



Gen Z's Perception of Understanding Tax Compliance Behavior

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Abstract. This study aims to determine the factors that influence tax compliance among generation Z. The population in this study is Generation Z in Solo Raya, totaling 1.593.211 people. Data is collected through a closed questionnaire distributed to respondents, resulting 197 responses obtained using a purposive sampling technique. The novelty of this research lies in its focus on Generation Z in Solo Raya, which has high tax compliance characteristics, and in its use of SEM-PLS data analysis techniques with the SmartPLS 3.3.3 analysis tool. The results show that reference groups, tax knowledge, and social media have a significant positive effect on tax compliance. However, the digitalization of the tax system does not show a significant effect. The findings contribute to the development of more effective government policies in improving tax compliance among the younger generation through the optimization of social media and the enhancement of tax education.

Keywords: Digitalization of Tax System; Reference Group; Social Media; Tax Compliance; Tax Knowledge; Z Generation

1. INTRODUCTION

Taxes serve as a primary source of revenue for Indonesia's State Budget, contributing approximately 60%–70% of the total national income. This revenue is allocated to fund government expenditures and support national development (Halim, 2020). The state's financial capacity to fund development is directly correlated with the amount of tax revenue collected. The greater the tax revenue, the stronger the government's ability to finance national development, and vice versa (Susanti et al., 2020).

Over the past three years, tax revenue in Indonesia has shown a significant upward trend. According to data from the BPS-Statistics Indonesia, tax revenue reached IDR 1,547.8 trillion in 2021, increased to IDR 2,034.5 trillion in 2022, and further rose to IDR 2,118.3 trillion in 2023. This growth was driven by the stability of domestic economic performance and the success of the Directorate General of Taxes (DGT) in conducting oversight activities (Masitoh, 2024). One key component contributing to tax revenue is Income Tax, which in Indonesia is referred to as PPh. The following are the targets and actual realizations of Income Tax revenue from 2021 to 2023, which have consistently increased.

Table 1. Targets and Realizations of Income Tax (PPh) Revenue for 2021–2023 (in Trillions)

Year	Target (IDR)	Realization (IDR)	% Realization
2021	683,77	696,51	101,86
2022	813,68	998,22	122,68
2023	935,07	1.061,82	113,67

Source: (Ministry of Finance RI, 2022; 2023; 2024)

Although tax revenue has increased, significant challenges lie ahead, particularly regarding Income Tax (PPH) in the informal sector. According to the February 2024 National Labor Force Survey (which in Indonesia referred is SAKERNAS), 84,13 million people, equivalent to 59,17% of the total workforce, are employed in the informal sector. Workers in this sector are often difficult to tax due to the nature of their jobs, which are typically unregistered and involve irregular income. Additionally, many of these individuals are not yet integrated into the government's tax information system, leaving the potential tax revenue from this sector underutilized (Siswanto, 2024b).

Another challenge is the low level of tax compliance in the informal sector, particularly because Income Tax (PPH) Article 21 is not directly withheld by employers. In practice, the compliance rate for filing Tax Returns (which in Indonesia referred is SPT) among individual employee taxpayers is higher than that of non-employee individual taxpayers (Siswanto, 2024a). Therefore, by optimizing the potential revenue from Individual Income Tax in the informal sector, the government can significantly improve the tax ratio (Siswanto, 2024b).

The rise of the informal sector as a source of employment has also attracted members of Generation Z (CNN Indonesia, 2024). As the youngest cohort in the workforce, Generation Z is known for their strong technological skills and their emphasis on flexibility in work (Sakitri, 2021). With heightened awareness about taxation, Generation Z is believed to have the potential to become compliant taxpayers, thereby contributing significantly to tax revenue (Fahmi, 2023).

Tax revenue is generally closely linked to tax compliance (Broto, 2018). Tax compliance refers to the fulfillment of all tax obligations in accordance with the applicable laws (legislation) carried out voluntarily (Night & Bananuka, 2020). To finance public expenditures and development for the welfare of the people, achieving high tax compliance is a primary goal for the government. Therefore, among all the factors influencing tax revenue, tax compliance remains the most critical (Mukhlis & Simanjuntak, 2011).

Individuals within a taxpayer's environment, often referred to as reference groups, can influence their behavior (Kurnia & Khomsiyah, 2023). Studies by Ambarwati & Liyana (2020) and Kurnia & Khomsiyah (2023) indicate that reference groups have a significant positive impact on tax compliance. However, these findings differ from those of Hilmawan & Budi N (2023), which suggest that reference groups do not have a significant influence on tax compliance.

In addition to reference groups, technological advancements also influence taxpayer behavior. For instance, the digitalization of the taxation system is perceived as effective in

enhancing tax compliance due to its convenience and usability, particularly among younger generations like Generation Z (Kurnia & Khomsiyah, 2023). Several studies, including those by Rahman et al. (2023), Embriati et al. (2023), Kurnia & Khomsiyah (2023), and Heriana & Irawan (2024), have demonstrated a positive impact of digitalization on tax compliance. However, other research by Fitria & Badjuri (2023), Ristiyana et al. (2024), and Nugraha & Apollo (2024) suggests that tax compliance is not significantly influenced by the digitalization of the taxation system.

Tax knowledge also plays a crucial role in shaping taxpayers' behavior and their perception of obligations (Kurnia & Khomsiyah, 2023). Studies by Susanti et al. (2020), Himawan & Widyasari (2021), Triana et al. (2022), Rahman et al. (2023), Kurnia & Khomsiyah (2023), and Heriana & Irawan (2024) reveal that tax compliance is positively and significantly influenced by tax knowledge. In contrast, research by Sandria & Farina (2023) indicates that tax knowledge does not have a significant impact on tax compliance.

The utilization of social media has become increasingly important in efforts to enhance tax compliance, particularly as a means of disseminating tax-related information to younger generations, such as Generation Z (Kurnia & Khomsiyah, 2023). Studies by Putri et al. (2023) and Kurnia & Khomsiyah (2023) demonstrate a positive influence of social media on tax compliance. However, contrasting findings from Bakar et al. (2023) suggest that social media negatively affects tax compliance.

The high level of internet access in Solo Raya, which has become a necessity from urban areas to rural outskirts, creates significant opportunities for disseminating tax information among Generation Z. This makes Solo Raya a highly relevant research location, as the BPS-Statistics Central Java reported in 2022 that nearly 50% of residents aged five and older in this region access the internet. With Generation Z accounting for 23.8% of the population, approximately 1,593,211 people, this demographic represents the largest group in the area. Moreover, Solo Raya exhibits a relatively high tax compliance rate, even exceeding 100% (Wasita, 2021). These factors position Solo Raya as a strategic location for understanding tax compliance behavior among Generation Z, given its significant potential to support future tax revenue.

Based on the explanation above, this study aims to analyze the influence of reference groups, digitalization of tax system, tax knowledge, and social media on tax compliance, based on the perceptions of Generation Z. This generation, which has grown up in a digital era with extensive access to diverse information sources, is expected to contribute to national progress by enhancing their awareness and understanding of taxation. The novelty of this research lies

in its focus on Generation Z within the Solo Raya region. Additionally, this study differs from similar research as it employs a distinct analytical tool: Structural Equation Modeling – Partial Least Squares (SEM-PLS). Data analysis is conducted using Smart-PLS version 3.3.3.

2. LITERATURE REVIEW

Attribution Theory

Attribution theory, developed by Fritz Heider in 1958, examines the processes through which individuals interpret events, as well as the reasons and causes behind behaviors. According to this theory, human behavior is determined by a combination of internal forces (factors originating within an individual) and external forces (factors originating from external sources) (Heider, 1958). In this study, attribution theory is used to explain the factors influencing tax compliance, where reference groups, the digitalization of tax systems, and social media are considered external factors, while tax knowledge is regarded as an internal factor.

Individuals tend to adopt the behavior of reference groups they consider significant, such as friends and family, which shape their views on tax obligations through social norms (Ambarwati & Liyana, 2020). According to Kurnia & Khomsiyah (2023), the convenience and usability of tax system digitalization assist in fulfilling tax obligations, which is expected to enhance tax compliance. Additionally, having an adequate understanding of tax obligations and regulations fosters a sense of responsibility, making individuals more likely to comply (Rahman et al., 2023). Social media also plays a crucial role in disseminating information and norms related to taxation, influencing taxpayers' perceptions of their obligations (Putri et al., 2023).

Tax Compliance

Tax compliance refers to the fulfillment of all tax obligations in accordance with the established laws, performed both fully and voluntarily (Night & Bananuka, 2020). Tax compliance plays a vital role in increasing state revenue, which is then allocated to fund various development sectors. When both taxpayers and tax authorities (fiscus) comply, tax revenue can be optimized, supporting greater budget allocation for public welfare. On the other hand, non-compliance by taxpayers can reduce tax revenue and hinder national development (Susanti et al., 2020). Therefore, it is crucial to raise awareness that taxes are a societal contribution for the collective good. According to Suhendri (2015), the indicators of tax compliance include taxpayer registration, tax calculation, tax payment, submission of tax returns (SPT), and proper bookkeeping.

Reference Groups and Tax Compliance

Attribution theory explains that individual behavior, including tax compliance, is influenced by how individuals interpret external factors in their environment, such as reference groups. Reference groups consist of individuals within the taxpayer's social circle who can shape their attitudes and decisions regarding tax compliance (Ambarwati & Liyana, 2020). Previous studies support this perspective. Research by Ambarwati & Liyana (2020) and Kurnia & Khomsiyah (2023) demonstrates that reference groups have a significant positive impact on tax compliance. In this context, if Generation Z is surrounded by friends, family, or colleagues who encourage and support them to become compliant taxpayers, they are more likely to adhere to their tax obligations. According to Kurnia & Khomsiyah (2023), indicators of the reference group variable include providing advice and motivation for personal growth.

H1: Reference groups have a significant positive influence on tax compliance.

Tax System Digitalization and Tax Compliance

Attribution theory suggests that individual behavior, including tax compliance, is influenced by external factors, one of which is the digitalization of tax systems. Tax system digitalization refers to a reform initiative by the Directorate General of Taxes (DJP) aimed at transforming tax administration into a fully digital system (Ristiyana et al., 2024). Studies by Rahman et al. (2023), Embriati et al. (2023), Kurnia & Khomsiyah (2023), and Heriana & Irawan (2024) highlight a significant positive impact of tax system digitalization on tax compliance. In this context, if the digitalization of tax systems offers greater convenience and utility for Generation Z, it can foster their tax compliance behavior. According to Kurnia & Khomsiyah (2023), the indicators for the digitalization variable include user-friendliness, sustained use of the system, streamlined processes, and improved productivity.

H2: The digitalization of tax systems has a significant positive influence on tax compliance.

Tax Knowledge and Tax Compliance

Attribution theory explains that individual decisions are influenced by internal factors, such as their knowledge of taxation. According to Mardiasmo (2016), tax knowledge refers to the understanding and comprehension of tax laws, both formal and substantive. Research by Susanti et al. (2020), Himawan & Widyasari (2021), Triana et al. (2022), Rahman et al. (2023), Kurnia & Khomsiyah (2023), and Heriana & Irawan (2024) shows a significant positive impact of tax knowledge on tax compliance. In this context, if Generation Z possesses a good understanding of taxation, it can increase their likelihood of becoming compliant taxpayers. According to Suhendri (2015), indicators of the tax knowledge variable include knowledge of tax regulations, the calculation of tax liabilities, and the completion of tax returns (SPT).

H3: Tax knowledge has a significant positive influence on tax compliance.

Social Media and Tax Compliance

Attribution theory explains that individual behavior, including tax compliance, is influenced by external factors, such as information received through social media. According to Darmian L. (2021), social media is an online media technology based on the web, which, through its use, enables prospective taxpayers to understand the general provisions of tax payment and reporting, as well as helps taxpayers comprehend the intent behind the tax services provided by the Directorate General of Taxes (DJP). Research by Putri et al. (2023) and Kurnia & Khomsiyah (2023) shows that social media has a significant positive impact on tax compliance. In this context, if Generation Z receives tax-related information through official DJP social media channels, it can influence their perceptions and compliance behavior regarding taxes. According to Kurnia & Khomsiyah (2023) indicators for the social media variable include following news and updates via social media, government/DJP issues affecting taxpayers, and using social media for updates on tax-related information.

H4: Social media has a significant positive influence on tax compliance.

The following figure illustrates the idea of the research framework based on the literature review and the formulation of hypotheses.

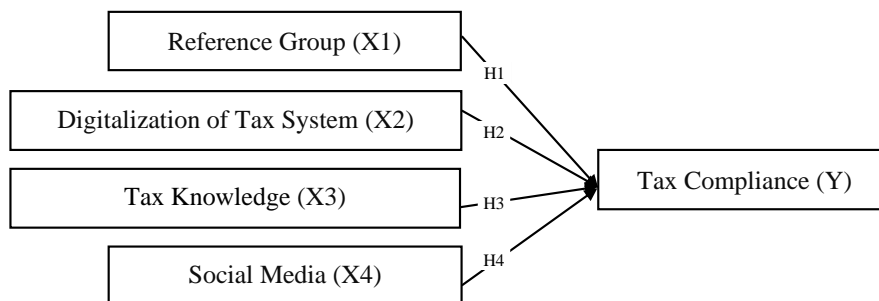


Figure 1. Research Framework

3. METHODS

This study employs a descriptive quantitative method with primary data. The dependent variable in this study is tax compliance, while the independent variables include reference groups, tax system digitalization, tax knowledge, and social media. The total population in this study is 1,593,211 individuals, who are members of Generation Z in the Solo Raya region (Sensus Badan Pusat Statistik, 2020). A purposive sampling technique is used in this study, based on specific criteria (Sugiyono, 2022). Among the respondent criteria for Generation Z are individuals born between 1997 and 2006 and residing in the Solo Raya region.

A closed-ended questionnaire was used as the data collection technique, employing a Likert scale of 1-4 to ensure more accurate data by eliminating undecided or uncertain responses (Hadi, 1991). The minimum sample size for this study is 100, calculated using the Yamane formula, as the population size is known (Sugiyono, 2022). A 10% error margin was applied, given the descriptive nature of this study (Rahim et al., 2021). SEM-PLS was used as the data analysis technique, using SmartPLS software version 3.3.3. Below is the calculation for the minimum sample size, using the Yamane formula:

$$n = \frac{N}{1 + N(e)^2} = \frac{1.593.211}{1 + 1.593.211(0,1)^2} = \frac{1.593.211}{15.932,11} = 100$$

Explanation:

n is the required sample size, N is the total population (1,593,211), and e is the margin of error, which is set at 10% for this study.

4. RESULTS

Respondent Profile Description

Table 2. Respondent Profile

Description	Category	Number	Percentage (%)
Gender	Male	87	44,16%
	Female	110	55,84%
Age Group	18 - 22 Years	123	62%
	23 - 27 Years	74	38%
Education	High School or Equivalent	125	63%
	Diploma	14	7%
	Bachelor's Degree (S1)	56	28%
	Master's Degree (S2)	2	1%
Occupation	Civil Servant	5	3%
	Teacher	3	2%
	Honorary	5	3%
	Private Sector Employee	63	32%
	Student	105	53%
	Paralegal	1	1%
	Entrepreneur	13	7%
Agama	POLRI	2	1%
	Islam	195	99%
	Christian	1	1%
Domisili	Catholic	1	1%
	Boyolali District	17	9%
	Karanganyar District	19	10%
	Klaten District	107	54%
	Sukoharjo District	26	13%

	Sragen District	10	5%
	Wonogiri District	2	1%
	Surakarta City	16	8%
Taxpayer ID (NPWP)	Has NPWP	68	35%
	No NPWP	129	65%

The questionnaire distributed received 210 responses, but 197 respondents from the Solo Raya region met the criteria. The majority of the respondents were female (55,84%), aged between 18 and 22 years (62%), and had a high school education or equivalent (63%). Fifty-three percent were students, while 32% were employed in the private sector, reflecting a predominance of individuals still in education or at the beginning of their professional careers. Nearly all respondents (99%) identified as Muslim, with 54% residing in Klaten. In terms of Taxpayer Identification Number (NPWP) ownership, 65% of respondents did not possess one, which may influence their understanding of tax compliance. This profile reflects demographic characteristics that are relevant for understanding Gen Z's perceptions of tax compliance.

Evaluation of the Outer Model

Table 3. Convergent Validity Test

Construct	Item	Outer Loadings	AVE
Reference Group	RG.1	0,682	0,564
	RG.2	0,822	
	RG.3	0,743	
Digitalization of Tax System	DTS.1	0,859	0,718
	DTS.2	0,867	
	DTS.3	0,847	
	DTS.4	0,816	
Tax Knowledge	TK.1	0,775	0,662
	TK.2	0,827	
	TK.3	0,839	
	TK.4	0,801	
	TK.5	0,822	
Social Media	SM.1	0,834	0,710
	SM.2	0,868	
	SM.3	0,907	
	SM.4	0,756	
Tax Compliance	TC.1	0,695	0,524
	TC.2	0,626	
	TC.3	0,820	
	TC.4	0,755	
	TC.5	0,741	
	TC.6	0,660	
	TC.7	0,805	
	TC.8	0,718	
	TC.9	0,672	

Based on Table 3, convergent validity is assessed using two parameters. First, the outer loadings value for a construct is considered valid in explanatory research if it is greater than 0,60. Second, the Average Variance Extracted (AVE) value is valid if it exceeds 0.50 (Duryadi, 2021). The results of this test meet the established criteria, thus each indicator in this study can be concluded as valid and acceptable.

Table 4. Discriminant Validity Test

	DTS	RG	TC	SM	TK
DTS	0,847				
RG	0,422	0,751			
TC	0,545	0,588	0,724		
SM	0,633	0,464	0,624	0,843	
TK	0,711	0,513	0,701	0,721	0,813

Based on Table 4, the discriminant validity of this study was tested using the Fornell-Larcker Criterion. Validity is considered met if the square root of the AVE is greater than the correlation between the constructs in the model (Duryadi, 2021). The test results show a value of 0,751 for the reference group variable, 0,847 for the digitalization of the tax system variable, 0,813 for the tax knowledge variable, 0,843 for the social media variable, and 0,724 for the tax compliance variable. These values indicate that each variable has met the validity criteria.

Table 5. Reliability Test

	Cronbach's Alpha	Composite Reliability
Digitalization of Tax System	0,869	0,911
Reference Group	0,609	0,794
Tax Compliance	0,885	0,908
Social Media	0,862	0,907
Tax Knowledge	0,872	0,907

Based on Table 5, Cronbach's alpha and composite reliability were used as parameters in the reliability test. The values of Cronbach's alpha and composite reliability, based on the test results for each variable, have met the criteria set for explanatory research, which require both values to be greater than 0,60 (Duryadi, 2021). Therefore, each variable in this study can be considered reliable.

Evaluation of Inner Model

Table 6. R-Square (Coefficient of Determination)

	R Square	Adjusted R Square
Tax Compliance	0,579	0,571

R-Square, or the coefficient of determination, in this study is used to assess the extent of the influence of the independent variables on the dependent variable (Duryadi, 2021). The R-Square value of 0,579 means that 57,9% of tax compliance is influenced by reference group, digitalization of the tax system, tax knowledge, and social media. The remaining 42,1% is influenced by other factors that have not been included in this study's model.

Table 7. Hypothesis Testing

Hypothesis	Path IV>DV	STDEV	T Statistic	P Values	Result
H1	KA -> KP	0,072	3,933	0,000	Supported
H2	DSP -> KP	0,096	0,173	0,863	Rejected
H3	PP -> KP	0,079	5,162	0,000	Supported
H4	MS -> KP	0,091	2,048	0,041	Supported

In hypothesis testing, the T-Statistic and P-Values are used to determine the significance of the relationship between variables. A 5% significance level for the T-Statistic is used in this study, meaning that if the T-Statistic value is greater than 1,96, the hypothesis can be accepted, and vice versa. Additionally, the acceptance or rejection of the hypothesis is determined based on the P-Values: if the value is less than 0,05, the hypothesis is accepted, and if it is greater, the hypothesis is rejected.

5. DISCUSSION

The Influence of Reference Groups on Tax Compliance

Based on the results of the first hypothesis test (H1), it shows that there is a significant positive effect of reference groups on tax compliance, as evidenced by a T-Statistic value greater than 1,96, specifically 3,933, and a significant P-Value of less than 0,05, which is 0,000. Therefore, the formulation of H1 in this study is accepted. This finding suggests that tax compliance behavior among Generation Z tends to increase due to the influence of reference groups, such as family and friends. Generation Z typically consults with their peers or family members regarding tax-related information and tends to register for a taxpayer identification number (NPWP) once those close to them have already done so.

The findings of this study provide evidence supporting attribution theory, indicating that tax compliance behavior is influenced by reference groups as an external factor with a positive effect. This aligns with the research conducted by Ambarwati & Liyana (2020) and Kurnia & Khomsiyah (2023), which suggests that taxpayers tend to mirror the actions of their family and friends (Ambarwati & Liyana, 2020). Additionally, according to Kurnia & Khomsiyah (2023), individuals within a taxpayer's social circle can encourage tax compliance

behavior. Thus, if those around the taxpayer demonstrate adherence to tax obligations, Generation Z is likely to follow suit in fulfilling their own tax responsibilities.

The Impact of Digitalization of the Tax System on Tax Compliance

Based on the results of the second hypothesis test (H2), the findings indicate no significant effect of tax system digitalization on tax compliance, as evidenced by a T-Statistic value of less than 1,96 specifically 0,173 and a significant P-Value greater than 0,05 specifically 0,863. Therefore, the formulation of H2 in this study is rejected. Although technology has been implemented to support tax services, it has not yet become an effective factor in encouraging tax compliance among Generation Z. This result may be influenced by the fact that 129 respondents do not possess a Taxpayer Identification Number (NPWP). Administrative difficulties, lack of understanding, or insufficient dissemination of information regarding the NPWP registration process—despite its availability online—are key barriers preventing Generation Z from actively participating in their tax obligations. Therefore, additional efforts from the government are needed, such as more intensive tax education, awareness campaigns through social media, and simplifying the NPWP registration process to make it more accessible and understandable for Generation Z. With these measures, the implementation of tax system digitalization is expected to become more effective in improving tax compliance in the future.

The findings of this study do not support attribution theory, which states that the digitalization of the tax system, as an external factor, should influence tax compliance. These results differ from the analyses conducted by Rahman et al. (2023), Embriati et al. (2023), Kurnia & Khomsiyah (2023), and Heriana & Irawan (2024), which showed a significant positive effect of the digitalization of the tax system on tax compliance. However, the findings of this study align with research by Ristiyana et al. (2024), Fitria & Badjuri (2023), and Nugraha & Apollo (2024), which found no impact of digitalization on tax compliance. Ristiyana et al. (2024) explain that many taxpayers still do not utilize digital systems due to frequent errors, making it difficult for taxpayers to adopt and apply them effectively.

On the other hand, although the results indicate that digitalization has not yet had a significant impact on tax compliance, there are other factors to consider in the government's implementation of technology, particularly in terms of digital system security. Recently, there were reports of an alleged data breach involving 6 million NPWP (Taxpayer Identification Number) records (Fadila, 2024), highlighting challenges in maintaining taxpayer trust in the digital system. The government must focus on data security and the development of information technology infrastructure within the Directorate General of Taxes to prevent data

breaches (Rosyid et al., 2024). Therefore, with improved quality of digital tax services, it is hoped that public trust in the government will increase, contributing to better tax compliance behavior in the future.

The Impact of Tax Knowledge on Tax Compliance

Based on the results of the third hypothesis test (H3), it shows a significant positive effect of tax knowledge on tax compliance, as evidenced by a T-Statistic value greater than 1,96, specifically 5,162, and a significant P-Value less than 0,05, which is 0,000. Therefore, the formulation of H3 in this study is accepted. This means that increased tax compliance is influenced by the extent of tax knowledge possessed by Generation Z. Generation Z individuals with a good understanding of tax rules and procedures for calculating taxes are more likely to comply with their obligations, as they understand the importance of tax contributions to national development. This knowledge also encourages greater responsibility in accurately reporting and paying taxes. Additionally, awareness of potential penalties for non-compliance serves as an added motivation for Generation Z to meet their obligations on time.

The findings of this study provide evidence supporting attribution theory, which suggests that tax knowledge, as an internal factor, positively influences tax compliance behavior. This finding is consistent with research by Susanti et al. (2020), Himawan & Widyasari (2021), Triana et al. (2022), Rahman et al. (2023), Kurnia & Khomsiyah (2023), and Heriana & Irawan (2024), which show that tax compliance is influenced by tax knowledge, serving as a foundation for actions, decision-making, and guidelines for fulfilling tax rights and obligations (Triana et al., 2022). Without tax knowledge, fulfilling tax obligations becomes challenging (Rahman et al., 2023), as the level of knowledge can affect perceptions and tax compliance behavior (Kurnia & Khomsiyah, 2023). Therefore, the broader the tax knowledge possessed by Generation Z, the more likely they are to be compliant taxpayers. These findings emphasize the importance of education and the dissemination of tax information to the younger generation, as adequate understanding of taxation can enhance their compliance.

The Impact of Social Media on Tax Compliance

Based on the results of the fourth hypothesis test (H4), it shows a significant positive effect of social media on tax compliance, as evidenced by a T-Statistic value greater than 1,96, specifically 2,048, and a significant P-Value less than 0,05, which is 0,041. Therefore, the formulation of H4 in this study is accepted. The implication of this finding is that tax information provided through the official social media accounts of the Directorate General of Taxes (DJP) can enhance knowledge and assist Generation Z in fulfilling their tax obligations. Generation Z individuals who actively follow tax-related information on social media tend to

be more compliant with their tax responsibilities. Platforms such as Instagram, Twitter, or LinkedIn, managed by the DJP, play a key role in improving Generation Z's understanding of tax rules, procedures, and the importance of tax compliance. Through social media, Generation Z can easily access the latest updates on tax regulations and guides that simplify the reporting and payment of taxes. Furthermore, viral messages or tax-related issues can create a collective awareness that motivates them to be compliant taxpayers.

The findings of this study provide evidence supporting attribution theory, showing that social media, as an external factor, can positively influence tax compliance behavior. This aligns with the research conducted by Putri et al. (2023), which suggests that persuasive messages or information shared on social media can affect taxpayers' attitudes toward fulfilling their tax obligations. Additionally, social media plays a crucial role in providing the public with information about the ease of tax payment, which can be accessed via smartphones (Kurnia & Khomsiyah, 2023). Therefore, social media is an important tool for education and information, serving as an effective platform to raise tax awareness among Generation Z.

6. CONCLUSION

After analyzing the data, the results indicate that external factors, namely reference groups and social media, as well as the internal factor of tax knowledge, have a positive and significant influence on tax compliance among Generation Z in the Solo Raya region. This suggests that social environmental influences, levels of tax knowledge, and information accessed via social media can enhance their tax compliance. However, the digitalization of the tax system, as an external factor, does not show a significant effect on tax compliance. These findings highlight the need for the government to continue enhancing tax education, particularly through social media, while also evaluating and improving the quality of digital services, especially in terms of data security.

LIMITATION

The limitations of this study include its restricted geographical scope, as it only covers the Solo Raya region, making the results potentially unrepresentative of other areas. Additionally, the study focuses exclusively on Generation Z aged 18 and older, thereby excluding perspectives from other generational cohorts. The independent variables examined are also limited to reference groups, tax system digitalization, tax knowledge, and social media.

Future researchers are encouraged to conduct studies in other regions to evaluate the consistency of these findings, which could provide a more comprehensive understanding of

Generation Z's perceptions of tax compliance in Indonesia. Subsequent studies are also recommended to include other generations, such as Generation Y, as this could offer valuable insights into tax compliance behavior across different age groups. Additionally, incorporating independent variables such as trust in government may be beneficial, considering that this factor could significantly influence tax compliance behavior, particularly in the context of current issues.

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