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The Role of Tax Sanctions and Income Levels on Motor Vehicle Tax Arrears in Banyuwangi Regency

Muhammad Rijalus Sholihin[1] ✉, Lia Rachmawati[2]
Accounting Study Program, Institut Teknologi dan Sains Mandala[1,2]

Abstract

This study aims to examine the effect of tax sanctions and income levels on motor vehicle tax arrears in Banyuwangi Regency. The research employs a quantitative approach by utilizing both primary and secondary data sources. Primary data were collected through structured questionnaires distributed to motor vehicle taxpayers, while secondary data were obtained from the Technical Implementation Unit of the Banyuwangi Regional Revenue Agency. The research population consisted of registered motor vehicle taxpayers, and a sample of 100 respondents was determined using the Slovin formula to ensure representative data. Data analysis was performed using multiple linear regression to identify the individual and simultaneous effects of the independent variables on motor vehicle tax arrears. The findings reveal that tax sanctions have a significant partial effect on motor vehicle tax arrears, indicating that stricter enforcement and penalties encourage taxpayers to fulfill their obligations promptly. In contrast, income levels do not have a significant partial effect on tax arrears, suggesting that taxpayer compliance is influenced more by regulatory factors than by economic capacity. Furthermore, tax sanctions and income levels jointly have a significant simultaneous effect on motor vehicle tax arrears, demonstrating their combined contribution to explaining taxpayer compliance behavior in Banyuwangi Regency.

Keywords: *Tax Arrears, Tax Penalties, Income Level*

✉ Corresponding author :
Email Address : muhammadrijalus@gmail.com

INTRODUCTION

Taxes are mandatory contributions imposed by the government on individuals and business entities based on statutory regulations. These contributions are compulsory, legally enforceable, and do not provide direct compensation to taxpayers. Instead, tax revenues are utilized to finance public expenditures, including infrastructure development, public services, education, healthcare, and other government programs aimed at improving societal welfare (Mardiasmo, 2016). Therefore, taxes play a fundamental role in supporting national and regional economic development while ensuring the sustainability of government operations.

In Indonesia, regional governments continuously strive to optimize tax revenues as an important source of Regional Original Revenue (Pendapatan Asli Daerah/PAD). One of the most significant contributors to regional income is the Motor Vehicle Tax (Pajak Kendaraan Bermotor/PKB). Revenue generated from PKB supports regional development and the provision of public facilities and transportation infrastructure. The importance of this tax is reflected in East Java Province, where the

Governor reported that Motor Vehicle Tax revenue in 2023 reached IDR 3,607,712,840,734, representing only 52.44% of the annual revenue target, while approximately 44.56% remained unrealized due to taxpayer arrears (Hakim, 2023). This condition indicates that a substantial proportion of vehicle owners in East Java have not fulfilled their tax obligations within the prescribed period, thereby reducing the effectiveness of regional revenue collection.

Banyuwangi Regency, one of the largest regencies in East Java, also experiences a similar challenge regarding motor vehicle tax compliance. The persistence of tax arrears suggests that various factors may influence taxpayers' willingness and ability to pay their obligations on time. Understanding these factors is essential for developing effective policy interventions that can improve taxpayer compliance and enhance regional tax revenue. Therefore, the following data present the number of taxpayers with outstanding motor vehicle tax obligations in Banyuwangi Regency during the 2019–2023 period, providing an overview of the continuing issue of tax arrears in the region.

Table 1 Number of taxpayers who have not paid motor vehicle tax in 2019-2023

Year	Number of Motor Vehicles (units)	Number of motor vehicles that have not paid tax (units)
2019	567,185	64,999
2020	559,894	88,872
2021	544,693	80,318
2022	593,447	77,339
2023	593,134	78,907

(Source: Banyuwangi Regional Revenue Service Technical Implementation Unit 2019-2023)

The highest number of taxpayers with outstanding motor vehicle tax obligations occurred in 2020, largely due to the economic and social impacts of the COVID-19 pandemic. During this period, many households experienced declining incomes, job losses, and financial uncertainty, causing taxpayers to prioritize essential living expenses over tax payments. As economic conditions gradually improved after the pandemic, the number of delinquent taxpayers showed a downward trend during 2021 and 2022. However, despite this improvement, motor vehicle tax arrears increased again in 2023, indicating that taxpayer compliance remains a persistent challenge. Although the overall number of delinquent taxpayers has declined compared to the peak of the pandemic, it has not yet returned to the level observed before COVID-19. This situation suggests that motor vehicle tax arrears are influenced by multiple economic, behavioral, and regulatory factors that require further investigation.

Previous studies have identified several determinants of taxpayer compliance and tax arrears. Situmeang (2023) found that tax sanctions significantly affect motor vehicle tax arrears, arguing that stricter penalties increase taxpayer awareness and discourage non-compliance. Effective tax sanctions serve as a deterrent mechanism that encourages taxpayers to fulfill their obligations in a timely manner. In addition, income level has also been recognized as an important factor influencing tax compliance because taxpayers with limited financial resources are more likely to prioritize daily necessities over tax payments. Empirical evidence regarding these

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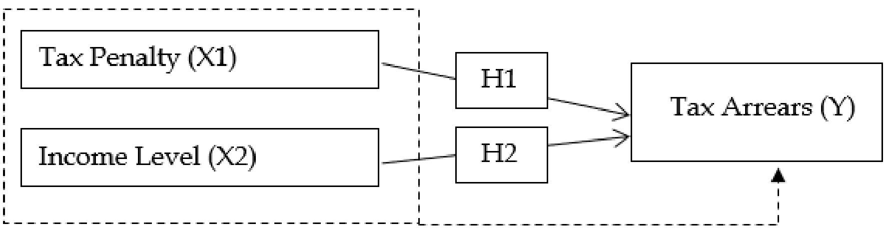
relationships has been reported by Situmeang et al. (2023), Juwita Aliyah et al. (2023), Wardati and Pattisahusiwa (2022), Oktavia et al. (2019), and Alfiani and Subadriyah (2018). Building upon these previous findings, this study investigates whether tax sanctions and income levels have partial and simultaneous effects on motor vehicle tax arrears in Banyuwangi Regency. The results are expected to provide empirical evidence that can support policymakers in formulating more effective strategies to improve taxpayer compliance and optimize regional tax revenue.

RESEARCH METHOD

The subjects of this study were motor vehicle taxpayers in Banyuwangi Regency who had outstanding motor vehicle tax obligations during the 2019–2023 period. The study focused on taxpayers who had failed to pay their motor vehicle taxes within the specified due date, making them eligible for inclusion in the research population. Based on data obtained from the Banyuwangi Regional Revenue Agency, the total population consisted of 78,907 delinquent motor vehicle taxpayers. Considering the large population size, a representative sample was determined using the Slovin formula with a predetermined margin of error, resulting in a final sample of 100 respondents. The respondents were selected according to established research criteria to ensure that the collected data accurately reflected the characteristics of taxpayers experiencing motor vehicle tax arrears.

This study employed a quantitative research approach because it enables the measurement of relationships among variables using statistical analysis and facilitates objective hypothesis testing. The research utilized both primary and secondary data sources. Primary data were collected directly from respondents through structured questionnaires distributed both online and offline to increase participation and improve response rates. The questionnaire measured respondents' perceptions regarding tax sanctions, income levels, and motor vehicle tax arrears using a Likert-scale instrument. Secondary data were obtained through literature reviews, government publications, relevant tax regulations, scientific journal articles, and official reports issued by the Banyuwangi Regional Revenue Agency.

Conceptual Framework



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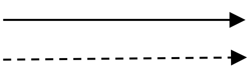

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RESULTS AND DISCUSSION

Research result

a. Simple Linear Regression Analysis

Sugiyono (2020) explains that multiple linear regression analysis is an analysis used to predict changes in independent variables, whether their value is increased or decreased. Multiple linear regression analysis is used to determine the magnitude of simultaneous influences.

Table 2 Results of Multiple Linear Regression Analysis Test

Coefficientsa

Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1 (Constant)	8,666	1,833		4,727	,000
Tax Penalties	,328	,073	,416	4,506	,000
Income Level	,101	,087	,107	1,160	,249

a. Dependent Variable: Motor Vehicle Tax Arrears.

T Hypothesis Test

The t-test is a test used to show how far the influence of the independent variable (X) individually in explaining the dependent variable (Y). The partial t-test table can be seen as follows:

Table 3 T-Test Results

Coefficientsa

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	8,666	1,833		4,727	,000
	Tax Penalties	,328	,073	,416	4,506	,000
	Income Level	,101	,087	,107	1,160	,249

a. Based on table 4.18, the results of the multiple regression t-test show that:
b. Based on the significance value (sig.) of the output coefficients, it is known that the significance value of the tax sanction variable is 0.000, which means that the significance <0.1 means that there is an influence between the tax sanction variable and motor vehicle tax arrears.
c. Based on the significance value (sig.) of the output coefficients, it is known that the significance value of the income level variable is 0.249, which means that the significance >0.1 means that there is no influence between the income level variable and motor vehicle tax arrears.

The simultaneous test is used to show whether all independent variables included in the model have a joint influence on the dependent variable.

Table 4 Simultaneous Test Results (f)

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	64,333	2	32,167	12,145	,000b
	Residual	256,907	97	2,649		
	Total	321,240	99			

Based on the significance value (sig.) of the output coefficients, the significance value

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is known to be 0.000, which means that significance <0.1 means that tax sanctions and income levels have a simultaneous effect on motor vehicle tax arrears.

Table 7 Results of the Determination Coefficient (R2) Test
Model Summary

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	,448a	,200	,184	1.62743

The R square value in the first regression equation is 0.184, so it can be said that tax sanctions and income levels have an effect on motor vehicle tax arrears of 18.4%.

1. **The Impact of Tax Sanctions on Motor Vehicle Tax Arrears.**

   The results of the first hypothesis in this study indicate that tax sanctions have an effect on tax arrears. Therefore, it can be concluded that the first hypothesis is accepted. The results of this study provide empirical evidence that the greater the number of tax sanctions, the greater the tax arrears.

   Tax sanctions are a preventive tool to prevent taxpayers from violating tax norms. Mardiasmo, (2016)This demonstrates the need for sanctions to provide a lesson or punishment for motor vehicle taxpayers who are delinquent in paying their taxes. Implementing fair and firm motor vehicle tax sanctions against taxpayers who violate the law, ranging from mild to severe, can significantly impact tax arrears.This can be seen from the results of the respondent's statement data, where the calculated t-value is smaller than the t-table. By implementing fair and firm motor vehicle tax sanctions against taxpayers who violate the law, ranging from light to heavy, it can reduce motor vehicle tax arrears.

   The results of the study indicate that tax sanctions have an impact on motor vehicle tax arrears. This research is supported by research by Algon Neo Situmeang and Poniman (2023) andWardati & Pattisahusiwa (2022)shows that tax sanctions have an impact on motor vehicle tax arrears.

2. **The Influence of Income Level on Motor Vehicle Tax Arrears.**

   The results of the second hypothesis in this study indicate that income level has no effect on motor vehicle tax arrears. Therefore, it can be concluded that the second hypothesis is rejected. The results of this study indicate that neither low nor high income levels will affect motor vehicle tax arrears.

   According to Sari & Susanti (2015) in Alfiani & Subadriyah, (2018) income level is defined as the taxpayer's ability to fulfill tax obligations closely related to the amount of income, in paying taxes on time. The income of taxpayers varies according to the business or work carried out. Taxpayers with low or high incomes are not compliant in paying their taxes due to a lack of awareness in taxpayers in paying their motor vehicle taxes. In this study conducted on motor vehicle taxpayers in Banyuwangi Regency, the income level variable does not affect motor vehicle tax arrears. This can be seen from the results of the respondent's statement data, the calculated t value is greater than the t table, which meansEven though taxpayers have high or low incomes, this does not guarantee that these taxpayers will pay their motor vehicle tax. This research is in line with researchOktavia et al.,

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(2019). The study stated that the income variable did not significantly influence motor vehicle tax arrears.

3. **The Influence of Tax Sanctions and Income Levels on Motor Vehicle Tax Arrears.**

The third hypothesis in this study confirms that tax penalties and income levels simultaneously influence motor vehicle tax arrears. Therefore, the third hypothesis can be accepted. This study concludes that tax penalties and income levels influence motor vehicle tax arrears.

The results of this study align with research conducted by Algon Neo Situmeang and Poniman (2023), which showed that taxpayer awareness, taxpayer knowledge, tax socialization, and tax sanctions simultaneously influence motor vehicle tax arrears. Meanwhile, the income level variable is supported by Alfiani and Subadriyah (2018), who stated that income awareness, distance from residence, service quality, negligence, education, and tax understanding simultaneously influence motor vehicle tax arrears

CONCLUTION

This study investigated the influence of tax sanctions and income levels on motor vehicle tax arrears in Banyuwangi Regency by employing a quantitative research approach and multiple linear regression analysis based on data collected from 100 respondents. The findings demonstrate that tax sanctions have a significant partial effect on motor vehicle tax arrears, indicating that the consistent and fair implementation of tax penalties can improve taxpayer compliance and reduce the incidence of overdue tax payments. These results suggest that effective enforcement mechanisms encourage taxpayers to fulfill their obligations by increasing awareness of the legal and financial consequences of non-compliance. In contrast, income level does not have a significant partial effect on motor vehicle tax arrears, implying that taxpayers' financial capacity alone is insufficient to explain their compliance behavior. This finding indicates that non-economic factors, such as awareness, attitudes toward taxation, and the effectiveness of tax administration, may play a more substantial role in determining whether taxpayers meet their obligations. Furthermore, the simultaneous analysis reveals that tax sanctions and income levels jointly have a significant influence on motor vehicle tax arrears, suggesting that these variables collectively contribute to explaining taxpayer compliance behavior. The results provide valuable insights for policymakers and tax authorities in designing strategies that strengthen tax enforcement, improve compliance, and optimize regional tax revenue through more effective and sustainable tax administration policies.

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