conducted with several residents to explore their awareness of tax obligations in Sampe Cita Village, Kutalimbaru District, Deli Serdang Regency, it was found that taxpayer awareness and compliance in the village have shown positive progress. In an open and friendly atmosphere, some residents stated that they understand their tax obligations, particularly regarding land and building tax, and have been paying their taxes regularly each year.

This indicates that the outreach conducted by village officials has had a significant impact on increasing public awareness. Village officials in Hamlet V also played an active role in collecting SPPT PBB (land and building tax) from residents' homes. As evidence of the fieldwork, the researcher has included photographic documentation of the interviews with residents and village officials.

If the PBB is paid late, the government will impose an administrative fine in the form of interest of 2% (two percent) per month on the unpaid PBB amount, calculated from the due date. This interest runs for a maximum of twenty-four months, so if the delay is more than two years, the fine will not increase further, even though the principal tax must still be paid. In addition to the fine, residents may also receive a warning letter from the local government to immediately pay the arrears. Delays also hinder matters such as buying and selling, changing names, or processing certificates. An example of the activities that the author carried out was providing a brief briefing about the importance of awareness of paying PBB and interviewing the people in Hamlet V.



Figure 1. Interview Wawancara



Figure 2. Documentation of Community Socialization in Hall V

Conclusion

The level of awareness of the land and building tax (PBB) in Sampe Cita Village is considered adequate. Most residents are aware of their obligation to pay PBB, but their understanding of its role in village development remains limited. This awareness is influenced by factors such as knowledge, age, the economic constraints faced by some residents, and community outreach programs from the village government. Residents with stable incomes and those who have received outreach programs tend to be more compliant in paying their PBB on time.

The level of compliance with PBB payments in Sampe Cita Village is quite optimal. Although some residents still have arrears due to economic constraints, lack of understanding, and distance or lack of access to payment, the village government's efforts to raise awareness are still incidental. Outreach programs have not been conducted routinely and have not reached all levels of society.

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