

ANALYSIS OF TAXPAYER COMPLIANCE WITH RURAL AND URBAN LAND AND BUILDING TAXES IN RELATION TO LOCAL OWN-SOURCE REVENUE COLLECTIONS

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A B S T R A C T

Background Local Own-Source Revenue (PAD) is a key indicator for measuring regional financial autonomy. One of the major sources of PAD is the Rural and Urban Land and Building Tax (PBB-P2). However, the level of taxpayer compliance in paying PBB-P2 remains an issue that can affect the optimization of PAD revenue. The research problem in this study is to determine the level of PBB-P2 taxpayer compliance and whether such compliance affects Local Own-Source Revenue (PAD) in Baubau City. The objective of this study is to analyze the level of compliance among taxpayers of the Rural and Urban Land and Building Tax (PBB-P2) and its effect on Local Own-Source Revenue (PAD) in Baubau City. The study employed a quantitative approach using secondary. The sample a consisting of PBB-P2 targets and actual collections, as well as PAD figures for the 2021–2025 period, obtained from the Baubau City Revenue Agency (Bapenda). The data were analyzed using descriptive analysis and simple linear regression with the aid of SPSS. The results indicate that the compliance rate of PBB-P2 taxpayers remains fluctuating. The t-test results showed a significance value of $0.025 \leq 0.05$, indicating that PBB-P2 taxpayer compliance has a significant effect on Baubau City's PAD. It is recommended that the local government enhance public awareness campaigns, service delivery, and the enforcement of tax penalties to encourage increased taxpayer compliance and optimize PAD.

INTRODUCTION

Local Own-Source Revenue (PAD) is a key indicator in assessing a region's level of fiscal autonomy, as it is used to finance government operations, development, and public services without excessive reliance on the central government (Mardiasmo, 2021). The higher the Local Own-Source Revenue (PAD) generated by a region, the higher its level of fiscal autonomy in supporting development and providing services to the community (Halim & Kusufi, 2022). One of the main sources of Local Own-Source Revenue (PAD) is local taxes, including the Rural and Urban Land and Building Tax (PBB-P2), which plays a strategic role in increasing local revenue (Siahaan, 2021). According to Law No. 1 of 2022, the Rural and Urban Land and Building Tax (PBB-P2) is a tax on the ownership, possession, and use of land and buildings that provide economic benefits to taxpayers; therefore, taxpayers are obligated to fulfill their tax obligations in accordance with applicable laws and regulations. The Land and Building Tax (PBB) has significant potential to increase Local Original Revenue (PAD) because its taxable objects are fixed in nature and their number tends to increase in line with regional development and economic growth (Putri et al., 2025).

However, the optimization of Land and Building Tax (PBB) revenue is heavily influenced by the level of taxpayer compliance. Taxpayer compliance refers to taxpayers' behavior in fulfilling their tax obligations in a timely, accurate, and regulation-compliant manner, which is influenced by tax knowledge, taxpayer awareness, service quality, and tax penalties (Rohmah & Zulaikha, 2023). Low levels of taxpayer compliance can hinder the optimization of Rural and Urban Land and Building Tax (PBB) revenue, thereby impacting local government revenue (Tia Listiawati, Susi Hambani, 2017). This indicates that taxpayer compliance is a critical factor in increasing local tax revenue. Low compliance with Land and Building Tax (PBB) obligations continues to occur in various regions across Indonesia. Research by Alfiana et al. (2023) shows that the level of compliance with Land and Building Tax (PBB) obligations remains relatively low and has not yet been optimized to increase Local Own-Source Revenue (PAD). A study Apriyanti, (2025) also indicates that compliance among PBB-P2 taxpayers is influenced by various factors, such as taxpayer awareness, tax knowledge, and service quality; therefore, these areas need to be improved to optimize local tax revenue. Furthermore, the study research by

Agustiani et al., (2025) indicates that the digitization of PBB-P2 management and the implementation of good governance can improve taxpayer compliance, thereby potentially increasing local tax revenue.

A similar phenomenon is also occurring in Baubau City. Baubau City is one of the regions experiencing rapid development, as indicated by the increasing construction of housing, commercial areas, and public facilities (BPS, 2025). These conditions indicate that the potential for Land and Building Tax (PBB) revenue in Baubau City is quite significant. However, according to a report by the Baubau City Regional Revenue Agency (Bapenda), actual Land and Building Tax (PBB) revenue has not yet fully met the established targets, due to outstanding tax arrears and low taxpayer compliance in fulfilling their tax obligations (Bapenda, 2025). This indicates a gap between the potential Land and Building Tax (PBB) revenue and the actual revenue collected by the local government, which has resulted in suboptimal Local Own-Source Revenue (PAD) for Baubau City.

Most previous studies have focused more on the factors that influence taxpayer compliance, such as taxpayer awareness, tax knowledge, and tax services, and have not specifically analyzed Land and Building Tax (PBB) compliance in relation to Local Own-Source Revenue (PAD) in the context of a particular region, specifically in the city of Baubau. This study is novel because it specifically analyzes the compliance of PBB-P2 taxpayers with regard to Local Own-Source Revenue (PAD) in the city of Baubau, a topic that has not been extensively studied in previous research. This study also focuses on analyzing taxpayer compliance as a factor influencing Local Own-Source Revenue (PAD) collection, thereby contributing to the advancement of public sector accounting, particularly in the field of local taxation.

This study is important to conduct given the demand for increased regional fiscal autonomy in an era of regional autonomy that is becoming increasingly competitive. Local governments are required to optimize sources of Local Own-Source Revenue (PAD) through effective and sustainable management of local taxes by understanding the compliance rate of Land and Building Tax (PBB) taxpayers and its impact on Local Own-Source Revenue (PAD) collections. Based on the above description, the objective of this study is to analyze the compliance rate of PBB-P2 taxpayers and its impact on Local Own-Source Revenue (PAD) in the City of Baubau. Based on this, the objectives to be achieved in this study are:

1. To analyze the compliance rate of taxpayers subject to the Rural and Urban Land and Building Tax (PBB-P2) in Baubau City in fulfilling their tax obligations.
2. To analyze the impact of compliance by taxpayers of the Rural and Urban Land and Building Tax (PBB-P2) on Local Own-Source Revenue (PAD) in Baubau City.

THEORETICAL REVIEW

Theory of Taxpayer Compliance

The theory of taxpayer compliance explains taxpayers' behavior in fulfilling their tax obligations in accordance with applicable regulations. Taxpayer compliance refers to a condition in which taxpayers fulfill their tax obligations in accordance with the provisions stipulated by laws and regulations. Such compliance can be observed through taxpayers' willingness to register, calculate and pay the taxes owed, and report their tax obligations in a timely manner (Kaban et al., 2025)

The relationship between compliance theory and this study lies in the independent variable, namely taxpayer compliance with the Rural and Urban Land and Building Tax (PBB-P2). Compliance theory explains that the higher the level of taxpayer compliance in paying PBB-P2, the greater the tax revenue that can be collected by the local government. An increase in PBB-P2 revenue realization will lead to an increase in Local Own-Source Revenue (PAD) because PBB-P2 is one of the main sources of local tax revenue that contribute to PAD (Siahaan, 2021).

Property Tax (PBB)

Based on Law No. 28 of 2009 concerning regional taxes and regional levies, which was recently enacted by the central government, Land and Building Tax has always been classified as a tax, yet nearly all of its revenue has been transferred to the regions. According to Riningsih & Yap, (2024), the Land and Building Tax (PBB) is a tax related to objects in the form of land and buildings, so understanding the calculation and payment of PBB is important for taxpayers. Therefore, the fulfillment of PBB obligations is related to the existence of rights, control, or benefits derived by the taxpayer from the taxable property in question. Taxpayers subject to the Land and Building Tax (PBB) are individuals or entities that actually own land and/or derive benefits from land and/or have control over and/or derive benefits from buildings.

Rural and Urban Land and Building Tax (PBB-P2)

The Rural and Urban Land and Building Tax (PBB-P2) is a tax on land and/or buildings owned, controlled, or utilized by individuals or entities in rural and urban areas as a source of Local Own-Source Revenue used to finance development and public services. PBB-P2 is one of the sources of Local Own-Source Revenue that plays a role in enhancing local fiscal autonomy through the optimization of tax revenue (Numberi, 2024)

Formula for the Rural and Urban Land and Building Tax (PBB-P2)

Based on Law No. 28 of 2009 concerning local taxes and local levies, the Rural and Urban Land and Building Tax (PBB-P2) is a tax imposed on the ownership, possession, and/or use of land and buildings by individuals or entities. In the context of the Rural and Urban Land and Building Tax (PBB-P2), the compliance rate can be measured by comparing actual tax revenue with the tax revenue target set by the local government. The formula used is as follows:

$$\text{Compliance} = \frac{\text{PBB-P2 realization}}{\text{PBB-P2 Target}} \times 100\%$$

Explanation:

Compliance = the level of taxpayer compliance in paying PBB-P2 (in percent).

PBB-P2 Collection = the amount of PBB-P2 revenue actually paid by taxpayers during specific.

PBB-P2 Target = the amount of PBB-P2 revenue set by the local government for specific.

Local Own-Source Revenue (PAD)

Local Own-Source Revenue (PAD) reflects the ability of local governments to collect and realize revenue derived from the region's economic potential through their fiscal authority. Local Own-Source Revenue plays a crucial role in achieving the financial independence of local governments (Fatmala et al., 2024). Local Own-Source Revenue (PAD) represents revenue that has actually been collected by the local government and deposited into the local treasury during a single budget . Thus, PAD revenue more accurately reflects the actual revenue achieved compared to the revenue targets previously established by the local government (Mayora & Astuti, 2025) .

PAD is the result of the implementation of an effective local tax and fee collection system and is influenced by the behavior and compliance of the public as taxpayers (Mardiasmo, 2021) . From the perspective of fiscal decentralization, Local Own-Source Revenue (PAD) serves as the primary indicator of regional financial autonomy because it reflects the extent to which a region is capable of independently financing its governance and development needs without being fully dependent on the central government (Siahaan, 2021) . Public finance plays a central role in supporting sustainable development, particularly through the collection and targeted allocation of resources (Sari et al., 2025)

METHOD

This study uses quantitative with descriptive and associative approaches. The data used in this study consists of secondary data in the form of targets and actual collections for the Rural and Urban Land and Building Tax (PBB-P2) as well as Local Own-Source Revenue (PAD) for the City of Baubau during the 2021–2025 . This data were obtained from the Regional Revenue Agency (Bapenda) of Baubau City, the study's location. This study was conducted from January through May 2026. The population in this study consists of all PBB-P2 and PAD revenue data for Baubau City, while the sample comprises the revenue targets and actual collections for PBB-P2 and PAD for the years 2021–2025. The data analysis techniques used were descriptive analysis to describe the level of PBB-P2 taxpayer compliance and simple linear regression analysis to determine the effect of taxpayer compliance on the Local Own-Source Revenue (PAD) of Baubau City.

The research data were analyzed using quantitative statistical techniques with the assistance of SPSS version 26. SPSS was used to process and analyze the data systematically so that the relationships and influences between the research variables could be identified and the research questions and hypotheses that had been established could be answered (Sugiyono, 2020).

RESULTS & DISCUSSION

Descriptive Analysis of Compliance with Rural and Urban Land and Building Tax (PBB-P2)

Descriptive analysis was used to describe the level of taxpayer compliance in paying Rural and Urban Land and Building Tax (PBB-P2) in Baubau City from 2021 to 2025. The compliance rate was measured by comparing actual revenue collection against the established targets.

The formula used is as follows:

$$\text{compliance level} = \frac{\text{PBB-P2 realization}}{\text{PBB-P2 Target}} \times 100\%$$

The compliance assessment is as follows:

$$2021: \frac{6.634.564.609}{8.000.000.000} \times 100\% = 82,9\%$$

$$2022: \frac{6.387.921.557}{8.000.000.000} \times 100\% = 79,8\%$$

$$2023: \frac{7.200.843.994}{9.000.000.000} \times 100\% = 80\%$$

$$2024: \frac{7.203.085.440}{11.150.000.000} \times 100\% = 64,6\%$$

$$2025: \frac{7.039.606.319}{9.500.000.000} \times 100\% = 74,1\%$$

Based on the results of the analysis, it can be seen that the compliance rate for the Land and Building Tax for Rural and Urban Areas (PBB-P2) in Baubau City during 2021–2025 has fluctuated. In 2021, the compliance rate reached 82.9%, then declined to 79.8% in 2022. In 2023, there was a slight increase to 80%, but it again experienced a significant decline in 2024 to 64.6%, which was the lowest rate during study. Subsequently, in 2025, the compliance rate rose again to 74.1%, though it did not reach the compliance level seen at the beginning of the period. These fluctuations indicate that taxpayers' compliance with their tax obligations remains unstable. This situation may be caused by the still low level of public awareness and understanding of the importance of paying taxes, economic conditions that affect taxpayers' ability to make payments, as well as tax service quality and outreach efforts that have not yet been optimal. In addition, the substantial increase in the PBB-P2 revenue target in 2024 also contributed to the decline in the compliance rate, even though actual revenue collection was relatively similar to that of the previous year.

The increase in the compliance rate in 2025 indicates an improvement in PBB-P2 revenue collection from the Land and Building Tax for Rural and Urban Areas (PBB-P2), however the compliance rate has not yet to reach 100%. This indicates that there is still potential for tax revenue that has not been fully realized. The finding of this study are consistent with tax compliance theory, which states that taxpayer compliance is influenced by taxpayer awareness, the quality of tax services, and the effectiveness of tax supervision and enforcement of penalties

Analysis of Local Own-Source Revenue (PAD)

The purpose of this analysis is to determine the level of effectiveness of Local Own-Source Revenue (PAD) collection in Baubau city during the 2021–2025 period, based on a comparison between actual PAD revenue and the PAD revenue target.

The scope of this study is as follows:

$$\text{PAD effectiveness} = \frac{\text{PAD Realization}}{\text{PAD Target}} \times 100\%$$

$$\text{Year 2021: } \frac{103.754.545.119}{110.361.884.497} \times 100\% = 94\%$$

$$\text{Year 2022: } \frac{130.680.434.069}{125.906.633.896} \times 100\% = 103,8\%$$

$$\text{Year 2023: } \frac{102.719.863.642}{119.993.283.279} \times 100\% = 85,6\%$$

$$\text{Year 2024: } \frac{128.084.807.145}{125.410.033.202} \times 100\% = 102,1\%$$

$$\text{Year 2025: } \frac{137.914.748.529}{128.786.234.739} \times 100\% = 107,1\%$$

Based on the results of the analysis, it can be seen that the effectiveness of Local Own-Source Revenue (PAD) collection in Baubau city during 2021–2025 also experienced fluctuations. In 2021, the effectiveness of Local Own-Source Revenue (PAD) was 94%, indicating that the actual revenue fell short of the target. In 2022, there was a significant increase to 103.8%, meaning that actual revenue exceeded the set target. However, in 2023, the effectiveness rate dropped again to 85.6%. Subsequently, in 2024 and 2025, the effectiveness rose again to 102.1% and 107.1%, respectively, indicating excellent performance in Local Own-Source Revenue(PAD) collection as it exceeded the targets. In general,

Local Own-Source Revenue (PAD) collection can be considered quite effective, although there is still some instability from year to year. Although it experiences fluctuations, overall, the effectiveness of Baubau city's Local Own-Source Revenue (PAD) is considered good because, for the majority of the years under study, the realization of Local Own-Source Revenue (PAD) was able to meet or even exceed the set targets.

Analysis of the Contribution of the Rural and Urban Land and Building Tax (PBB-P2) to Local Own-Source Revenue (PAD)

This contribution analysis is used to determine the extent of the contribution of Rural and Urban Land and Building Tax (PBB-P2) revenue to the total Local Own-Source Revenue (PAD) in the City of Baubau.

The formula used is as follows:

$$\text{PBB-P2 Contribution to PAD} = \frac{\text{PBB-P2 Realization}}{\text{PAD Realization}} \times 100\%$$

The calculation of the contribution for each year is as follows:

$$\text{Year 2021: } \frac{6.634.564.609}{103.754.545.119} \times 100\% = 6,39\%$$

$$\text{Year 2022: } \frac{6.387.921.557}{130.680.434.069} \times 100\% = 4,89\%$$

$$\text{Year 2023: } \frac{7.200.843.994}{102.719.863.642} \times 100\% = 7,01\%$$

$$\text{Year 2024: } \frac{7.203.085.440}{128.084.807.145} \times 100\% = 5,62\%$$

$$\text{Year 2025: } \frac{7.039.606.319}{137.914.748.529} \times 100\% = 5,10\%$$

Based on the results of the analysis, it can be seen that the contribution of the Land and Building Tax for Rural and Urban Areas (PBB-P2) to Local Own-Source Revenue (PAD) in Baubau city during 2021–2025 was relatively small and fluctuated. In 2021, the contribution was 6.39%, then decreased in 2022 to 4.89%. In 2023, the contribution increased to 7.01%, which was the highest contribution during the study period. However, in 2024 and 2025, the contribution decreased again to 5.62% and 5.10%, respectively. Overall, the contribution of the Land and Building Tax for Provincial and Municipal Areas (PBB-P2) to Local Own-Source Revenue (PAD) ranged from 4% to 7%, which indicates that the Land and Building Tax for Provinces and Cities (PBB-P2) has become a major source of Local Original Revenue. This indicates that Local Own-Source Revenue (PAD) is supported to a greater extent by sources other than the Rural and Urban Land and Building Tax (PBB-P2).

Fluctuations in these contributions indicate that an increase in PBB-P2 revenue is not always accompanied by an increase in its proportion of Local Own-Source Revenue (PAD). This occurs because the Local Own-Source Revenue (PAD) of Baubau city does not only come from the Land and Building Tax for Rural and Urban Areas (PBB-P2), but also from various other sources such as local taxes, local fees, proceeds from the management of segregated local assets, as well as other legitimate Local Own-Source Revenue sources. When revenue from these sources increases to a greater extent than that from the Land and Building Tax for Rural and Urban Areas (PBB-P2), then the contribution of the Land and Building Tax for Provinces and Cities (PBB-P2) to Local Own-Source Revenue (PAD) tends to decrease. For this reason, although the Land and Building Tax (PBB-P2) is one of the important sources of Local Own-Source Revenue (PAD), its contribution to the total Local Own-Source Revenue (PAD) of Baubau city remains relatively low, ranging from only 4% to 7%.

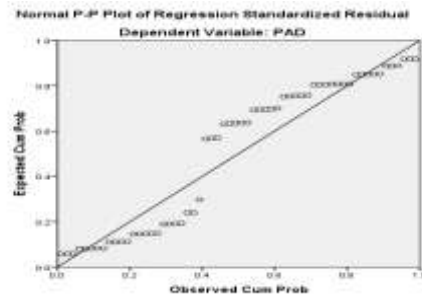
The results of this study indicate that the Local Own-Source Revenue (PAD) of Baubau City is still largely supported by other sources of local revenue. Therefore, the local government needs to continue improving taxpayer compliance, updating tax object data, and optimize the Rural and Urban Land and Building Tax (PBB-P2) collection system so that its contribution to Local Own-Source Revenue (PAD) can increase in the future.

Classical Assumption Test

Normality Test

This test is intended to determine whether the data from the independent and dependent variables in the study are normally distributed.

Table 4.1 Results of the Normality Test



Based on the Normal P-P Plot, it can be seen that the points are scattered around the diagonal line and follow the direction of that line. Therefore, it can be concluded that the residual data are normally distributed.

Linearity Test

The linearity test is used to determine whether the relationship between the variable “Tax Compliance of Land and Building Taxpayers” (X) and the variable “Local Own-Source Revenue” (Y) is linear or not. If a linear relationship exists, linear regression analysis is used. However, if there is no linear relationship between the two variables, nonlinear regression analysis should be used.

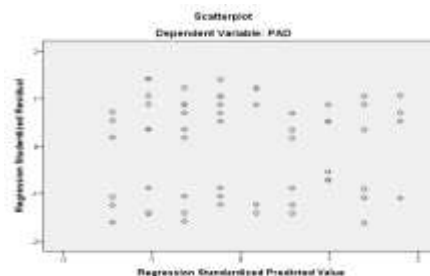
Table 4.2 Results of the Linearity Test

ANOVA Table						
			Sum of Squares	df	Mean Squares	F
PAD *	Combined Groups	(Combined)	7069890966674964	49	1442834891158155	.814
PBB_			0000.000		780.000	.703
P2		Linearity	2093945203502297	1	2093945203502297	.118
			60.000		60.000	.738
		Deviation from Linearity	7048951514639941	48	1468531565549987	.828
			0000.000		580.000	.690
Within Groups			177,295,888,694,07	10	1772958886940716	
			1,660,000		540.000	
Total			884,284,985,361,56	59		
			8,000,000			

Based on the results of the ANOVA test, a significance value of 0.738 was obtained for linearity, which is greater than 0.05, indicating that the relationship between the variables PBB-P2 and PAD is not linearly significant. In addition, the deviation from linearity value of 0.690 (>0.05) indicates that there is no significant deviation from linearity. Thus, it can be concluded that there is no significant relationship between PBB-P2 and PAD.

Heteroscedasticity Test

Table 4.3 Results of the Heteroscedasticity Test



Based on the results of the ANOVA test, a significance value of 0.738 was obtained for linearity, which is greater than 0.05, indicating that the relationship between the PBB-P2 and PAD variables is not statistically significant in terms of linearity. In addition, the deviation from linearity value of 0.690 (>0.05) indicates that there is no significant deviation from linearity. Thus, it can be concluded that there is no significant relationship between PBB-P2 and PAD.

Hypothesis Testing: Simple Linear Regression

A simple linear regression analysis was used to determine the effect of PBB-P2 taxpayer compliance on Local Own-Source Revenue (PAD).

Table 4.4 Results of the Simple Linear Regression Test

Coefficients ^a										
Model		Unstandardized	Standardized	t	Sig.	Correlations			Collinearity Statistics	
		Coefficients	Coefficients			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	10.119	2,664	3,799	.000					
	PBB_P2	-.014	.304	-.006	.025	-.006	-.006	-.006	.141	6,500

a. Dependent Variable: PAD

Based on Table 4.4 above, the results of the simple linear regression analysis can be explained as follows:

$$Y = a + \beta X$$

$$Y = 10.119 + (-0.014)$$

Based on the equation above and Table 4.4, it can be concluded that the results of the simple linear regression can be explained as follows:

- 1) The constant value of 10.119 indicates that if the independent variable (PBB-P2 taxpayer compliance) are assumed to be constant (0), then the efficiency of local government revenue is 10.119.
- 2) The coefficient of the variable “tax compliance for land and building taxes in rural and urban areas” (X) is -0.014. This means that for every 1-unit increase in PBB-P2 taxpayer compliance, will decrease in the efficiency of Local Own-Source Revenue (PAD) of -0.014 units, assuming all other variables remain constant.

t-test

The t-test was used in this study to determine whether the variables related to PBB-P2 taxpayer compliance, considered individually, have a significant effect on Local Own-Source Revenue (PAD).

Table 4.5 Results of the t-Test

Coefficients ^a										
Model		Unstandardized	Standardized	t	Sig.	Correlations			Collinearity Statistics	
		Coefficients	Coefficients			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	10.119	2,664	3,799	.000					
	PBB_P2	-.014	.304	-.006	.025	-.006	-.006	-.006	.141	6,500

a. Dependent Variable: PAD

Based on Table 4.5 above, a significance value of 0.025 was obtained, which is less than 0.05 ($0.025 \leq 0.05$). This indicates that the compliance variable for the Land and Building Tax for Rural and Urban Areas (PBB-P2) has a significant effect on the Local Own-Source Revenue (PAD) of Baubau city. Thus, the null hypothesis (H0) is rejected and the alternative hypothesis (H1) is accepted. However, the negative regression coefficient (-0.014) indicates that the relationship between taxpayer compliance and PAD is negative, although the effect is very weak.

Test of the Coefficient of Determination

The coefficient of determination test was conducted to determine the extent to which PBB-P2 taxpayer compliance explains the variation in Local Own-Source Revenue (PAD).

Table 4.6 Coefficient of Determination Test

Model Summary ^b										
Model	R	Adjusted R-Square	Standard Error of the Estimate	Change Statistics			Sig. Change	F	Durbin-Watson	
				the R-squared	for	for				
1	.006 ^a	.000	.05756	.000	.002	1	.965	58	.302	

a. Predictors: (Constant), PBB_P2

b. Dependent Variable: PAD

Based on the results of the coefficient of determination (R^2) test, a value of 0.000 was obtained, indicating that the PBB-P2 variable is unable to explain the variation in Local Own-Source Revenue

(PAD). Thus, the contribution of the PBB-P2 variable to PAD is very small or virtually nonexistent, while the remainder is influenced by other variables outside the research model.

DISCUSSION

Level of Compliance by Rural and Urban Land and Building Tax (PBB-P2) Taxpayers in Baubau City in Fulfilling Their Tax Obligations

Based on the results of an analysis of taxpayer compliance rates for the Land and Building Tax for Rural and Urban Areas (PBB-P2) in Baubau city during the 2021–2025 period, it was found that taxpayer compliance rates fluctuated from year to year. The compliance rate was calculated by comparing actual PBB-P2 revenue with the PBB-P2 revenue target set by the local government. The calculation results indicate that the PBB-P2 taxpayer compliance rate was 82.9% in 2021, then declined to 79.8% in 2022. In 2023, the compliance rate increased to 80.0%, but then experienced a significant decline in 2024 to 64.6%. Subsequently, in 2025, the compliance rate rose again to 74.1%. Thus, the compliance rate of PBB-P2 taxpayers during the study period ranged from 64.6% to 82.9%. These fluctuations in the compliance rate indicate that taxpayers' awareness and compliance in fulfilling their tax obligations remain relatively unstable. The highest compliance rate occurred in 2021 at 82.9%, while the lowest compliance rate occurred to 64.6% in 2024. The decline in the compliance rate in 2024 indicates that there are still taxpayers who have not fully fulfilled their obligations, preventing the PBB-P2 revenue target from being fully realized. Based on compliance rate criteria, these results indicate that the PBB-P2 taxpayer compliance rate in Baubau city remains in the “fairly good” category but has not yet reached an optimal level. This may be influenced by various factors, such as the level of public awareness, understanding of the importance of paying taxes, the economic conditions of taxpayers, as well as the effectiveness of tax outreach and tax services provided by the local government (Husriah, 2026).

The results of this study are consistent with *Tax Compliance Theory*, which states that the level of taxpayer compliance is influenced by taxpayer awareness, the quality of tax services, the enforcement of tax penalties, and public trust in the government. These findings are also supported by a study conducted by Alfiana et al. (2023), which indicates that the level of compliance among taxpayers of Land and Building Tax in Pangkep Regency during the 2017–2021 period fell into the “moderately compliant” category, with compliance rates of 68.7% in 2017, 65.6% in 2018, 67.2% in 2019, 74.8% in 2020, and 73.4% in 2021. The results of this study indicate that the taxpayer compliance rate continues to fluctuate from year to year and has yet to reach the “highly compliant” category.

When compared with the results of this study, the compliance rates of PBB-P2 taxpayers in Baubau city tended to be higher in several periods, namely 82.9% in 2021, 79.8% in 2022, 80.0% in 2023, 64.6% in 2024, and 74.1% in 2025. However, the pattern observed is relatively consistent, namely fluctuations in the compliance rate each year. In addition, research conducted by Diana Madeilinei Parapat indicates that tax awareness and taxpayer attitudes have a positive effect on taxpayer compliance in paying Land and Building Tax. Thus, it can be concluded that the compliance rate of PBB-P2 taxpayers in Baubau city during the 2021–2025 period continues to fluctuate, with compliance rates ranging from 64.6% to 82.9%. Although it generally falls into the “fairly good” category, the local government still needs to improve tax outreach, service quality, supervision, and the updating of data on taxable objects and taxpayers in order to increase public awareness and encourage taxpayers to fulfill their tax obligations consistently.

The Impact of Compliance with the Rural and Urban Land and Building Tax (PBB-P2) on Local Own-Source Revenue (PAD) in Baubau City

Based on the results of the analysis of the contribution of the Rural and Urban Land and Building Tax (PBB-P2) to Local Own-Source Revenue (PAD), it was found that the contribution of PBB-P2 to PAD in Baubau City remained relatively low. The calculation results indicate that the contribution of PBB-P2 to PAD was 6.39% in 2021, 4.89% in 2022, 7.01% in 2023, 5.62% in 2024, and 5.10% in 2025. The highest contribution occurred in 2023, at 7.01%, while the lowest occurred in 2022, at 4.89%. In addition, the results of the PAD effectiveness analysis indicate that the effectiveness of PAD collection in Baubau City was 94.0% in 2021, 103.8% in 2022, 85.6% in 2023, 102.1% in 2024, and 107.1% in 2025. These data indicate that, in several years, PAD collection in Baubau City was able to meet and even exceed the targets set by the local government.

Based on the results of the t-test, the PBB-P2 taxpayer compliance variable obtained a significance value of 0.025, which is less than the significance level of 0.05. This indicates that, partially, PBB-P2 taxpayer compliance has a significant effect on Local Own-Source Revenue (PAD) in Baubau

City. Thus, the null hypothesis (H_0) is rejected and the alternative hypothesis (H_1) is accepted. However, the results of the simple linear regression analysis show that the regression coefficient is negative (-0.014), meaning that every increase in PBB-P2 taxpayer compliance is followed by a decrease in PAD of 0.014 units, although this effect is not statistically significant. The negative direction of the relationship indicates that an increase in taxpayer compliance does not directly lead to an increase in Local Own-Source Revenue (PAD) in Baubau City.

Empirically, this situation can be explained by the fact that PBB-P2's contribution to Baubau city's Local Own-Source Revenue (PAD) remains relatively small, ranging only from 4.89% to 7.01%. Baubau city's PAD does not originate solely from PBB-P2 revenue but also from various other sources, such as other local taxes, local fees, proceeds from the management of segregated local assets, and other legitimate Local Own-Source Revenue sources. Furthermore, the analysis results indicate a coefficient of determination (R-squared) of 0.000 or 0%, meaning that the PBB-P2 taxpayer compliance variable is unable to explain the variation in Baubau city's PAD. In other words, 100% of the variation in Local Own-Source Revenue is influenced by factors outside the research model. This value indicates that the influence of property tax compliance on PAD is very weak. The results of this study indicate that, although statistically there is a significant relationship between PBB-P2 taxpayer compliance and Baubau city's PAD, this relationship remains very weak in practical terms. This may be due to the continued existence of tax arrears, late payments, the suboptimal nature of the local tax collection system, as well as the small contribution of PBB-P2 to total PAD. The results of this study are consistent with those of Alfiana et al. (2023), who stated that compliance by land and building taxpayers does not always have a significant impact on increasing Local Own-Source Revenue (PAD) when the contribution of these taxes remains relatively small compared to other sources of local revenue.

Theoretically, the results of this study are largely consistent with *Tax Compliance Theory*, which states that the higher the level of taxpayer compliance, the higher the tax revenue collected by the government. In practice, increases in Local Own-Source Revenue are influenced not only by the level of taxpayer compliance but also by the effectiveness of local tax administration, service quality, supervision, enforcement of tax penalties, and the economic conditions of the community. Thus, it can be concluded that PBB-P2 taxpayer compliance in Baubau city, with compliance rate ranging from 64.6% to 82.9%, has a significant effect on Local Own-Source Revenue (PAD) with a significance value of 0.025. However, the relationship is negative, as indicated by the regression coefficient of -0.014, and the level of explanatory power is very low, as indicated by an R^2 value of 0.000. Furthermore, the contribution of PBB-P2 to PAD, which ranges from only 4.89% to 7.01%, indicates that PBB-P2 is not a dominant factor in determining Local Own-Source Revenue (PAD) in Baubau City.

CONCLUSION

Based on the results of the research and discussion regarding the effect of taxpayer compliance with the Land and Building Tax for Rural and Urban Areas (PBB-P2) on the Local Own-Source Revenue (PAD) of Baubau city, it can be concluded that PBB-P2 taxpayer compliance has a significant effect on PAD. This is evidenced by a significance value of 0.025, which is less than 0.05. Therefore, the null hypothesis (H_0) is rejected and the alternative hypothesis (H_1) is accepted.

However, the results of a simple linear regression analysis indicate that the regression coefficient is negative, with a very low level of influence. This indicates that an increase in taxpayer compliance is not always accompanied by an increase in local revenue; in fact, the results suggest an inverse relationship, although it is not statistically significant. This suggests that taxpayer compliance is not a major factor in determining the level of local revenue.

In addition, the results of this study also indicate that Local Own-Source Revenue PAD is influenced by various other factors beyond PBB-P2 taxpayer compliance, such as contributions from other sources of Local revenue, the effectiveness of the tax collection system, and the quality of local financial management. Thus, although taxpayer compliance has a statistically significant effect on PAD, its role in increasing Local Own-Source Revenue remains relatively limited and requires the support of other factors to produce a more optimal impact.

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