

Taxpayer Awareness, Knowledge, and Socialization on PBB Compliance in Madiun

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ABSTRACT

This article condenses a bachelor thesis that examines whether taxpayer awareness, tax knowledge, and tax socialization shape compliance in paying Land and Building Tax (Pajak Bumi dan Bangunan/PBB) in Kecamatan Taman, Madiun. Using a cross-sectional survey of 100 individual PBB taxpayers and multiple linear regression, we find that awareness, knowledge, and socialization each have a positive and statistically significant partial effect on compliance; jointly, they explain most of the variance in compliance. The adjusted R^2 is 0.673 and the model F statistic is 68.984 ($p < 0.001$). These findings suggest that municipal revenue agencies can increase PBB compliance by intensifying targeted socialization programs and citizen tax education while sustaining initiatives that build intrinsic awareness of tax obligations. Practical implications are discussed for local tax offices. Limitations include single-district sampling and self-reported compliance.

Keywords: PBB, taxpayer compliance, awareness, knowledge, socialization, Madiun.

INTRODUCTION

Within the framework of regional autonomy and fiscal decentralization in Indonesia, local taxes particularly the Rural and Urban Land and Building Tax (PBB-P2) play a vital role as one of the main sources of Regional Own-Source Revenue (PAD) (Devano & Rahayu, 2006). Optimal PAD serves as the foundation for local governments to finance infrastructure development, provide quality public services, and enhance community welfare in a sustainable manner. Therefore, the level of taxpayer compliance in fulfilling PBB obligations is an important indicator of a region's fiscal health and independence (Rahayu, 2017).

Madiun City, as one of the economic centers in East Java, has demonstrated dynamics in the realization of PBB revenues. Data from the municipal government show that in 2021 and 2022, PBB revenue realization exceeded the set targets, reaching 107.03% and 108.83%, respectively. However, in 2023, a decline occurred, with realization reaching only 99.74% of the target. Although this decrease appears marginal, the shift from "*exceeding the target*" to "*failing to meet the target*" indicates potential stagnation or a downturn in compliance levels that requires serious attention. This phenomenon provides strong justification for an in-depth investigation into the factors influencing taxpayer compliance behavior at the local level.

Tax compliance is a complex phenomenon influenced by multiple factors, including economic, social, and psychological dimensions. Academic literature identifies three crucial behavioral determinants: taxpayer awareness, tax knowledge, and tax socialization. Taxpayer awareness reflects an individual's attitude and morality in viewing taxes as a civic duty. Tax knowledge relates to the taxpayer's understanding of regulations and technical

procedures. Meanwhile, tax socialization represents the external efforts of tax authorities to educate and inform the public (Wardani & Rumiayatun, 2017).

Previous studies have shown mixed results regarding the influence of these three factors. Some studies, such as those by (Seran & Priyastiwi, 2023) and (Magdalena, 2022), found that awareness, knowledge, and socialization significantly affect compliance. However, other studies, such as (Nurhana et al., 2023), reported that awareness and knowledge had no significant effect in different contexts. These inconsistencies suggest that the influence of these variables is contextual and may vary across regions, depending on demographic characteristics, socio-economic conditions, and the effectiveness of local government programs. This creates a critical research gap, namely the need for empirical testing of these relationships in specific urban contexts such as Madiun City.

Based on this background, the objective of this study is to analyze the partial and simultaneous effects of taxpayer awareness, tax knowledge, and tax socialization on PBB compliance in Taman District, Madiun City. The findings are expected to contribute academically to the tax compliance literature and provide evidence-based policy recommendations for the Regional Revenue Agency (Bapenda) of Madiun City in designing more effective strategies to enhance PBB revenues.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Taxpayer Compliance

Taxpayer compliance is defined as the willingness and actions of taxpayers to fulfill all of their tax obligations in accordance with the applicable laws and regulations, both formally and materially, without coercion (Dewi & Yudiantara, 2020). According to (Nurhana et al., 2023), tax compliance is a manifestation of attitudes that involve cognitive (*understanding*), affective (*feelings*), and conative (*behavior*) aspects toward the function and meaning of taxation. Compliance represents the ultimate goal of the tax administration system, as a high level of compliance directly correlates with the optimization of state revenue (Mardiasmo, 2016).

The Effect of Taxpayer Awareness on Taxpayer Compliance

Taxpayer awareness is an internal condition in which taxpayers deeply understand the meaning, function, and purpose of paying taxes as a form of participation in national development (Pohan, 2017). This awareness goes beyond technical knowledge; it touches upon the moral and civic responsibilities of citizens (Luttmer & Singhal, 2014). When taxpayers possess a high level of awareness, they are more likely to view taxes not as a burden, but as an essential contribution to the common good. Thus, greater awareness fosters voluntary compliance. Previous studies by (Magdalena, 2022) and (Seran & Priyastiwi, 2023) support this argument, showing that awareness has a positive and significant effect on compliance. Based on this theoretical foundation, the first hypothesis is formulated as follows:

H₁: Taxpayer awareness has a positive and significant effect on taxpayer compliance.

The Effect of Tax Knowledge on Taxpayer Compliance

Tax knowledge encompasses taxpayers' understanding of applicable laws, regulations, rates, and administrative procedures, such as how to calculate, pay, and report taxes

(Mardiasmo, 2016). An adequate level of knowledge is a prerequisite for taxpayers to properly and timely fulfill their obligations. A lack of knowledge can present a significant barrier, leading to unintentional non-compliance, such as miscalculations or late payments due to unawareness of deadlines. Conversely, well-informed taxpayers are more confident and capable of meeting their obligations accurately. This view is consistent with recent empirical evidence in Indonesia's property tax (PBB) context, which highlights knowledge building as a lever to improve compliance and revenue outcomes (Samudra, 2024). Accordingly, the second hypothesis is proposed:

H₂: Tax knowledge has a positive and significant effect on taxpayer compliance.

The Effect of Tax Socialization on Taxpayer Compliance

Tax socialization is a systematic effort carried out by tax authorities (fiscus) to provide information, education, and guidance to the public regarding all aspects of taxation. These activities can be implemented through various media, such as direct counseling, public service announcements, or digital platforms (Handayani & Tambun, 2016). Effective socialization serves as an external stimulus that can enhance technical knowledge and foster taxpayer awareness. By providing clear and accessible information, socialization reduces information asymmetry between tax authorities and taxpayers, ultimately motivating compliant behavior. Research by (Firmansyah et al., 2022) emphasizes the importance of socialization in increasing compliance. Therefore, the third hypothesis is formulated:

H₃: Tax socialization has a positive and significant effect on taxpayer compliance.

The Simultaneous Effect of Awareness, Knowledge, and Tax Socialization

The three factors awareness, knowledge, and socialization do not operate independently; instead, they are interconnected and mutually reinforcing. Effective socialization (X_3) serves as the primary instrument for enhancing knowledge (X_2) and fostering awareness (X_1). In turn, the pre-existing levels of awareness and knowledge in society determine how effectively socialization messages are received. The combination of strong internal awareness, sufficient technical knowledge, and continuous government support through information dissemination creates a conducive ecosystem for achieving high tax compliance. Therefore, the combined influence of these three variables is expected to be stronger than the effect of each variable individually. The fourth hypothesis is formulated as follows:

H₄: Taxpayer awareness, tax knowledge, and tax socialization simultaneously have a positive and significant effect on taxpayer compliance.

METHODS

This study uses a quantitative design with an explanatory approach aimed at testing hypotheses regarding causal relationships between variables (Sugiyono, 2021). The population of this study is all PBB taxpayers in the Taman District, Madiun City, which numbered 86,149 in 2023. The sample size was determined using the Slovin formula with a margin of error of 10%, resulting in a sample of 100 respondents. The sampling technique used was simple random sampling, which gives every member of the population an equal chance of being selected as a sample, thereby increasing the generalizability of the research results (Purwanto, 2018).

The data used in this study are primary data collected through the distribution of structured questionnaires to the respondents. The measurement of research variables used a 5-point Likert scale, with a score range from 1 (Strongly Disagree) to 5 (Strongly Agree). The Taxpayer Awareness variable (X_1) was measured by indicators of understanding tax provisions, functions, and obligations (Widiastini & Supadmi, 2020). The Tax Knowledge variable (X_2) was measured by indicators of knowledge about regulations, functions, procedures, and payment locations (Attamimi & Asalam, 2021). The Tax Socialization variable (X_3) was measured by indicators of the implementation, media, and targets of socialization. The dependent variable, Taxpayer Compliance (Y), was measured by indicators of fulfilling obligations, timeliness of payment, completeness of requirements, and absence of tax arrears (Virgiawati, 2019).

Data analysis was performed with the help of IBM SPSS Statistics software. Before hypothesis analysis, instrument quality tests were conducted. The validity test used Pearson product-moment correlation to ensure that each question item was able to measure the intended construct, and the reliability test used Cronbach's Alpha to measure the internal consistency of the instrument (Ghozali, 2018). Subsequently, classical assumption tests were performed to ensure that the resulting regression model met the

Best Linear Unbiased Estimator (BLUE) criteria. These tests included the normality test of residuals using the One-Sample Kolmogorov-Smirnov method, the multicollinearity test by analyzing the Tolerance and Variance Inflation Factor (VIF) values, and the heteroscedasticity test through the analysis of a scatterplot graph. Hypothesis testing was conducted using multiple linear regression analysis. The influence of each independent variable partially was tested using the t-test, while the simultaneous influence was tested using the F-test.

RESULTS

Respondent Characteristics and Instrument Quality

Of the 100 respondents who participated in this study, the majority were female (62%), with the dominant age group being over 40 years old (64%). Based on occupation, the largest group of respondents came from the private employee category (45%), followed by entrepreneurs (24%) and civil servants/military/state-owned enterprise employees (17%).

The results of the instrument quality test showed that all questionnaire items were valid and reliable. The validity test indicated that the Pearson correlation value ($r_{calculated}$) for each question item was greater than the critical value r_{table} (0.1966 for $n=100$, $\alpha=5\%$), indicating that all items were valid for measuring their respective variables. The reliability test showed that the Cronbach's Alpha value for all variables was above the threshold of 0.60, indicating good internal consistency of the measurement tool. A summary of the descriptive statistics and reliability test results is presented in Table 1.

Table 1. Descriptive Statistics and Reliability Test Results

Variabel	N	Min	Max	Mean	Std. Dev	Cronbach's Alpha
Taxpayer Awareness (X_1)	100	9	15	12.65	1,733	0,649
Tax Knowledge (X_2)	100	11	20	16,74	2,234	0,768
Tax Socialization (X_3)	100	9	15	12,58	1,807	0,681

Taxpayer Compliance (Y)	100	11	20	15,86	2,617	0,794
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Source: *Primary data processed, 2024 [1, 1]*

Classical Assumption Test Results

The classical assumption tests showed that the regression model used was feasible for further analysis. The multicollinearity test results indicated that the Tolerance value for all independent variables was greater than 0.1 and the VIF value was less than 10 (Taxpayer Awareness VIF = 1.970; Tax Knowledge VIF = 3.354; Tax Socialization VIF = 2.684). This indicates the absence of high correlation among the independent variables. The analysis of the scatterplot graph between the standardized predicted value (ZPRED) and the standardized residual (SRESID) showed that the points were randomly scattered without forming a specific pattern, which means the model is free from heteroscedasticity issues.

However, the normality test using the One-Sample Kolmogorov-Smirnov test showed a significance value of 0.021, which is less than $\alpha=0.05$. This result statistically indicates that the model's residuals are not normally distributed. Nevertheless, it should be noted that multiple linear regression analysis is considered quite robust against violations of the normality assumption, especially with an adequate sample size ($n=100$). Therefore, the regression analysis results can still be interpreted with caution, acknowledging this finding as one of the research limitations.

Hypothesis Testing Results

The results of the multiple linear regression analysis summarizing the hypothesis tests are presented in Table 2.

Table 2. Multiple Linear Regression Analysis Results

Variabel	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
(Constant)	-1,644	1,247		-1,318	0,191
Taxpayer Awareness (X_1)	0,490	0,126	0,313	3,882	0,000
Tax Knowledge (X_2)	0,315	0,118	0,280	2,659	0,009
Tax Socialization (X_3)	0,490	0,138	0,334	3,552	0,001

Note: $F = 68.984$; Sig. $F = 0.000$; R Square = 0.683; Adjusted R Square = 0.673. Dependent Variable: Taxpayer Compliance (Y).

Source: Primary data processed, 2024

Based on Table 2, the resulting regression equation is:

$$Y = -1,644 + 0,490X_1 + 0,315X_2 + 0,490X_3 + e$$

The F-test result shows an $F_{calculated}$ value of 68.984 with a significance level of 0.000, which is less than 0.05. This means that simultaneously, the variables of taxpayer awareness, tax knowledge, and tax socialization have a significant influence on taxpayer compliance. Thus, H_4 is accepted. The Adjusted R Square value of 0.673 indicates that 67.3% of the variation in taxpayer compliance can be explained by these three independent variables, while the remaining 32.7% is explained by other factors outside this research model.

The t-test results for the partial tests are as follows:

1. Taxpayer Awareness (X_1) has a tcalculated value of 3.882 with a significance of 0.000 (< 0.05). This indicates that taxpayer awareness has a positive and significant influence on taxpayer compliance. Thus, H_1 is accepted.
2. Tax Knowledge (X_2) has a tcalculated value of 2.659 with a significance of 0.009 (< 0.05). This indicates that tax knowledge has a positive and significant influence on taxpayer compliance. Thus, H_2 is accepted.
3. Tax Socialization (X_3) has a tcalculated value of 3.552 with a significance of 0.001 (< 0.05). This indicates that tax socialization has a positive and significant influence on taxpayer compliance. Thus, H_3 is accepted.

DISCUSSION

The findings of this study comprehensively affirm that behavioral factors awareness, knowledge, and socialization are crucial determinants in shaping PBB taxpayer compliance in the Taman District, Madiun City. The high Adjusted R Square value (0.673) indicates that the proposed theoretical model has strong explanatory power and is relevant in the local research context.

The acceptance of the first hypothesis (H_1) confirms that taxpayer awareness is the foundation of voluntary compliance. The positive and significant influence of awareness shows that when the public understands that taxes are not merely a legalistic obligation but also a tangible contribution to the development of public facilities they enjoy daily (e.g., road improvements, lighting, and sanitation services), the willingness to pay taxes increases. This finding is consistent with the research by (Magdalena, 2022) and strengthens the theory that sustainable compliance is built on a foundation of morality and civic consciousness, not solely on the fear of sanctions (Luttmer & Singhal, 2014).

The empirical support for the second hypothesis (H_2) demonstrates that practical understanding of "how to" pay taxes is a crucial element. Even if a taxpayer has high awareness, a lack of knowledge about procedures, payment schedules, and the consequences of delays can be a real obstacle. The significance of the knowledge variable underscores the importance of tax education focused on technical and administrative aspects. This aligns with the national trend of promoting the digitalization of tax services to facilitate access to information and payments, which in turn can enhance knowledge and compliance (Franata & Khairudin, 2025).

The most prominent finding of this research is the influence of the tax socialization variable (H_3). Based on the standardized beta coefficient analysis, tax socialization ($\beta = 0.334$) shows the strongest relative influence on compliance, slightly surpassing taxpayer awareness ($\beta = 0.313$) and tax knowledge ($\beta = 0.280$). This provides a very important managerial implication: proactive efforts by the local government through well-planned and effective socialization programs are the most powerful policy lever to drive compliance. Socialization not only serves as a channel for transferring knowledge but also as a catalyst that builds and strengthens awareness. Effective communication from tax authorities can shape positive perceptions, build trust, and ultimately change taxpayer behavior.

Overall, the acceptance of the fourth hypothesis (H_4) confirms that a holistic and integrated approach is the most effective. Increasing compliance cannot be achieved by focusing on just one aspect. Instead, Bapenda needs to design strategies that

simultaneously target increasing awareness through messages that evoke a sense of responsibility, enriching knowledge through clear and accessible information, and implementing continuous socialization programs that reach all segments of society.

CONCLUSION

Based on the analysis and discussion, this study draws several main conclusions. First, taxpayer awareness, tax knowledge, and tax socialization are empirically proven to be positive and significant determinants of PBB payment compliance in the Taman District, Madiun City. Second, these three factors together can explain a large portion of the variation in compliance levels, underscoring the importance of a behavioral approach in local tax policy.

The practical implications of these findings are directly aimed at the Madiun City Regional Revenue Agency (Bapenda). It is recommended that Bapenda adopt a dual strategy. First, intensify and modernize tax socialization programs. This includes using various communication channels, both conventional (banners, counseling at the sub-district level) and digital (social media, official websites, mobile applications), to ensure information reaches all taxpayer segments. Second, socialization materials should not only focus on technical aspects (how to pay, deadlines) but also explicitly communicate the benefits of tax payments by linking them to real and visible local development projects. This strategy will simultaneously increase knowledge and foster awareness, which will ultimately drive higher compliance.

This study has several limitations that need to be acknowledged. First, the violation of the normality assumption in the residual data, although the regression model is considered robust, remains a methodological note. Second, the research scope is limited to one district in Madiun City, making the results not directly generalizable to other areas with different characteristics. Third, the cross-sectional research design only captures a snapshot of compliance at one point in time and cannot definitively prove cause-and-effect relationships.

For future research, it is recommended to expand the geographical scope by comparing urban and rural areas to test whether the determinants of compliance are contextual. Additionally, future research models could be enriched by including other relevant variables such as perceptions of the tax system's fairness, trust in the government, and the effectiveness of tax sanctions. The use of a longitudinal research design is also recommended to track changes in compliance behavior over time in response to specific policy interventions.

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