

Analysis of Factors Related to Taxpayer Compliance in Paying Property Taxes

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This study aims to examine the relationship between awareness of taxpayers, tax sanctions, the quality of tax services, and taxpayer income to the taxpayer compliance in paying property tax in the city of Surabaya. The sample in this study were all taxpayers registered in Surabaya City in 2018, totalling 100 taxpayers who were taken by accidental sampling method. The results of the OLS regression analysis showed that the variable of taxpayer awareness and the quality of tax services has a positive relationship to taxpayer compliance. In contrast, the variable of tax sanctions and income sanctions does not have a relationship to taxpayer compliance in paying property taxes. This research can be a theoretical consideration for the Regional Government Financial and Tax Management Agency of the City of Surabaya in implementing service strategies to improve taxpayer compliance and can be an evaluation of issues relating to services to taxpayer compliance.

Key words: *Taxpayer Awareness, Taxpayer Compliance, Quality Of Tax Services, Taxpayer Income, and Tax Sanction.*

Introduction

The administration and development of a country require enormous funds. The funds needed are increasing in line with the increase in progress itself. Therefore, the Indonesian government seeks to increase sources of state revenue from the domestic sector. One source of domestic sector state revenue is tax. Property tax is a type of local tax that is fully regulated by the government in determining the amount of tax. This tax is material, meaning that the amount of tax due is determined by the state of the object, namely land or building. To increase revenue from property taxes, the government finds it necessary to raise public awareness and concern for taxes. The tax collection system used in paying property taxes is the Official Assessment

System, which is a collection system in which the amount of tax that must be paid or owed by the taxpayer is calculated and determined by the tax authorities or tax apparatus.

Through Regional Regulation Number 10 of 2010 concerning Urban Land and Building Tax and Mayor Regulation Number 73 of 2010 concerning Classification and Determination of Sales Value of Tax Objects as the Basis for Tax Imposition, the city of Surabaya is one of the regions ready to carry out the transfer of revenue management from the property taxes sector. This means that the city of Surabaya holds full authority and responsibility in managing property taxes as a source of Regional Original Revenue (ROR) of the city of Surabaya. Property taxes accounted for 30% of Surabaya City's total ROR of 1 trillion of Surabaya's total ROR of 3.7 trillion. Each year the realisation of property tax revenues has increased, but is not followed by public awareness in implementing their obligations to pay property tax. The level of compliance of taxpayers in the city of Surabaya that is reflected from the total number of taxpayers registered with the Surabaya City Government's Financial Management and Regional Tax in 2018 was 677,192, and taxpayers fully paid were 537,588 while 139,604 taxpayers were in arrears in that year. In 2016-2018 the level of tax compliance in the city of Surabaya had decreased, where in 2018 it was about 79.34%, which is lower than the previous two years – namely, in 2017 amounting to 81.84% and in 2016 amounting to 82.74%. These conditions indicate several factors relate to property tax compliance in the city of Surabaya. Taxpayer compliance is the act of taxpayers fulfilling their tax obligations and rights following statutory provisions and tax implementation regulations that apply in a country (Rahayu, 2010; Paramaduhita & Mustikasari, 2018; Anjani & Restuti, 2016). Compliance of taxpayers in paying property taxes is reflected from the behaviour of taxpayers in paying taxes on time, reporting any changes in land or houses occupied to the tax official.

Several factors relate to tax compliance, one of which is tax awareness. According to Widiastuti and Laksito (2014), the fundamental factor that prevents society from paying property tax is the issue of community awareness, where society still needs to be given directions that the tax is an obligation and the right of every citizen to participate in state development. Knowledge has a relationship to taxpayer compliance in paying property taxes (Budhiatama & Jati, 2016; Tuwo, 2016; Rita et al., 2018). Another factor is tax sanctions and service quality from tax officials. Tax sanctions are applied as a result of not fulfilling tax obligations by taxpayers as mandated by taxation laws (Devano & Rahayu, 2006; Savitri, 2016). Furthermore, tax services can be interpreted as a way for a tax official to assist, manage, or prepare all the goals required by a taxpayer (Jatmiko, 2006; Harmawati & Yadnyana, 2016). Asfa and Meiranto (2017) also show that kind of service quality for taxpayers tends to increase taxpayer compliance in carrying out their tax obligations.

Besides these, another factor that can relate to tax compliance is the taxpayer's income. The income factor is one of the reasons for taxpayers to not carry out their obligations in paying

property taxes. Rismayanti et al. (2017) state that a taxpayer's income has a relationship to taxpayer compliance. In contrast, Rahman (2018) shows that taxpayer's income has no relation to taxpayer compliance. Impoverished people will find it challenging to pay property taxes. They are more likely to fulfil their basic needs first than to meet their tax obligations.

This study specifically aims to examine the relationship between awareness of taxpayers, tax sanctions, the quality of tax services, and taxpayer income to the taxpayer compliance in paying property taxes. This study uses a sample of all registered taxpayers in Surabaya in 2018, which was taken by accidental sampling and analysed using OLS regression analysis. The results showed that the variable of taxpayer awareness and the quality of tax services had a relationship to taxpayer compliance. In contrast, the variable of tax and income sanctions did not have a relationship to taxpayer compliance in paying property taxes. This research contributes to the literature by enriching research related to factors that can connect to taxpayer compliance. Besides, the results of this study can also be a theoretical consideration for the Regional Government Financial and Tax Management Agency of the City Government of Surabaya in implementing service strategies to improve taxpayer compliance, as well as being evaluation material for issues related to compliance services taxpayer. This research can also be a source of information for the community to increase awareness and compliance of taxpayers in paying property taxes.

The research will be explained in the following structure: Section 2 contains research on developing research hypotheses; Section 3 includes explanations for variables and samples as well as research models; Section 4 contains empirical analysis and the results of hypothesis testing and the results of sensitivity tests; and Section 5 contains conclusions or conclusions from the study, including suggestions for further research.

Literature Review

Relationship of Taxpayer Awareness to Taxpayer Compliance

According to Theory of Planned Behaviour, a person will have confidence in the results to be obtained from his behaviour before the person decides that he will do it or not (behavioural beliefs) (Ajzen, 1991; Herachwati et al., 2018; Sukoco et al., 2018). This theory relates to the awareness of taxpayers if taxpayers are aware of tax and have confidence pertaining to the importance of paying property taxes. Taxpayers who are aware of behaving according to the taxation provisions will not ask for an explanation and the reason why they have to pay property taxes. They will support the government because their compliance with property taxes will provide benefits for taxpayers and the community in general.

Taxpayer awareness is a condition where taxpayers know, recognise and fulfil applicable taxation provisions and have a desire to meet their tax obligations (Hasan et al., 2017; Panjaitan et al., 2019). Several studies have been conducted to examine the relationship between taxpayer awareness and taxpayer compliance in paying taxes. Savitri (2016) shows that service quality has a mediating role between the relationship of taxpayer awareness and the cost of compliance with taxpayer compliance. Budhiartama and Jati (2016) also stated that the attitude of taxpayers, taxpayer awareness, and tax knowledge has a positive relationship to taxpayer compliance in paying property taxes. Thus, the hypothesis proposed in this study is:

H1: Taxpayer awareness has a relationship to taxpayer compliance in paying property taxes

Relationship between Tax Sanctions and Taxpayer Compliance

According to the Theory of Planned Behaviour, tax sanctions have links with control beliefs that have a direct influence on behaviour (Fishbein & Ajzen, 1975). The immediate effect occurs because the control beliefs have a significant role in the impacts of the conditions in the field. Tax sanctions so far have become a controlling function, a response to an act, and a penalty by paying a sum of money for violating taxation provisions. This is because it is related to control beliefs, where if the taxpayer is not compliant, then he will get sanctions, and sanctions are not controllable by the taxpayer. The more stringent sanctions will have an impact on increasing tax compliance and motivating taxpayers to behave more obediently in implementing their tax obligations. Taxpayers will comply with tax payments if the sanction by fines is more detrimental (Jatmiko, 2006). The more remaining tax arrears that must be paid by taxpayers, the more arduous it will be for taxpayers to pay it off.

Tjahjono and Wahyudi (2005) explain the tax sanction is a sentence given to taxpayers relating to property taxes, which define the infringement as either intentional or because of negligence. If the taxpayer is required to document revenue or tax return and these cannot be provided within a specific period, then the tax sanction may be applied. Prior studies have been conducted to discuss the relationship between tax sanctions to tax obligations in tax payments. Savitri (2016) shows that the quality of service has a mediating role between the tax relationship and the cost of participation in tax liability, but does not have a mediating role between the socialisation of taxation. Furthermore, Remali et al. (2018) also show tax knowledge, tax sanctions, and tax rates have a relationship on tax contributions in small businesses in Malaysia. Thus, the hypotheses proposed in this study are:

H2: Tax sanctions have a relationship to taxpayer compliance in paying property taxes

Relationship between Qualities of Tax Services to Taxpayer Compliance

According to the Theory of Planned Behaviour, a person holds the beliefs of others and is motivated to behave in line with subjective norms, namely the influence of people around, such as friends, family, and tax officials (Ajzen, 1991). Decent tax services applied by tax officials, efficient and effective taxation systems, and appropriate tax counselling will motivate taxpayers to behave obediently in paying property taxes. According to Pasolong (2007) and Fernandes and Rinaldo (2018), service quality is said to be of high quality when service providers can work according to precise procedures, rules, and standards. Tax services can be in the form of facilities or activities that can support taxpayers in carrying out their obligations (Harmawati & Yadnyana, 2016; Rahmat et al., 2019).

Several studies have been conducted to examine the relationship between tax services and taxpayer compliance in paying taxes. Awaludin and Tamburaka (2017) show that service quality has a positive relationship to taxpayer compliance. Furthermore, taxpayer satisfaction also has a positive marginal relationship to tax compliance. Asfa and Meirananto (2017) also showed that tax authorities, tax knowledge, and tax awareness have a positive relationship to taxpayer compliance, and fines have no relationship to taxpayer compliance in paying property taxes. Thus, the quality of tax services has a relationship to taxpayer compliance; the following hypothesis is proposed:

H3: Quality of tax services has a relationship to taxpayer compliance in paying property taxes.

Relationship between Taxpayer Incomes and Taxpayer Compliance

According to the Theory of Planning Behaviour, taxpayer income has a connection with control beliefs (Fishbein & Ajzen, 1975). This refers to a personal perception about the difficulty and ability to carry out what he wants and is related to the idea that resources and opportunities are available to realise it or not (Ajzen, 1991). The community will have no difficulty in accepting property tax payments if the amount to be paid is still below the amount they earn regularly. More substantial differences between income obtained and property taxes amounts needing to be paid will tend to make taxpayers pay the property taxes.

Taxpayer income is assumed to be able to meet all living needs and comply with property tax payments if they are perceived as financially stable, resulting in it being mandatory for them to pay property taxes (Devano & Rahayu, 2006; Official, 2003). Several studies have been conducted to determine the relationship between taxpayer income and taxpayer compliance in paying taxes. Rismayanti et al. (2017) show that tax and revenue socialisation has a relationship to taxpayer compliance. Budhiatarna and Jati (2016) also explained that the attitude of taxpayers and taxpayer income has a positive relationship to taxpayer compliance in paying

property tax. Income affects a person's tax compliance in paying property taxes because the tax paid originates from the income of the taxpayer himself. Thus, the hypothesis proposed in this study is:

H4: Taxpayer income has a relationship to taxpayer compliance in paying property taxes

Research Methodology

Sample and data sources

The population in this study were all property taxpayers registered at the Surabaya Municipal Government Financial and Tax Management Agency in 2018, totalling 677,192 land and building taxpayers. The sampling technique uses Accidental Sampling, which is a sampling technique based on coincidence: that is the consumer who accidentally meets with the researcher can be used as a sample if the person who happens to be met is eligible as a source of data. This study obtained a sample of 100 respondents. Data collection was carried out directly using a research instrument in the form of a questionnaire distributed to property taxpayers. Furthermore, this study also used secondary data sourced from the Surabaya City Government regarding the number of taxpayers, property tax targets, and realisation, and the amount of tax paid and in arrears. In determining the number of samples, this study uses the Slovin formula as follows:

$$n = \frac{N}{1 + Ne^2}$$
$$n = \frac{677.192}{1 + 677.192(0.1)^2}$$

$n = 99, 98$ or 100 samples of taxpayer

Where, N is population amount, and n is sample amount, while e is error tolerance

Variable Operationalisation

Dependent Variable

The dependent variable in this study is taxpayer compliance in paying property taxes for land and buildings (Y). Taxpayer compliance can be defined as a condition where taxpayers fulfil all tax obligations and exercise their tax rights. The predicate of compliant taxpayers is shown if taxpayers are disciplined and obedient in paying property taxes and do not have arrears or delays in tax payments (Rahayu, 2010). In this study, taxpayer compliance is measured using a Likert measurement scale, from point 1 (strongly disagree) to point 5 (strongly agree).

Information in point 1 illustrates that taxpayer compliance is low, and point 5 illustrates information that taxpayer compliance is high. Indicators of tax compliance, according to Rahayu (2010), are namely:

Table 1: Taxpayer Compliance Indicators

No	Statement
1	Pay property taxes on time
2	Pay property taxes with right amount
3	Does not have property tax arrears

Independent Variables

The independent variables in this research are taxpayer awareness (X1), tax sanction (X2), quality of tax services (X3), taxpayer income (X4). In this study, all independent variables were measured using a Likert measurement scale, from point 1 (strongly disagree) to point 5 (strongly agree). The information in point 1 illustrates low taxpayer awareness, tax sanctions, tax service quality, and tax revenue and point 5 illustrates information of high taxpayer awareness, tax sanctions, tax service quality, and tax revenue.

Taxpayer awareness is a condition where taxpayers know, understand, and implement tax provisions correctly and voluntarily (Muliari & Setiawan, 2010). Indicators of taxpayer awareness according to Budhiartama and Jati (2016) can be seen in Table 2, including:

Table 2: Taxpayer Awareness Indicators

No	Statement
1	Awareness of taxpayers on the obligation to pay property taxes
2	Awareness of taxpayers on the purpose of tax collection
3	Awareness of taxpayers on tax policy
4	Awareness of taxpayers to provide information

Tax sanctions, according to Mardiasmo (2011), are a deterrent so that taxpayers do not violate tax norms or rules. Indicators of tax sanctions, according to Camille and Yona (2016) and Remali et al. (2018), can be seen in Table 3, including:

Table 3: Tax Sanction Indicators

No	Statement
1	Taxpayers are aware of existing sanctions
2	Tax sanctions are strictly enforced on non-compliant taxpayers
3	Tax penalties are strict enough to prevent non-compliance
4	The government is fair in implementing sanctions

The quality of tax services is defined as the way the tax officials act in assisting, administering, or preparing all the needs of someone who, in this case, is a taxpayer. Indicators of the quality of tax services according to Harmawati and Yadyana (2016) can be seen in Table 4, including:

Table 4: Quality of Tax Service Indicators

No	Statement
1	Direct evidence including physical facilities, equipment and technology, as well as the appearance of officers
2	Reliability provide the promised service accurately and reliably
3	Responsiveness provide fast and responsive services to taxpayers, and clear information
4	Guarantee the ability of officers to gain taxpayers' trust in agencies
5	Empathy pay sincere attention and adjust to the desires of the taxpayer

Income is the earnings in rupiah received by a person in a certain period (can be one month) from both primary and side jobs. Taxpayer income indicators, according to Rismayanti et al. (2017), can be seen in Table 5, including:

Table 5: Taxpayer Income Indicators

No	Statement
1	Taxpayer income level
2	The taxpayer approves the value of the tax imposed
3	Obedience and income
4	Taxable income

Methodology

This study uses Ordinary Least Square (OLS) regression models to examine the relationship between awareness of taxpayers, tax sanctions, quality of tax services, and taxpayer income to taxpayer compliance using SPSS Version 25. The following is the regression equation in this study:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Result and Discussion

Demographic Characteristics of Respondents

Table 6 shows the demographic characteristics of the respondents. Demographic characteristics describe the respondent's identity, which includes age, sex, last education, and years of service. It can be seen that of the respondents in this study the largest group were more than 50 years old, and the majority were female. Also, most respondents have high school/vocational/equivalent education, work as private employees, and usually pay the property taxes through banks.

Table 6: Respondent Demographic

Characteristic		Frequency	Percentage
Age	<30 years	26	26 %
	31-40 years	14	14 %
	41-50 years	26	26 %
	>50 years	34	34 %
	Total	100	100.0 %
Gender	Male	45	45 %
	Female	55	55 %
	Total	100	100.0 %
Education	Elementary school	9	9 %
	Junior high school	4	4 %
	Senior High/Vocational School	45	45 %
	Diploma	9	9 %
	Bachelor	33	33 %
	Total	100	100.0 %
Occupation	State owned enterprises	6	6 %
	Government employees	8	8 %
	Entrepreneur	12	12 %
	Labourer	3	3 %
	Private sector	44	44 %
	Others	26	26 %
	Total	100	100.0 %
Property taxes paying channel	Bank	73	73 %
	Financial Management Agency and Local Taxes	1	1 %
	Post office	15	15 %
	Tax collector / village officer	11	11 %
	Total	100	100.0 %

Validity Test Result

The validity test result is shown through the correlation coefficient between the item's function and the overall research. The data tested were 100 respondents, and an instrument was declared valid if the value of r was more than 0.3. Table 7 shows the results of the validity test for all variables in this study. The results show that all question items on the independent variable are declared valid because the value of r is more than 0.3. Thus, the independent variable includes taxpayer awareness, tax sanctions, tax service quality and taxpayer income, as well as the taxpayer compliance dependent variable, indicating the question items meet the validity requirements.

Table 7: Validity Test

Variable	Indicator	R	Requirement	Conclusion
Taxpayer Awareness	KS 1	0.309	> 0.3	Valid
	KS 2	0.449		Valid
	KS 3	0.620		Valid
	KS 4	0.361		Valid
Tax Sanctions	SP 1	0.472	> 0.3	Valid
	SP 2	0.638		Valid
	SP 3	0.651		Valid
	SP 4	0.533		Valid
Quality of Tax Services	KL 1	0.529	> 0.3	Valid
	KL 1	0.670		Valid
	KL 2	0.503		Valid
	KL 3	0.531		Valid
	KL 4	0.485		Valid
	KL 5	0.630		Valid
Taxpayer income	PP 1	0.569	> 0.3	Valid
	PP 2	0.725		Valid
	PP 3	0.709		Valid
	PP 4	0.574		Valid
Taxpayer Compliance	KP 1	0.569	>0.3	Valid
	KP 2	0.719		Valid
	KP 3	0.524		Valid

Reliability Test Result

The reliability test is used to determine the reliability (consistency) of research instruments in the form of a questionnaire in a study using Cronbach's Alpha technique, which is to calculate

the alpha coefficient. Instrument reliability is measured by correlating the scores of each question item on each variable. Based on the results of the reliability test calculation in Table 8, Cronbach's Alpha has a value of more than 0.6. So that all independent variables: taxpayer awareness, tax sanctions, tax service quality, and taxpayer income and taxpayer compliance bound variables have excellent reliability.

Table 8: Reliability Test

Variable	<i>Alpha Cronbach</i>	Requirement	Conclusion
Taxpayer Awareness	0.759	>0.6	Reliable
Tax Sanctions	0.638		Reliable
Quality of Tax Services	0.770		Reliable
Taxpayer Income	0.807		Reliable
Taxpayer compliance	0.818		Reliable

Multicollinearity Test

Table 9 shows the results of the multicollinearity test. The results show that the VIF value of each variable of taxpayer awareness, tax sanctions, quality of tax services, and taxpayer income is less than ten, so it can be concluded in this study that there is no multicollinearity symptom. The tolerance value is also more than 0.1, so it can be said that this research is free from multicollinearity symptoms.

Table 9: Multicollinearity Test

Variable	Collinearity Statistics		Conclusion
	Tolerance	VIF	
Taxpayer Awareness	0.587	1.703	Multicoll Free
Tax Sanction	0.479	2.089	Multicoll Free
Quality of Tax Services	0.617	1.620	Multicoll Free
Taxpayer Income	0.552	1.812	Multicoll Free

Heteroscedasticity Test

A heteroscedasticity test is performed to determine whether there is a model deviation because the variant is disturbed differently from one observation to another. Table 10 shows the results of the heteroscedasticity test in this study. The results show that the significance value of the Spearman Rank test for all variables is more than 0.05, which means that there are no symptoms of heteroscedasticity in the research model.

Table 10: Heteroscedasticity Test

		Unstandardised Residual	
Spearman's rho	Taxpayer Awareness	Correlation Coefficient	-0.055
		Sig. (2-tailed)	0.589
		N	100
	Tax Sanctions	Correlation Coefficient	-0.029
		Sig. (2-tailed)	0.778
		N	100
	Quality of Tax Services	Correlation Coefficient	-0.064
		Sig. (2-tailed)	0.530
		N	100
	Taxpayer Income	Correlation Coefficient	-0.030
		Sig. (2-tailed)	0.769
		N	100
	Unstandardised Residual	Correlation Coefficient	1000
		Sig. (2-tailed)	
		N	100

OLS Regression Result

Table 11: OLS Regression Result

Variable	Coefficient	p-value	t-value
Constant	1.097	0.010	2.627
Taxpayer Awareness (X1)	0.486	0.000	3.913
Tax Sanctions (X2)	-0.024	0.844	-0.197
Quality of Tax Services (X3)	0.222	0.047	2.016
Taxpayer Income (X4)	0.112	0.266	1.118
F	14.189		
Significant level	0.010		
R	0.612		
R ²	0.374		

Table 11 shows the results of the OLS regression test used to measure the relationship between taxpayer awareness, tax sanctions, the quality of tax services, and taxpayer income to taxpayer compliance. Based on the results in Table 11, it can be seen that the value of R² or the coefficient of determination is 0.374. This value means that awareness of taxpayers, tax sanctions, tax service quality, and taxpayer income explain taxpayer compliance by 0.374 or

37.40%. In comparison, the remaining 0.626 or 62.60% is explained by other variables apart from the independent variables used in the study.

Taxpayer Awareness and Taxpayer Compliance

The regression analysis results in Table 6 show that the coefficient value of the taxpayer awareness variable is 0.486 ($t = 3.913$) and significant at the 1% level. This value indicates that taxpayer awareness has a positive and statistically significant relationship to taxpayer compliance. Thus, the first hypothesis (H1) is accepted.

The results of this study are following the Theory of Planned Behaviour related to Behavioural beliefs, which shows the influence of taxpayer awareness with compulsory compliance (Ajzen, 1991). Taxpayers are aware of being obedient in carrying out their obligations in paying property taxes if they have confidence that the taxes they pay will provide benefits for the taxpayers themselves and the community at large. Conversely, taxpayers will not obediently pay property taxes if it is not based on self-awareness. If awareness of taxpayers is high, tax compliance is also high. This association indicates that the influence of high taxpayer awareness relates to the level of tax compliance of property taxes, which too is high. It is also supported by the fact that property tax receipts in Surabaya have exceeded the target, and every year it always increases. The results of this study are also in line with research conducted by Budhiatama and Jati (2016), which shows that taxpayer awareness has a positive relationship on property tax compliance. It means the higher the level of taxpayer awareness, the taxpayer's compliance in paying property taxes is massively increasing.

Tax Sanctions and Taxpayer Compliance

The coefficient value of the tax sanction variable in Table 6 shows a value of -0.024 ($t = -0.197$), but it is not statistically significant. This value indicates that tax sanctions do not relate to taxpayer compliance. Thus, the second hypothesis (H2), which states that tax sanctions have a relationship to taxpayer compliance in paying property taxes, is not supported.

The results of this study indicate that the tax sanction in the form of an administrative fine of 2% per month starting from the due date given to taxpayers who violate taxation regulations does not provide taxpayers with a deterrent so as not to repeat it. This disobedience happens because the taxation sanctions are only illegal in the rules, and actions against these violations have not been acted on firmly by government officials. The existence of the Surabaya Mayor Regulation No. 12 of 2019 concerning the abolition of administrative sanctions in the form of property taxes penalties is appropriately utilised by the society to pay property taxes in arrears starting in 1994 through to 2018. With the issuance of this regulation, people will become dependent and disobedient in the future. The lack of strict sanctions imposed and the conditions

of control in the field that have not been appropriately implemented are the reasons for the non-compliance of taxpayers. This study is in line with research conducted by Rudolof et al. (2017), Asfa and Meiranto (2017), and Ermawati and Afifi (2018), which state that the specified tax sanctions do not increase taxpayer compliance in paying property taxes.

Quality of Tax Services and Taxpayer Compliance

Based on the results of the analysis in Table 6, the coefficient value of the variable tax service quality is 0.222 ($t = 2.016$) and significant at the 5% level. This value shows that the quality of tax services has a positive and statistically significant relationship to taxpayer compliance. Thus, the third hypothesis (H3) is accepted.

The results of this study are following the Theory of Planned Behaviour related to normative beliefs. The quality of tax services is one of the things that increases the interest of taxpayers in fulfilling their tax obligations. An excellent tax service from the tax agency is essential to attract the attention of the taxpayer – the taxpayer is entitled to get excellent service – and it will result in a higher level of tax compliance. The quality of attractive tax service can be seen by the existence of online tax returns that can be accessed through various other services such as registration of new tax objects. Applications for reducing tax payable can also be accessed online without having to go through the process of correspondence, which takes approximately two days and can be accessed anywhere without the need to visit the tax office. Property tax payments that can be made at a bank or by mobile banking make it easier for taxpayers to carry out their obligations. With this online system, it is easier for the public to carry out their commitments and increase their compliance (Astutik et al., 2018). This study is in line with research conducted by Awaludin and Tamburaka (2017) and Asfa and Meirananto (2017), which show that the quality of tax services has a positive and statistically significant relationship to taxpayer compliance.

Taxpayer income and Taxpayer compliance

In Table 6, the coefficient value of variable income of taxpayers is 0.112 ($t = 1.118$), and that value shows that the relationship is not statistically significant. This value indicates that taxpayer income relates to taxpayer compliance. Thus, the fourth hypothesis (H4), which states that taxpayer income has a relationship to taxpayer compliance in paying property taxes, is not supported.

The results of this study are following the Theory of Planned Behaviour related to control beliefs, where high-income taxpayers are not necessarily compliant in paying property taxes and vice versa. This relationship is because the higher the taxpayer's income, the more interests must be fulfilled. Although property taxes increase every year, taxpayers can apply for waivers

to pay. Based on data from the local tax office, from 677,192 property taxpayers registered in Surabaya, 6,923 taxpayers or 1% of the total number of taxpayers who submit 100% waivers received a 25-50% relief according to the results of the tax audit and survey. Even though the taxpayer does not have enough income or is lacking economically, the taxpayer can apply for property tax relief also if only about 25-50% of the property tax value is determined by the tax authorities. Also, the results of this study are in line with those conducted by Rismayanti et al. (2017), which shows that taxpayer income has a relationship to taxpayer compliance.

Conclusion

This study aims to examine the relationship between taxpayer awareness, tax sanctions, tax service quality, and taxpayer income on tax compliance in paying property taxes in Surabaya in 2018. The results of this study indicate that taxpayer awareness and the quality of tax services have a positive and statistically significant relationship to taxpayer compliance in paying property taxes. This relationship demonstrates that the higher the awareness of taxpayers, the higher the taxpayer's respect for paying property taxes. Also, excellent tax services from tax agencies are essential to attract the attention of taxpayers and can increase the level of tax compliance.

The results of this study also show that tax sanctions have an insignificant negative relationship to tax compliance. This result indicates that the tax sanction imposed by 2% per month does not relate to the agreement of taxpayers in carrying out their obligations in paying property taxes. On the other hand, this study also shows that taxpayer income is positively related, but not significantly, to the compliance of property taxpayers. This association indicates that high-income taxpayers are not necessarily obedient in paying taxes, and by the same token; low-income taxpayers are not necessarily compliant in paying taxes. The higher the taxpayer's income, the more interests must be fulfilled.

This research contributes to the literature by enriching research related to factors that can refer to taxpayer compliance. Also, the results of this study can also be a theoretical consideration for the local tax office of the City of Surabaya in implementing service strategies to improve taxpayer compliance, as well as being an evaluation material for issues related to taxpayer compliance services. The results of this study suggest that the government needs to improve the quality of its tax services to the public so that taxpayers registered in Surabaya have an easier time carrying out their tax obligations. Also, this study shows that there are still many taxpayers who do not know the Surabaya Mayor Regulation No. 12 of 2019, which shows the lack of government socialisation related to the existence of new regulations. Therefore, for further research, it can add variable tax socialisation and tax knowledge.



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