ABSTRACT

This study aims to provide empirical evidence on the influence of tax relief policies and tax sanctions on the compliance of land and building tax (PBB) taxpayers, as well as to examine the moderating role of digitalization in these relationships. Land and Building Tax (PBB) is a major source of local government revenue in Indonesia. However, taxpayer compliance levels remain suboptimal in many regions. In response, local governments such as the City of Semarang have implemented various fiscal policies, including tax relief incentives and administrative sanctions, along with digital innovations in tax administration to improve service efficiency and transparency. The effectiveness of these combined measures, particularly the role of digitalization as a moderating factor, warrants further investigation.

This research adopts a quantitative approach through survey methods involving 100 purposively selected PBB taxpayers in Semarang. Data were analyzed using Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) technique. The independent variables are tax relief policies and tax sanctions, while taxpayer compliance serves as the dependent variable. Digitalization acts as the moderating variable.

The findings indicate that both tax relief policies and tax sanctions have a significant positive effect on taxpayer compliance. Furthermore, digitalization significantly moderates the relationship between tax relief policies and compliance, but does not moderate the relationship between tax sanctions and compliance. These results suggest that digital tools are more effective in reinforcing incentive-based policies than coercive measures. The study highlights the importance of integrating digitalization in local fiscal strategies to optimize voluntary tax compliance.

Keywords: Tax Relief Policy, Tax Sanction, Digitalization, Land and Building Tax Compliance, Slippery Slope Framework.