ANALYSIS OF PTKP POLICY AND TAX RATES ON PPH 21 WITH REGULATORY LITERACY AS MODERATION

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Abstract

Taxpayer compliance is a crucial factor in optimizing state revenue and ensuring the sustainability of fiscal policy. This study aims to analyze the influence of Non-Taxable Income (PTKP), tax rates, and regulatory literacy on individual taxpayer compliance, as well as to examine the moderating role of regulatory literacy in the relationship between fiscal policy and compliance. A quantitative research approach was employed using survey data collected from individual taxpayers in selected regions. The data were analyzed using regression and moderated regression analysis to assess both direct and interaction effects among the variables. The findings indicate that PTKP, tax rates, and regulatory literacy have a positive and significant effect on individual taxpayer compliance. Furthermore, regulatory literacy was found to strengthen the relationship between PTKP policy and taxpayer compliance; however, it does not moderate the effect of tax rates on compliance. These results suggest that proportional fiscal policies, reasonable tax rates, and a strong understanding of tax regulations play a vital role in encouraging voluntary tax compliance. From an Islamic economic perspective, fiscal policies that emphasize fairness, transparency, and maslahah are consistent with the principles of al-'adl and amanah, positioning tax compliance not only as an administrative obligation but also as a moral responsibility. Accordingly, this study recommends strengthening regulatory literacy as a strategic and sustainable approach to enhancing taxpayer compliance.

Keywords: Non-Taxable Income (PTKP), Tax Rates, Regulatory Literacy, Taxpayer Compliance, Islamic Economics

INTRODUCTION

The role of taxation has become increasingly vital in the modern economic system, particularly as a primary source of state revenue to support sustainable national development. In an era marked by fiscal pressure and rising public expenditure, governments are required to design tax policies that are not only effective in revenue collection but also equitable and socially acceptable. However, achieving optimal taxpayer compliance remains a persistent challenge, especially in developing economies where structural and behavioral factors intersect. In Indonesia, despite continuous tax reforms, compliance levels have not yet reached their potential, particularly in the context of Income Tax (PPh) Article 21.

In response to these challenges, the Indonesian government enacted the Tax Regulation Harmonization Law (UU HPP) as a comprehensive effort to reform the national tax system. This regulation aims to improve efficiency, fairness, and legal certainty while strengthening the tax base. Nevertheless, empirical evidence indicates that the increase in public understanding of taxation has not been fully aligned with fiscal outcomes, as reflected in the persistent revenue gap in PPh Article 21 collections (Harjanti & Alfiani, 2023). This condition suggests that policy adjustments alone may be insufficient without considering broader socioeconomic and behavioral dimensions.

From a normative perspective, taxation within Islamic economic thought is recognized as a legitimate fiscal instrument when implemented to serve the public interest and uphold principles of justice. Taxes (dharibah) are considered an additional obligation beyond zakat when state resources are necessary to achieve collective welfare. Consequently, fiscal policies must be designed to reflect fairness ('adl) and public benefit (maslahah), particularly by avoiding excessive burdens on vulnerable income groups. This perspective emphasizes that tax policy effectiveness should be evaluated not only from a revenue standpoint but also from its social and ethical implications (Fatarib, 2019).

One of the key policy instruments within the PPh Article 21 framework is the Non-Taxable Income (PTKP), which functions as a mechanism to protect low-income individuals from disproportionate tax burdens. Ideally, PTKP should be responsive to economic dynamics such as inflation and the rising cost of living. However, the current PTKP threshold in Indonesia is often perceived as insufficient to accommodate these changes, particularly in urban areas. This mismatch has implications for household welfare and may weaken perceptions of fiscal justice, thereby reducing voluntary tax compliance.

In addition to PTKP, the implementation of progressive tax rates under PPh Article 21 has generated ongoing debate regarding fairness and economic burden distribution. Progressive taxation is normatively intended to achieve vertical equity by imposing higher tax rates on individuals with greater ability to pay. Nevertheless, perceptions of unfairness in tax rate structures may lead to resistance, dissatisfaction, and even tax avoidance behavior. Previous studies indicate that taxpayer compliance is significantly influenced by perceptions of tax fairness, suggesting that public acceptance plays a crucial role in determining the effectiveness of fiscal policy (Anggadini, 2022).

Beyond policy design, individual understanding of tax regulations—commonly referred to as regulatory literacy, has emerged as a critical factor influencing taxpayer behavior. Regulatory literacy enables taxpayers to accurately comprehend their rights, obligations, and the rationale behind tax policies. Research has shown that higher levels of tax education and regulatory understanding are associated with improved compliance

behavior (Kurniawan, 2020); (Yasa & Astawa, 2020). Moreover, from an Islamic ethical perspective, adherence to state regulations aimed at public welfare constitutes a form of obedience to ulil amri, provided such regulations do not contradict Islamic principles. This highlights the moral dimension of tax compliance, where understanding and fairness intersect.

Despite the growing body of literature on taxpayer compliance, previous studies have predominantly focused on behavioral, psychological, or economic determinants without explicitly examining the moderating role of regulatory literacy in the relationship between fiscal policy instruments and compliance outcomes. In particular, limited attention has been given to how regulatory literacy may influence the effectiveness of PTKP policies and progressive PPh Article 21 rates in shaping individual taxpayer compliance. This gap indicates the need for further empirical investigation to better understand the interaction between tax policy design and taxpayer knowledge.

Accordingly, this study aims to analyze the influence of the Non-Taxable Income (PTKP) policy and progressive PPh Article 21 rates on individual taxpayer compliance in Indonesia, with regulatory literacy positioned as a moderating variable. This research is expected to contribute theoretically to the development of fiscal policy and behavioral taxation studies, while practically providing insights for policymakers in designing fairer, more effective, and socially responsive tax regulations in line with both economic and ethical principles.

REVIEW OF LITERATURE

Studies on taxpayer compliance have increasingly emphasized the role of literacy and fiscal policy instruments in shaping individual compliance behavior. In the context of income taxation, previous research highlights that taxpayer understanding, regulatory clarity, and policy fairness are essential factors influencing compliance, particularly for individual taxpayers subject to Income Tax Article 21. Alongside structural fiscal instruments such as tax rates and Non-Taxable Income (PTKP), regulatory literacy has emerged as a key determinant that mediates how taxpayers perceive and respond to tax obligations.

Early empirical studies primarily focused on tax literacy as an antecedent of compliance. Susanti and Maulana (2021) examined the determinants of personal income tax literacy and found that education and income levels significantly influence tax literacy, which in turn enhances taxpayer compliance. However, their study did not incorporate fiscal policy variables such as PTKP and PPh Article 21 tax rates, nor did it consider regulatory literacy as a moderating factor. Similarly, Indrawati (2023) demonstrated that higher levels of tax literacy significantly improve compliance with PPh Article 21 obligations, yet the study did not address the role of fiscal policy instruments or the interaction between literacy and regulatory understanding.

Subsequent research has expanded the scope of literacy by incorporating digital and financial dimensions. Salsabila and Nugroho (2024) found that financial, tax, and digital literacy positively influence investment intentions among students. Although their findings confirm the broader relevance of literacy, the study focused on a student population rather than individual taxpayers and did not establish a direct linkage between tax literacy and PPh Article 21 compliance. Collectively, these studies reveal a research gap concerning the

interaction between fiscal policy instruments and regulatory literacy in explaining individual taxpayer compliance.

From a theoretical perspective, the Theory of Planned Behavior (TPB) proposed by Ajzen (1991) provides a comprehensive framework for understanding taxpayer compliance behavior. TPB posits that behavioral intention is shaped by attitudes, subjective norms, and perceived behavioral control. In taxation studies, this framework is used to explain how perceptions of fiscal policy, social pressure, and regulatory understanding influence compliance intentions. Empirical evidence from (Yasa & Astawa, 2020) and (Anggadini, 2022) supports the relevance of TPB in the taxation context, demonstrating that social norms, fiscal perceptions, and regulatory understanding significantly affect taxpayer attitudes and compliance behavior.

In addition to behavioral theory, tax compliance can also be examined through the lens of Islamic economics. Taxes (dharibah) are considered permissible instruments as long as their implementation aligns with public interest, distributive justice, and does not impose excessive burdens on society. Islamic fiscal principles emphasize al-'adl (justice), amanah (trustworthiness), and maslahah (public welfare) as foundational values. Research by (Batubara & Saragih, 2024) and (Ahmad, 2023) underscores that transparency, accountability, and ethical governance are essential for aligning tax policy with Sharia principles. Within this perspective, taxpayer compliance is viewed not merely as a legal obligation but also as a moral responsibility.

One of the key fiscal instruments influencing compliance is the Non-Taxable Income (PTKP) policy. PTKP is designed to ensure fairness by adjusting the tax burden according to taxpayers' economic capacity. (Nistiana & Primastiwi, 2022) found that increases in the PTKP threshold enhance purchasing power and affect income tax revenue, while (Sulastiningsih & Riauwanto, 2023) showed that changes in PTKP and tax rates directly influence taxpayer compliance. These findings indicate that PTKP policy effectiveness is closely linked to taxpayers' understanding of tax regulations. In line with this, Inna Zahara and Damara (2025) emphasized that PTKP policy must be accompanied by adequate regulatory understanding to prevent distortions in compliance behavior.

Tax rates also play a strategic role in shaping taxpayer compliance. Desi et al. (2024) argued that proportional and transparent tax rate adjustments can increase compliance and expand the tax base. Conversely, (Ma'rufah, 2023) noted that excessively high tax rates may reduce compliance motivation if not supported by adequate tax literacy. These studies suggest that the effectiveness of tax rates as a policy instrument depends on the alignment between rate structures, regulatory clarity, and taxpayer understanding.

The implementation of Income Tax Article 21 policy further reflects the importance of administrative efficiency and taxpayer literacy. Saputra et al. (2025) found that improvements in tax administration systems and digital reporting significantly enhance compliance in PPh Article 21 implementation. This is supported by (Zebua & Putra, 2025), who showed that tax software such as CoreTax improves productivity and reduces reporting errors. Additionally, (Nistiana & Primastiwi, 2022) emphasized that strong tax literacy reinforces the effectiveness of PPh Article 21 implementation. These findings indicate that successful policy implementation depends not only on fiscal parameters but also on taxpayers' understanding of tax processes and technology.

Regulatory literacy has increasingly been recognized as a moderating variable that strengthens the relationship between fiscal policy and taxpayer compliance. (Ma'rufah, 2023) demonstrated that regulatory literacy significantly enhances the relationship between tax knowledge and compliance. Similarly, (Zebua & Putra, 2025) confirmed that tax literacy optimizes the effectiveness of tax policies in digitalized systems. Inna Zahara and Damara (2025) further found that regulatory literacy improves fiscal policy effectiveness by enabling taxpayers to better understand regulatory changes. Studies by (Kumanireng & Bayu Utomo, 2023) also indicate that digital and financial literacy contribute to overall tax literacy, ultimately improving compliance among individuals and micro-businesses.

Based on the synthesis of previous studies and theoretical foundations, it can be concluded that taxpayer compliance is influenced by a combination of fiscal policy instruments, namely PTKP and tax rates and regulatory literacy. Regulatory literacy plays a crucial role in strengthening the effectiveness of fiscal policies and shaping compliance behavior. These relationships form the basis for the development of the research framework and hypothesis testing in this study.

RESEARCH METHOD

This study employs a quantitative approach with an associative research design to examine the effect of fiscal policies on individual taxpayer compliance, while controlling for tax regulatory literacy as a moderating variable. The quantitative approach is chosen because it enables objective measurement and statistical testing of relationships among variables using numerical data.

The population of this study consists of Indonesian individual taxpayers who are subject to Income Tax Article 21 withholding. The object of the research focuses on individual taxpayers who have fulfilled formal tax requirements, including ownership of a valid Taxpayer Identification Number (NPWP), submission of Annual Tax Returns (SPT), and receipt of a fixed income. Based on these criteria, a total of 153 respondents were included in the study.

The sampling technique used is purposive sampling, as this method allows the selection of respondents who meet specific criteria relevant to the research objectives. This technique ensures that the data collected accurately reflects the characteristics of taxpayers affected by Income Tax Article 21 policies and regulatory literacy.

Primary data were collected using a structured questionnaire distributed to respondents. The questionnaire was designed using a five-point Likert scale to measure respondents' perceptions of Non-Taxable Income (PTKP) policy, tax rates, regulatory literacy, and taxpayer compliance. Prior to data collection, the instrument underwent validity and reliability testing to ensure the accuracy and consistency of the measurements. Instrument validity was assessed to confirm that each indicator appropriately measured its respective construct, while reliability testing ensured internal consistency across items.

The data collection process was conducted within a defined research period, during which respondents completed the questionnaire under controlled conditions. The variables examined in this study include Non-Taxable Income (PTKP) and tax rates as independent variables, taxpayer compliance as the dependent variable, and tax regulatory literacy as a moderating variable.

Data analysis was carried out using Moderated Regression Analysis (MRA) to test both the direct effects of the independent variables and the moderating role of regulatory literacy. Prior to regression analysis, classical assumption tests were conducted, including normality, multicollinearity, and heteroscedasticity tests, to ensure the suitability of the regression model.

Hypothesis testing was performed using t-tests to evaluate the partial effects of each independent variable on taxpayer compliance, while the coefficient of determination (R^2) was used to assess the explanatory power of the model. All statistical analyses were processed using SPSS version 25.

The interpretation of the results emphasizes both statistical significance and practical implications, particularly in understanding how fiscal policy and regulatory literacy interact to influence taxpayer compliance. The analytical model used in this study is formulated as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z + \beta_4(X_1 \times Z) + \beta_5(X_2 \times Z) + \varepsilon$$

Where:

Y = Taxpayer Compliance
X_1 = Non-Taxable Tax Policy
X_2 = Tax Rate
Z = Tax Regulatory Literacy (moderator)
($X_1 \times Z$) = moderating effect between Non-Taxable Tax and regulatory literacy
($X_2 \times Z$) = moderating effect between tax rate and regulatory literacy
β_1–β_5 = regression coefficient
α = constant (intercept)
ε = error (residual)

Research Hypothesis

This study aims to empirically examine the influence of fiscal policy instruments, specifically the Non-Taxable Income (PTKP) policy and Income Tax Article 21 rates, on individual taxpayer compliance, while also assessing the role of regulatory literacy in strengthening these relationships. Based on theoretical foundations and empirical findings from previous studies, the following hypotheses are formulated:

H1: The Non-Taxable Tax (PTKP) policy impacts taxpayer compliance.
H2: The Impact of Tax Rates on Taxpayer Compliance.
H3: Regulatory Literacy Influences Taxpayer Compliance.
H4: The relationship between Taxpayer Compliance and Non-Taxable Tax Policies is moderated by Regulatory Literacy.
H5: The relationship between tax rates and taxpayer compliance is moderated by regulatory literacy.

Research Model

The research model is developed to illustrate the conceptual relationship between fiscal policy variables, regulatory literacy, and taxpayer compliance. This model serves as a framework for understanding how tax policy instruments influence compliance behavior and how regulatory literacy strengthens or weakens these effects. This model can be illustrated as follows:
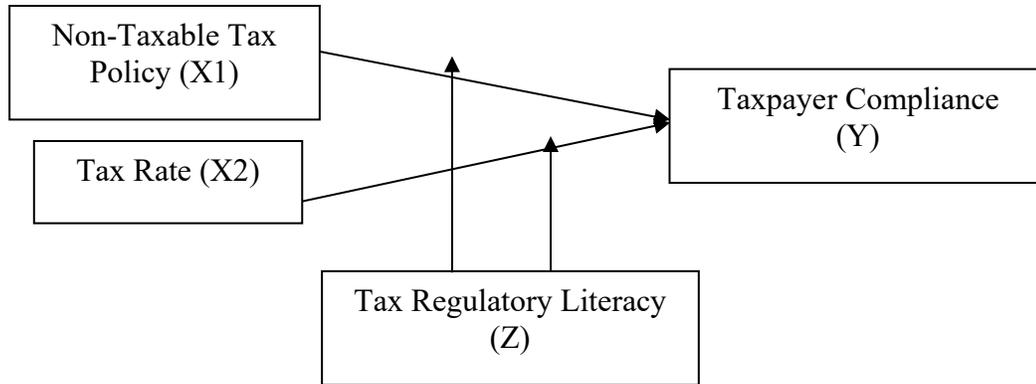
Figure 1.
Framework
Source: Data processed by the author, 2025

In this model, the independent variables consist of the Non-Taxable Income (PTKP) policy and Income Tax Article 21 rates, while individual taxpayer compliance functions as the dependent variable. Regulatory literacy is positioned as a moderating variable that interacts with the fiscal policy variables to influence compliance behavior. The model assumes that PTKP policy and tax rates directly affect taxpayer compliance, and that a higher level of regulatory literacy enhances taxpayers' understanding of tax regulations, thereby strengthening the effectiveness of these policies.

The relationships among variables in this research model are tested using Moderated Regression Analysis (MRA), which allows for the examination of both direct effects and interaction effects between independent variables and the moderating variable. The model is expected to provide a comprehensive explanation of how fiscal policies operate in practice and how regulatory literacy contributes to improving compliance outcomes. Through this research model, the study aims to generate empirical evidence that supports the development of more equitable and effective tax policies, as well as targeted tax education strategies to enhance regulatory literacy and voluntary taxpayer compliance

RESULTS AND DISCUSSION
Moderated Regression Analysis (MRA)

Table 1.
Test Results (MRA)

		Coefficients[a]				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	24.859	0.240		103.419	0.000
	X1	1.336	0.242	0.367	5.527	0.000
	X2	1.162	0.260	0.319	4.468	0.000
	Z	1.055	0.247	0.290	4.268	0.000
	X1*Z	0.473	0.223	0.163	2.118	0.036

| X2*Z | 0.339 | 0.193 | 0.143 | 1.756 | 0.081 |

Source: Processed data, 2025

Moderated Regression Analysis (MRA) test shows that Regulatory Literacy significantly moderates the relationship between the Non-Taxable Tax (PTKP) policy and Income Tax Article 21 compliance (X1 × Z, significance value = 0.036, p-value < 0.05). The positive interaction coefficient (0.473) indicates that the PTKP policy increases taxpayer compliance with Income Tax Article 21 to a greater extent with higher regulatory literacy.

Conversely, the interaction between Regulatory Literacy and Tax Rates (X2 × Z) is considered insignificant as a moderating variable because its significance value is 0.081 (> 0.05). Although the interaction coefficient indicates a positive direction (0.339), this effect is not statistically significant. Thus, regulatory literacy neither strengthens nor weakens the relationship between tax rates and taxpayer compliance in paying Income Tax Article 21.

t-Test (Partial)

Table 2.
Results of the t-Test (Partial)

Variable	t-test	t-table	Significance	Description
PTKP Policy	5.527	1.976	0.000	Accepted
Tax Rate	4.468	1.976	0.000	Accepted
Regulatory Literacy	4.268	1.976	0.000	Accepted

Source: Processed data, 2025

Based on Table 2, the t-test results show that tax rates, regulatory literacy, and Non-Taxable Income Tax (PTKP) policies all have a small effect on Income Tax Article 21 compliance. Each variable has a significance value of 0.000 (<0.05). Thus, Income Tax Article 21 compliance is positively and significantly influenced by all three independent variables.

F Test (Simultaneous)

Table 3.
F Test Results (Simultaneous)

Model	Sum of Squares	Df	Mean Square	F	Sig
Regression	738,335	5	147,667	16,978	,000[b]
Residual	1278.502	147	8,697		
Total	2016,837	152			

Source: Processed data, 2025

The F-test determines whether all independent factors in the model influence the dependent variable. The PTKP policy (X1), tax rate (X2), regulatory literacy (Z), and the interaction variable (X1×Z and X2×Z) significantly influence PPh 21 compliance (Y), as indicated by an F-value of 16.979 and a significance value of 0.000 < 0.05. Thus, this regression model is adequate for this study.

Coefficient of Determination Test

Table 4.
Results of the Coefficient of Determination Test R

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.605	.366	.345	2.949

Source: Processed data, 2025

Table 4 shows that the PTKP policy, tax rate, regulatory literacy, and the moderating interaction contributed approximately 34.5%-36.6% to the variation in PPh Article 21 compliance, with an R-squared value of 0.366 and an adjusted R-squared of 0.345. Furthermore, the regression model met the classical criteria because the Durbin-Watson value was 1.839, indicating no autocorrelation.

The Effect of the Non-Taxable Income (PTKP) Policy on Taxpayer Compliance

The research findings indicate that individual taxpayer compliance is significantly positively influenced by the Non-Taxable Income (PTKP) policy. Because it considers the economic capacity of the community, especially low-income groups, this strategy has the potential to increase the sense of fiscal justice. In addition to being a useful fiscal tool, proportional adjustments to the PTKP level also take into account the socioeconomic situation of taxpayers. This finding aligns with that of (Shelvi & Yovan Yunata, 2025), who outlined how improving the PTKP policy for MSMEs can reduce the community's fiscal burden and increase tax compliance. According to the Theory of Planned Behavior, a more favorable impression of the tax system and a stronger intention to comply with taxes are predicted by the policy. fiscal justice, and this study reinforces that prediction.

From an Islamic economic perspective, establishing a threshold for income exemption from taxation aligns with the principles of al-'adl (justice) and taklīf bi maqdur (burden according to ability). Taxes under Islamic economic law should not be imposed arbitrarily, but must consider the public interest and the balanced distribution of the fiscal burden. Furthermore, research (Dede Nurwahidah & Marliana, 2025) emphasizes that fiscal policy in Islamic economics must be directed towards public interest and social justice, including in determining the Non-Taxable Income Tax (PTKP). Therefore, the findings of this study support the TPB prediction that perceptions of fiscal policy fairness shape taxpayer compliance intentions.

The Effect of Tax Rates on Taxpayer Compliance

There is evidence that higher tax rates encourage taxpayer compliance due to lower rates. Based on the principle of vertical equity, which states that the tax burden should be diversified according to income level, the government has implemented a progressive tax structure. This finding corroborates the findings of (Andjeliartini & Setyadi, 2024), who found that taxpayer knowledge and compliance behavior were positively influenced by adjustments to Income Tax Article 21 rates following the HPP Law and PP 58/2023. Furthermore, research by Fitria and Supriyono (2019) supports the idea that taxpayers' perceptions of fair tax rates play a significant psychological role in their decision-making

process regarding tax compliance. Therefore, reasonable and easily understood tax regulations are crucial to prevent tax evasion and maintain public trust in the tax system.

From an Islamic economic perspective, tax rates should reflect the principle of vertical justice and should not be excessively burdensome for taxpayers. Tax avoidance is considered contrary to the ethics of muamalah (transactional transactions) because such behavior undermines the trust and can hinder the realization of public welfare. Furthermore, studies on the ethics of tax collection in Sharia emphasize that tax policies must be implemented fairly, non-discriminatory, and uphold transparency (Ahmad, 2023). Thus, fair and proportional tax rates align with Sharia values and contribute to increased taxpayer compliance.

The Effect of Regulatory Literacy on Taxpayer Compliance

According to other studies, regulatory literacy has a positive impact on taxpayer compliance. When it comes to fulfilling financial responsibilities, proactive taxpayers are typically those with a deep understanding of tax regulations and provisions. Tax literacy enhances taxpayers' cognitive capacity to understand and comply with their tax responsibilities. According to a study by Triansyah and Putra (2025), the combination of tax literacy and digital skills positively impacts compliance by making online tax administration operations more user-friendly and reliable. Similarly, (Subu & Tambun, 2024) found that individuals' desire to actively participate in tax activities is moderated by literacy skills, specifically accounting and tax literacy. Consequently, increased taxpayer regulatory literacy impacts both the technical and moral dimensions of reporting.

From an Islamic perspective, understanding fiscal regulations is part of a mandate and a form of obedience to ulil amri (the authority in authority) as long as the policy is intended for the public benefit. This view is reinforced by (Ahmad, 2023) who stated that ethical tax management in Islam encompasses understanding, transparency, and moral adherence to fiscal regulations. Therefore, regulatory literacy is a key aspect in improving tax compliance while maintaining the integrity of the tax system in accordance with Sharia principles.

Regulatory Literacy as a Moderator of the Effect of Non-Taxable Tax (PTKP) on Taxpayer Compliance

This study concludes that the PTKP policy increases taxpayer compliance when regulatory literacy is high. Taxpayers who understand tax regulations well can see the PTKP policy for what it is: a way for the state to support public welfare, not simply a means to alleviate fiscal pressure. The ability to understand and comply with regulations is a psychological link between policy success and taxpayer compliance. Consistent with previous research, these data support the notion that cognitive characteristics such as literacy contribute to a stronger correlation between fiscal policy and economic behavior (Subu & Tambun, 2024). To ensure that the PTKP policy is well-received and implemented, it is crucial to improve understanding of tax regulations.

In Islamic economics, a just PTKP policy is a form of state protection (himayah) for vulnerable economic groups. Study (Batubara & Saragih, 2024) showed that tax strategies aligned with the principles of Sharia justice can increase public compliance and the effectiveness of regional tax revenue. Therefore, regulatory literacy not only improves administrative understanding but also fosters a philosophical understanding of the value of fiscal justice from a Sharia perspective.

Regulatory Literacy as a Moderator of the Effect of Tax Rates on Taxpayer Compliance

The interaction between regulatory knowledge and tax rates did not have a statistically significant impact on taxpayer compliance. The primary factor influencing compliance behavior remains the public's perception of the fairness of tax rates, despite increased public awareness of regulations. This is consistent with the findings of a recent study (Tsabita, 2025) which showed that taxpayers are more likely to comply when an accountant representative is available to answer their questions than when the representative's knowledge of regulations is enhanced on their own. Therefore, to ensure a fairer and more transparent view of tax rates among the public, intensive fiscal communication between the tax authorities and the public is necessary, in addition to strategies to increase tax literacy.

From a Sharia perspective, perceptions of tax rate fairness are a highly sensitive moral aspect. Fiscal policies that are not understood or perceived as fair have the potential to undermine the state's moral legitimacy in tax collection. Therefore, intensified fiscal communication between tax authorities and the public is necessary to build a perception of fairness that aligns with the values of transparency and trustworthiness in Islamic economics.

CONCLUSION

The research findings indicate that regulatory literacy, tax rates, and Non-Taxable Income (PTKP) policies work together to increase taxpayer compliance. Taxpayers tend to have a positive perception of the tax system when fiscal policies are designed proportionally and fairly. The application of progressive tax rates that are perceived as fair increases voluntary compliance, while adjusting the PTKP level to suit individual economic capacity encourages compliance by increasing perceptions of fairness. Regulatory literacy has also been shown to strengthen taxpayers' ability to independently understand and fulfill their tax responsibilities.

The results of the interaction analysis indicate that regulatory literacy strengthens the influence of PTKP policies on taxpayer compliance, but has no moderating effect on the relationship between tax rates and compliance. This indicates that perceptions of tax fairness remain a dominant factor in shaping compliance behavior, while understanding tax regulations remains a crucial element for effective fiscal policy.

From a theoretical perspective, this study confirms that compliance intentions, social conventions, attitudes, and perceived behavioral control all impact tax compliance, as explained in the Theory of Planned Behavior (Ajzen, 1991). Tax compliance is viewed as both a form of trust and an administrative obligation from an Islamic economic perspective, contributing to the public good, as long as fiscal policy is implemented based on the principles of justice, transparency, and non-injustice. Therefore, the integration of modern fiscal policy and Sharia justice values is an important foundation for building sustainable tax compliance.

Practically, this study provides implications for tax authorities and policymakers to strengthen regulatory literacy through open communication channels, ongoing fiscal education, and outreach programs that reach various levels of society. Furthermore, the implementation of fair and transparent fiscal policies needs to be prioritized to maintain public trust in the tax system, in line with the ethics of tax collection from a Sharia perspective.

This study is limited by the coverage of respondents in specific locations and is limited to individual taxpayers, so the findings cannot be fully generalized. Further research is recommended to expand the scope of respondents, add variables such as tax morale, trust in fiscal authorities, and quality of tax services, and use a mixed methods approach to understand compliance behavior more comprehensively.

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