SJP Sosioedukasi
JURNAL ILMIAH ILMU PENDIDIKAN DAN SOSIAL
ISSN: 2086-6135 E-ISSN: 2541-612x
Volume 14 No. 3. September 2025 https://ejournal.unibabwi.ac.id/index.php/sosioedukasi/index

THE EFFECT OF SOCIO-ECONOMIC CONDITIONS ON COMMUNITY PARTICIPATION IN PAYING RURAL AND URBAN LAND AND BUILDING TAXES IN MEDAN CITY

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ARTICLE HISTORY

Received : 22-08-2025
Revised : 22-09-2025
Accepted : 30-09-2025

KEYWORDS

Community Participation;
Socio-Economic;
Land and Building Tax;
Medan City.

ABSTRACT

This study analyzes the issue of land and building tax (PBB-P2) in rural and urban areas in Medan City using a socio-economic analysis approach. This approach aims to look at the relationship between social and economic conditions and the level of community participation. The main problem that is the focus of this study is to include the level of community participation in each administrative area in Medan City by combining socio-economic disparity analysis. This study is motivated by factual data related to PBB-P2 which indicates the difference in income in each area of Medan City. This difference indicates a correlation with the socio-economic disparity of the community, especially PBB-P2 is the main supply in Regional Original Revenue (PAD). This study is classified as a type of qualitative research using a descriptive analysis approach. Data collection was carried out by or through interviews, documentation and field observation methods. There are two types of data in this study, including primary sources as the primary source and secondary sources as complementary or reinforcing sources. The results of the study include the relationship between socioeconomic disparities and community participation. Socioeconomic disparities occur due to differences in the significance of income in each region, so that, according to him, this encourages community participation in paying taxes. Then, the behavior pattern of people in paying taxes is also influenced by technological aspects. This can be seen in rural areas where the intensity of community participation in paying taxes is increasing. The information shows that there is a duality relationship between social disparities based on socioeconomic circumstances and technological advances as part of efforts to increase community participation in paying land and building taxes.

INTRODUCTION

Practically, taxes are one of the main sources of funds that contribute the most dominant to state revenue. In some countries, as in Indonesia, taxes are an important sector for the supply of main development funds as well as the

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main source of the state budget. The funds generated by taxes can be used in various things related to state development efforts. This important contribution of taxes does not only apply at the national level but also applies to provincial areas as the main source of income. Taxes themselves are actually divided into many categories such as vehicle tax, corporate tax, land and building tax. Interestingly, the land and building tax (PBB) is a tax sector that plays an important role as a source of funds in the region and in the most stable regions. In the context of the Medan area, for example, land and building taxes contribute greatly and consistently to regional development. (Arif et al., 2025) (Isnanto et al., 2021)

Definitively, land and building tax (PBB) is a tax imposed on the ownership and control of certain areas (land and buildings). Land and building taxes are also a tax sector that is imposed on the basis of ownership of objects or places. The United Nations itself has a legal basis, namely Law Number 12 of 1985 concerning Land and Building Tax as amended by Law Number 12 of 1994, as well as its derivative regulations that regulate technical implementation in the regions. In the development of regional autonomy, the PBB for the Rural and Urban Sector (PBB-P2) has been managed by the district/city government since 2013, as stipulated in Law Number 28 of 2009 concerning Regional Taxes and Regional Levies. (F Mother's Market & Shirley , 2025)

The city of Medan is one of the metropolitan cities in Indonesia with quite complex regional characteristics, covering densely populated areas in urban areas and rural areas in most districts. The difference in regional characteristics has an impact on the different socio-economic conditions of the community, thus affecting the level of community participation in paying Land and Building Taxes. In addition, these regional differences provide different characteristics related to the behavior patterns of people in paying the United Nations. (Sapphire & Liswanty , 2025)

The socio-economic condition of the community is one of the significant factors influencing the community in fulfilling tax obligations. These socioeconomic conditions can include income levels, education, employment, and the standard of living of the community itself. This difference in income is an important indicator to analyze whether income is a determining factor in the level of community participation. It also aims to make a classification related to the level of welfare of the population and its correlation with the participation of rural and urban communities in the city of Medan. (Scott, 2022)

The socio-economic disparity in the Medan area is quite clear. In rural areas, they tend not to have optimal access, such as public facilities, job opportunities, and income levels that are still below urban areas. However, it cannot be said that the intensity of UN tax payments in urban areas is better. The comparison of areas between urban and rural areas is interesting to study as an effort to see if income is the main factor in community participation. In the socio-economic paradigm, income is not the only indicator in determining the indication of participation. Economic interaction and activity are also an important part to be seen as part of socioeconomic indicators.Apart from economic factors, this study also analyzes legal awareness, trust in the government, and social norms also affect community participation. Legal awareness is related to the understanding that paying taxes is the obligation of every citizen as regulated in laws and regulations. Then, trust in the government is related to public trust in the optimal use of taxes. Also, social norms are related to collective behavior, such as paying taxes being a common habit.

The novelty of this study is the focus of the study on the influence of socio-economic conditions on community participation in the city of Medan. This study analyzes the intensity of community participation in urban and rural areas in Medan City with the aim of looking at the influence of socio-economic circumstances on regional tax revenue. The results of this study can be used as a consideration for the government to make regulations related to PBB payments in Medan City and contribute socio-economic analysis to increase PBB payments in Medan City.

In addition, this study also aims to complement previous studies that also examined community participation in paying taxes in various regions. Most similar studies have focused their attention on aspects of legal awareness and social awareness of the community. Meanwhile, this study takes another initiative, namely focusing on socio-economic aspects that are more realistic in looking at community participation. For example, in the study of Pasaribu, et al., in the Tempino Village area, Mestong Jambi, who saw the awareness factor as the main cause. Then there is also a study of Qadar, Subhilhar, and Syria in the East Medan area which focuses on the structural role of the government in the participation of UN payments. Furthermore, a study from Noorrahman and Urahmah on "Community Participation in the Payment of Rural and Urban Land and Building Taxes (PBB-P2) in Central Amuntai District, North Hulu Sungai Regency: A Case Study of Raden Hulu and Palampitan Hulu Cities" which focuses on the analysis of policy effectiveness. Of the entire study, as far as the search has been carried out, there has been no study that comprehensively examines the participation of the community in paying Rural and Urban PBB taxes in Medan City using socio-economic analysis. So this study aims to complement this. (P. I. Pasaribu et al., 2017)

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(Qadar et al., 2021)

METHOD

This study is a type of qualitative research that examines the influence of socioeconomic circumstances on the participation of rural and urban communities in Medan City. The approach used is qualitative descriptive, this approach is suitable for researching the social context and perspectives of individuals or groups related to the participatory behavior of citizens, so that comprehensive and contextual findings can be produced. Through this approach, the research focuses on understanding the level of public awareness, understanding, and perception of the obligation to pay the United Nations, as well as exploring the factors that affect the payment of the United Nations-P2. In addition, a qualitative descriptive approach allows researchers to delve into complex socioeconomic issues. This qualitative descriptive approach provides space for in-depth analysis, so that it is expected to be able to provide a holistic picture of the phenomenon of community participation in PBB-P2 payments in rural and urban areas of Medan City. The results of this research are expected to be the basis for policy makers to develop programs to increase citizen participation in the regional tax system that are in accordance with the needs and characteristics of the local community. (Scott, 2018)

This study was conducted at the Regional Revenue Agency (Bapenda) of Medan City which is a Regional Apparatus Organization (OPD) responsible for the management of the Land and Building Tax (PBB). Meanwhile, regionally, this study was carried out in all sub-districts and sub-districts within the administrative scope of Medan City. The data used in this study consists of two types, namely primary data and secondary data. Primary data is the main data obtained directly from the source through interaction and field observation.In the context of this study, primary data was collected through in-depth interviews with relevant informants at the Regional Revenue Agency (Bapenda) of Medan City. The main informant is the Head of Bapenda, who has strategic insight into the policies and programs implemented related to community participation in paying Rural and Urban Land and Building Tax (PBB) in Medan City. In addition, the Secretary of Bapenda acts as a key informant who has a deep understanding of policy implementation, operational processes, and challenges faced in increasing public involvement in UN payments. (Samsu, 2017)

The data obtained from interviews and observations were analyzed using the interactive analysis model of Miles and Huberman (1994), which consisted of three main stages: data condensation, data presentation, and conclusion/verification. This analysis model allows researchers to continuously process and examine data systematically during the research process, so that the analysis can take place dynamically and reflectively.This model is very suitable for qualitative research, especially in examining complex social phenomena such as community participation in paying Land and Rural and Urban Building Taxes in the City of Medan. (Miles et al., 2014)

The first stage, data condensation, is the process of selecting, focusing, simplifying, and transforming the raw data that has been collected, to make it easier to understand and analyze. At this stage, the researcher screens irrelevant data, identifies important elements, and groups data based on themes or categories related to the research topic, namely community participation in PBB-P2 payments. The second stage is data presentation, where the condensed data is arranged in a format that allows researchers to analyze it further effectively. The presentation of this data can be done in the form of tables, matrices, graphs, or descriptive narratives, which makes it easier to see the relationships between variables and patterns that may emerge from the data. The final stage is conclusion drawing and verification, in which the researcher builds an interpretation of the data that has been analyzed and develops conclusions based on the existing evidence. (Murdiyanto, 2020)

RESULTS AND DISCUSSION

Overview of Medan City: Socio-Economic Activities and Regional Income

The city of Medan, as the capital of North Sumatra Province, has a strategic position in the northern part of the island of Sumatra and is the center of national and international economic, government, and trade activities. Based on data from the Central Statistics Agency (BPS) of Medan City, the population of this city in 2020 reached 2,524,341 people, with a high population density level reaching more than 9,000 people per square kilometer. This figure shows that Medan City is one of the cities with the most populous population outside Java, which certainly has implications for the high need for infrastructure and public services. As a center of government, economy, education, and culture,

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Medan has a very strategic role in the western region of Indonesia. With an area of more than 265 km², Medan is the center of urbanization and rapid population growth. Its location on regional trade routes makes it the main gateway for the entry and exit of goods and services in the western region of Sumatra Island. (BPS, 2021) (BPS, 2022)

In the economic field, Medan plays a role as a center of trade and services. Various sectors such as the processing industry, wholesale and retail trade, financial services, and tourism are the main contributors to the city's economic growth. The existence of Belawan Port also strengthens Medan's position as an export-import center for superior commodities from the Sumatra region, such as palm oil, rubber, and coffee. Medan is also the center of higher education in Sumatra. This city has various well-known universities, such as the University of North Sumatra, the State University of Medan, and the State Islamic University of North Sumatra.The existence of this educational institution not only supports the development of human resources, but also encourages the growth of research, technology, and innovation.

The economic structure of Medan City reflects the dominance of the tertiary and secondary sectors. The large trade and retail sectors contributed 25.81% to the Gross Regional Domestic Product (GDP), followed by the construction sector at 18.83%, and the processing industry at 14.12%. The large contribution of the service sector shows that the city of Medan is undergoing an economic transformation from an agricultural to an industrial and service city, which directly affects the regional tax structure. (Darmawan, 2023)

In the context of Regional Original Revenue (PAD), Land and Building Tax (PBB) is one of the significant sources of revenue. The contribution of the United Nations to the Medan City PAD averaged 25.19% in the period from 2017 to 2021, making it an important fiscal instrument in funding regional development (Safitri, 2021). Funds from the United Nations are allocated to finance infrastructure development, education, health, and the procurement of other public facilities. The management of PBB in Medan City is under the responsibility of the Regional Tax and Levy Management Agency (BPPRD) or better known as the Regional Revenue Agency (Bapenda). Bapenda has full authority in terms of data collection, determination, collection, and reporting of revenues from the regional tax sector, including the United Nations (Siahaan, 2020). In practice, Bapenda also collaborates with sub-district and sub-district offices in distributing Outstanding Tax Returns (SPPT) and conducting socialization to the community. (Yahya et al., 2024)

Based on data obtained from RRI.co.id that the Regional Revenue Agency (Bapenda) of Medan said that the realization of Regional Original Revenue (PAD) from the Land and Building Tax (PBB) sector increased by 8 billion Rupiah, from more than 624 billion Rupiah in 2022 to more than 632 billion Rupiah in 2023. Then in 2024, the Head of the Regional Finance and Assets Agency (BKAD) of Medan City, Zulkarnain Lubis, explained that the realization of regional taxes obtained by the Medan City Government for the 2024 Fiscal Year has grown quite well. Compared to 2023 in the same period until October 16, 2024, it was recorded to grow by 16.48%.This means that from 1.6 trillion rupiah in 2023 to Rp. 2 trillion in 2024. (Manalu et al., 2023)

In an effort to realize effective tax governance, the Medan City Regional Revenue Agency (Bapenda) not only serves administratively, but also acts as a facilitator of communication between the government and the community. This role includes intensive activities in the form of socialization of tax policies, clarification of information that is poorly understood by the public, to technical services such as the management of tax object mutations and changes in taxpayer data. This is important given that the success of UN collection does not depend solely on the system, but also on the extent to which people understand and feel they have an obligation to the tax. As part of the strategy of approaching the community, the Medan City Bapenda is actively developing digital services, one of which is through the e-SPPT application. With this service, taxpayers can access their PBB bill data online, without having to physically visit the tax office. This kind of innovation not only drives service efficiency, but also becomes a tangible form of digital transformation in public services in the tax sector. (Fadila et al., 2021)

In addition to prioritizing technology services, Bapenda also uses local community forums as a medium to expand the reach of tax education. Citizens' forums at the village level are often used as a means to convey the importance of the United Nations, payment procedures, and the direct benefits that the community derives from their participation in paying taxes.This approach model shows that the interpersonal communication approach remains relevant in reaching certain groups of people who are less familiar with digital media. Nevertheless, the success of the management of the UN also depends on the accuracy of data and the updating of tax databases. In practice, it is often found that land and building ownership data is not always up-to-date, resulting in a mismatch in the value of the tax imposed. Therefore, the Medan City Bapenda collaborates with other agencies such as the Land Office and the National Land Agency to validate and update data regularly. (Venus et al., 2024)

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Patterns of Community Behavior in UN Payments

The participation of the community in paying the Land and Building Tax (PBB) in the city of Medan shows that there is a quite striking difference between urban and rural areas. In urban centers such as Medan Petisah and Medan Polonia, the level of community involvement in paying the UN tends to be higher. This is due to the ease of access to information, more available technological facilities, and a better level of education. On the other hand, in suburban areas such as Medan Marelan, Medan Belawan, and Medan Labuhan, community participation tends to be low and many residents are more than one year in arrears. Payment behavior patterns also vary. In urban areas, people tend to pay regularly and on time, either through digital payment channels or directly to designated banks. On the other hand, in rural areas, there are still many patterns of late payments that are not made at all, due to a lack of knowledge about deadlines and UN payment mechanisms.In addition, the priority of household economic needs makes tax payments often delayed. (Siregar et al., 2017) (Browning & Syahwier , 2023)

Geographical factors have a great influence on community participation.Areas with good infrastructure and transportation access typically have a more effective range of tax services. On the other hand, hard-to-reach areas experience obstacles in the distribution of SPPT, causing information about payment obligations to not reach taxpayers on time. This shows that the availability of public services is also a driver of fiscal participation. The high mobility of the population in Medan City also has an impact on the participation of PBB payments. There are many cases where taxpayers change domicile without updating the data, so the SPPT is still sent to the old address.As a result, residents who were supposed to pay did not get a bill notification, and ended up in arrears.This reinforces the importance of validating and updating land and building ownership data on a regular basis. (Sagala & Dewi, 2023)

The suboptimal SPPT distribution system is still a serious obstacle, especially in densely populated areas and suburbs. Many people admitted that they did not receive SPPT or received it after it was due. In some cases, the letter does not arrive because the address is inaccurate or the resident who has moved is not recorded in the system (Hasibuan, 2019). This shows the need for reforms in an integrated digital-based distribution system. Public perception of the direct benefits of UN payments also greatly influences participation rates. In the downtown area, people can immediately see the results of development such as repaired roads or illuminated street lights. Conversely, in areas that do not show significant change, there is public distrust of the government and a reluctance to pay. (Maghfira et al., 2024)

Transparency in the use of UN funds is key to building public trust. The level of education and tax literacy also plays an important role. People with higher education are more likely to understand the importance of the United Nations as a contribution to development, and are more open to tax education programs. Meanwhile, people with low education or no school graduation are often confused by administrative procedures and reluctant to access tax services. Therefore, the educational approach must be adapted to the demographic character of each region. (Ningrum & Siregar, 2023)

In some residential communities and strong social groups, such as active RT/RW or religious organizations, it was found that community participation was higher. This is due to the existence of a collective reminder and a culture of mutual cooperation that strengthens the awareness of paying taxes. The government can utilize this community network as an agent of fiscal education. (Chaniago et al., 2023)

One strategy that has been recognized as successful is the implementation of incentives, such as the elimination of fines for delinquents who make payments within a certain period. However, the effectiveness of this program can only be achieved if it is thoroughly and consistently disseminated, including to areas with minimal access to information.Responsive and inclusive public communication is critical to the success of incentive strategies.

The implementation of incentives in the payment of Land and Building Tax (PBB), such as the elimination of fines for delinquents, is a strategy that is not only administrative, but also serves as a form of recognition of the socio-economic situation of the community. In the context of the City of Medan, this policy can be seen as an effort to re-invite the participation of residents who have been absent or experiencing obstacles in paying taxes.Such incentives are able to rebuild relationships between communities and governments, especially in rural and suburban areas that have been under-involved or do not benefit directly from their tax contributions. (Nisa & Arif, 2022)

However, it is important to understand that incentives are not just about the removal of burdens, but also how local governments are able to package them as an invitation that prioritizes a persuasive approach. In the city of Medan, the success of this strategy depends on how far the community understands the urgency and benefits of the incentives provided.This means that if incentives are not communicated appropriately both through online media and personal approaches, the opportunity to increase community participation will remain low, especially in areas that are geographically difficult to reach. In practice, incentives can be combined with strengthening the capacity of public services. For example, when incentives are implemented, PBB payment services need to be expanded through mobile service cars or the provision of alternative payment points at sub-district and sub-district offices. This provides additional convenience, especially for people who do not have access to digital services or find it difficult to reach administrative centers. The easier it is for people to access payment facilities, the higher the likelihood that they will respond positively to incentive policies. (Akib et al., 2023)

Incentives can also be used to strengthen collective value in society. In the context of the Medan community, especially in the residential environment or religious community, incentives can be positioned as part of the appreciation for mutual contributions. For example, the village with the highest participation rate can be given symbolic appreciation, which in turn evokes a competitive spirit between regions. Strategies like this not only encourage individual participation, but also build a spirit of togetherness in supporting urban development.

People's behavior patterns are also greatly influenced by difficult access to services and exacerbated by the dependence on manual procedures that are still dominant in tax administration management. One example is the process of changing the name of SPPT which is considered quite complicated by the community. This procedure requires complete documents such as land certificates, ID cards, and inheritance or purchase and sale certificates, and takes a lot of time. In many cases, the community ends up letting the SPPT remain in the name of the previous owner, which then creates barriers in tax compliance.

These administrative problems not only hinder payments, but also have an impact on the accuracy of taxpayer data. When the SPPT is still in the name of the old owner, the awareness and motivation to pay decreases due to the lack of a sense of direct responsibility for the obligation. In addition, administrative procedures that are less user-friendly, especially for elderly residents or those who do not have digital access, further increase the inequality of fiscal participation between regions in the city of Medan (Yuliani, 2018). The Medan City Government has actually responded to some of these problems by presenting digital-based services such as e-SPPT and online payment portals. However, the level of digital literacy is uneven and the limitations of internet infrastructure in some areas make this service not fully effective. For residents in urban areas such as Medan Baru or Medan Petisah, this service is quite helpful. However, in rural or suburban areas, the use of online systems is not optimal because there are still many residents who are more comfortable with face-to-face services.

As a solution, mobile service cars have been launched by Bapenda to reach areas with limited access. This service is a pick-up and is expected to be able to bring services closer to the community. However, the frequency of visits and the reach of this service area are still limited, so it has not been able to answer the needs of all sub-districts equally. Support from RT/RW apparatus and community leaders is also needed to help convey information and help people who experience administrative problems. With a community approach, citizens can more easily understand the importance of the UN and how to overcome the obstacles they face. RT/RW can also function as the first complaint or consultation center before residents are directed to the village office or Bapenda (Nasution & Harahap, 2022).

It is also important to update taxpayer data regularly, involving cross-sector agencies such as the Population Office, Urban Villages, and BPN. This data synchronization can minimize mismatches between conditions in the field and tax databases. With valid and up-to-date data, the SPPT distribution process will be more targeted and accountable, thereby increasing the opportunity to increase public participation in paying PBB (Rahmadani & Zulkarnain, 2023).

Socio-Economic and Educational Factors Affecting Participation

The participation of the community in paying the Land and Building Tax (PBB) in the city of Medan cannot be separated from the influence of socio-economic conditions and the level of education owned by taxpayers. Differences in income, educational background, and social involvement in communities are key factors that determine the extent to which communities play an active role in meeting their fiscal obligations, both in urban and rural areas. One of the main factors that affect participation is income status. People with fixed incomes, such as civil servants or private employees, tend to have financial stability that allows them to plan for regular UN payments. In contrast, people with irregular incomes, such as day laborers or small traders, tend to delay or even avoid payments because their income is erratic. This is in line with the findings of Poeh (2022) who stated that the existence of a fixed income has a significant effect on a person's ability and willingness to participate in paying the UN on time. (Poeh, 2022)

In addition to income, education level is also an important factor that determines community participation. Taxpayers with secondary or higher education have a better understanding of the importance of taxes as a source of development financing. According to Puspitaningrum (2018), a person's level of education is closely related to the ability to understand fiscal policies and tax payment procedures, thus affecting their compliance. Education allows individuals to see tax obligations not just as a burden, but as a collective contribution to development.

Formal education alone is not enough. Tax knowledge also needs to be instilled through an educational approach outside of the formal route. Salmah (2018) emphasized that a high level of tax knowledge, although not always related to formal education, can still increase taxpayer participation. Therefore, counseling programs, group guidance, and community-based socialization are needed to target community groups with low levels of education.

Community leaders such as the head of the environment, the head of RT/RW, and religious leaders also have a strategic role in encouraging community participation in paying the United Nations. In communities with strong social networks, the existence of local figures as agents of information delivery has been proven to be able to increase collective awareness of tax obligations. Sari and Nugroho (2020) noted that citizen participation tends to increase when community leaders actively remind and provide understanding of the benefits of the United Nations for regional development. Communities that uphold the values of mutual cooperation and social responsibility usually have better participation rates. According to Yuliani (2018), a conducive social environment, where social norms and values support tax compliance, will create positive social pressures that motivate citizens to pay the UN on time. In urban areas, this phenomenon can be seen in residential communities that have internal information systems and citizens' discussion forums.

Challenges also arise from areas that have limited access to information and public services. In suburban or rural areas, many people do not know the deadline for UN payments or do not understand the administrative process that must be passed. This is exacerbated by the lack of information infrastructure and limited human resources at the village level.Hasibuan (2019) stated that low access to tax services is the main obstacle in increasing community participation in the suburbs. Efforts to encourage public participation in paying the UN must take into account their socioeconomic and educational backgrounds.A *top-down* approach will not be effective without understanding the needs, barriers, and people's views on taxes. Therefore, the government needs to design *a need-based policy* that is able to reach various levels of society.

In this context, the implementation of incentives such as the elimination of fines or payment deductions for vulnerable groups also needs to be reviewed. However, as stated by Rahmadani and Tanjung (2023), incentives will only be effective if they are accompanied by inclusive communication and distributed evenly to all regions, especially those that are difficult to reach. This confirms that responsive fiscal policy must be supported by a fair and measurable communication strategy.

The implementation of fiscal incentives in the form of the elimination of fines or payment deductions for vulnerable groups is certainly not only a matter of providing economic relief, but also touches on the psychological and social aspects of taxpayers. In the city of Medan, which consists of urban center and suburban areas with diverse socioeconomic characteristics, this policy can be a momentum to re-strengthen the mutual relationship between the government and the community. Incentives can be seen as a form of recognition of the challenges faced by the community in carrying out their tax obligations, especially for those who were previously in arrears not intentionally, but due to certain conditions. However, to make incentives an effective tool in increasing community participation, a more contextual and sensitive approach to local characteristics is needed. In the rural areas of Medan City, for example, the challenge lies not only in the ability to pay, but also in understanding the policies and technical procedures that accompany it. Therefore, the incentive approach must be accompanied by interpersonal communication that reaches the community directly, not solely through online media or formal announcements that do not touch the reality of the citizens as a whole. (Sagala & Dewi, 2023)

Community leaders and village officials have a strategic role as a connector of information between the government and residents. They are not only the mouthpiece of policy, but also the guardians of the credibility of information at the community level. When information about incentives is conveyed by trusted figures, citizen participation will tend to be more responsive. Therefore, it is important for the Medan City Government to not only design attractive incentives, but also design a collaborative and grounded communication ecosystem. Fiscal incentives should not be seen as a momentary solution, but as part of a long-term strategy to build citizens' fiscal awareness. Citizens who are used to getting clarity of information and feel involved in the policy process will have a sense of ownership of tax obligations. This sense of belonging will grow into a collective consciousness, where participation in paying the UN is no longer due to the encouragement of legal obligations alone, but as a voluntary contribution in supporting regional development. (Ningrum & Siregar, 2023)

It is also necessary to consider that the provision of incentives can be interpreted as a form of appreciation, not merely an intervention against delays.In certain cases, people delay payments not because they can't afford it, but because they feel unappreciated or don't see the direct impact of the taxes they pay. With incentives, the government can balance the legal approach with a more empathetic social approach, so that the community feels more respected as a partner in development. This strategy must still be framed in fiscal justice. Do not let incentives be considered as a justification for negligence in paying taxes, which ultimately arouses resistance from obedient taxpayers. For this reason, incentives must be accompanied by a strict and transparent evaluation mechanism, so that they can be administratively accountable and socially accepted. (Darmawan, 2023; Venus et al., 2024)

In the context of this study, the adjustment of incentive strategies based on fairness and inclusion is one of the key elements in encouraging equitable participation. In both urban and rural areas, the success of incentives depends on their ability to reach the community precisely, fairly, and with communication that is appropriate to the character of the region.Incentive policies that are prepared without a strong social approach will only become normative policies that lose their reach in society.

CONCLUSION

First, community participation in the payment of Rural and Urban PBB in the city of Medan shows complex social dynamics. Some residents actively pay as a form of contribution to development, while others are passive due to economic constraints, information, and a sense of injustice in the distribution of development results.

Second, the Medan City Government seeks to increase public participation not only through digitalization and administrative reform, but also through social approaches such as community education, community leader involvement, the use of social media, and mobile car services that reach remote areas as well as the elimination of late payment fines in certain periods.

Third, barriers to participation are multidimensional, including low fiscal literacy, unequal access to services, administrative complexity, and low public trust and low community economic factors. Therefore, a comprehensive approach is needed that combines regulatory improvements, technology, and strengthening inclusive and responsive public communication.

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