ISSN 3063-7759

JOURNAL AXEGNAL:
TAX AND ECONOMIC INSIGHTS JOURNAL

ADMINISTRASI FISKAL FAKULTAS ILMU SOSIAL DAN ILMU POLITIK
UNIVERSITAS ISLAM MAKASSAR

The Effect of the 11% Increase in Value Added Tax (VAT) Rate on Consumer Purchasing Power: A Study on the Maros Regency Grand Department Store in 2021–2023

Diah Puspitaningrum[1,] Aras Solong[2]

[1,2] Universitas Islam Makassar, Makassar, Indonesia

* Corresponding Author
Email : diahpuspitaningrum15@gmail.com

Keywords:
Consumer
Purchasing Power
VAT 11%

ABSTRACT

This study aims to analyze the effect of the 11% Value Added Tax (VAT) rate increase on consumer purchasing power at Grand Toserba, Maros Regency. The study was motivated by the government's policy to increase the VAT rate as an effort to enhance state revenue, which may influence consumer purchasing behavior. This research employed a quantitative descriptive approach. The population consisted of all visitors to Grand Toserba, Maros Regency, while the sample comprised 100 respondents selected using the Slovin formula with a simple random sampling technique. Data were collected through observation, questionnaires, and documentation, and were analyzed using simple linear regression with IBM SPSS. The findings indicate that the 11% VAT rate increase has a positive and significant effect on consumer purchasing power. The results also suggest that changes in the VAT rate influence consumers' purchasing behavior, making them more selective in purchasing goods and prioritizing primary needs over secondary needs. However, the contribution of the VAT rate increase to consumer purchasing power is relatively low, indicating that purchasing power is also influenced by other factors beyond the scope of this study. The findings are expected to provide useful insights for the government in formulating tax policies and for business practitioners in developing marketing strategies to maintain consumer purchasing power.

A. INTODUCTION

Taxes are one of the sources of state revenue that has an important role in financing national development. Along with the increasing need for state financing, the government continues to make various efforts to optimize tax revenue through improving tax policies. One of these policies is an increase in the Value Added Tax (VAT) rate from 10% to 11% which will take effect on April 1, 2022. This policy is part of tax reform that aims to increase state revenue while supporting the economic recovery process after the COVID-19 pandemic (Agasi & Zubaedah, 2022). Although it aims to increase state revenue, the increase in VAT rates also provokes various responses from the public. VAT is a tax on the consumption of goods and services so that the increase in rates has the potential to increase the selling price of goods and services. These conditions can affect people's ability to meet their daily needs. Purchasing power itself is the ability of consumers to buy goods and services that are influenced by income levels and price changes in the market (Jairin, 2024). When the price of goods increases due to changes in tax rates, some people tend to reduce consumption or switch to goods at a lower price.

The change in consumer behavior is also felt by business actors, especially trade and retail businesses. Many business actors make price adjustments to maintain profits, but on the other hand price increases can affect consumers' decisions in shopping. This condition shows that tax policies not only have an impact on state revenue, but can also affect people's economic activities, especially in the trade sector that is directly related to consumers. The decline in people's purchasing power has the potential to have an impact on national economic growth. Household consumption is one of the largest contributors to Gross Domestic Product (GDP), so if public consumption decreases, economic activity can also slow down. During the post-pandemic economic recovery, this condition is a concern because some people are still in the process of recovering income. Therefore, the policy of increasing VAT rates needs to be studied not only in terms of increasing state revenue, but also from its impact on people's consumption behavior.

Several studies show that tax policy has a close relationship with people's economic behavior. Research conducted by Azwad and colleagues on taxpayer compliance shows that understanding of tax policies is an important factor in shaping taxpayer behavior. In addition, research on the effectiveness of the implementation of E-Samsat and the role of tax consultants also shows that tax policies can have an impact on people's behavior in fulfilling their tax obligations. The results of the study show that each change in tax policy will elicit a different response according to the characteristics of the community and its tax object. This phenomenon is also seen in the Grand Department Store as one of the retail businesses that is the object of this research. Based on sales data during 2021–2023, Grand Toserba's gross revenue increased from IDR 4,742,162,562 in 2021 to IDR 4,808,326,293 in 2022 and increased again to IDR 5,173,665,928 in 2023. Despite the increase in VAT rates in 2022, the value of sales continued to increase. This condition shows that the increase in VAT rates is not always followed by a direct decrease in sales. However, the increase in sales value has not been able to explain whether people's purchasing power has really increased or is only influenced by the increase in the price of goods due to changes in VAT rates. Therefore, further analysis is needed on the effect of the increase in VAT rates on consumer purchasing power (Febrisha & Kadunci, 2023).

The results of previous research on the impact of the increase in VAT rates on consumer purchasing power also still show different results. Research by Farina, Candra, and Irawan (2021) found that Value Added Tax has a significant effect on the purchasing power of consumers of electronic goods, which shows a decrease in purchasing power when VAT rates increase. On the other hand, research by Marismiati and Woman (2024) regarding car purchases at Auto 2000 Pasteur Bandung shows that the 11% increase in VAT rates does not have a significant effect on consumer purchasing power. The difference in the results of the study shows that the effect of the increase in VAT rates can be different on each type of goods and market characteristics. Based on this phenomenon, research on the effect of the increase in Value Added Tax (VAT) rates by 11% on consumer purchasing power in Grand Convenience Stores is important to be carried out. This research is expected to provide an overview of how changes in VAT policy affect consumer purchasing power in the retail sector and become an additional reference for governments, business actors, and researchers in evaluating the impact of tax policies on people's economic activities. In addition, this research also complements previous studies that discussed taxpayer compliance and the implementation of tax policies, focusing on the impact of VAT policies on people's consumption behavior.

B. METHODS

This study uses a quantitative approach with a descriptive research type to analyze the effect of the increase in the Value Added Tax (VAT) rate of 11% on consumer purchasing power. The research population was all visitors to the Maros Regency Grand Department which amounted to 206,795 people. The sample was determined using the Slovin formula with an error rate of 10%, so that 100 respondents were obtained. The sampling technique was carried out by simple random sampling. Research data was collected through observations, questionnaires, and documentation. The questionnaire was compiled using a five-point Likert scale, namely Strongly Agree (5), Agree (4), Disagree (3), Disagree (2), and Strongly Disagree (1). All data were analyzed using IBM SPSS through descriptive statistical analysis, validity test, reliability test, simple linear regression analysis, partial test (t), and determination coefficient (R^2) test. The validity test was carried out by comparing the calculated r value with the r table, while the reliability was measured using Cronbach's Alpha with a minimum value of 0.60 (Ghozali, 2018). Simple linear regression analysis was used to test the influence of an independent variable, namely an 11% increase in VAT rates, on a dependent variable, namely consumer purchasing power, with a significance level of 5%.

C. RESULT AND DISCUSSION

Deskriptif Test

The average values, standard deviation, minimum, maximum, and average variables are the 11% VAT Rate Increase (X) and Consumer Purchasing Power (Y) are examples of descriptive statistical metrics used to understand data in general. The results of the descriptive statistical test of the research can be seen in the following table:

Table 1. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
11% INCREASE IN VAT RATE	100	22.00	63.00	49.6400	6.98124
CONSUMER PURCHASING POWER	100	17.00	61.00	47.5300	8.87450
Valid N (listwise)	100				

Source: Primary Data Processed spss

The data on the increase in the VAT rate of 11% (X) can be distributed with a minimum value of 22.00, a maximum value of 63.00, and an average value of 49.64, according to table 5.6 with a standard deviation of 6.98124, meaning that the respondents' perception of the increase in the VAT rate of 11% is relatively high. This variable has an average value of 43.53 with a standard deviation of 8.87450, a minimum value of 17.00, and a high value of 61.00. These results show that despite the increase in the Value 11 Pertaimbaihain Tax rate, consumer purchasing power remains high. The categories of measurement scales of the research variables are shown in table 2 as follows:

Table 2. Measurement Scale of Research Variables

Variabel	**Rentang Nilai**	**Interval**	**Kategori**

11% INCREASE IN VAT RATE	22-34,67	13,67	Rendah
	35,67-48,34		Sedang
	49,34-63		Tinggi
CONSUMER PURCHASING POWER	17-30,67	14,67	Rendah
	31,67-45,35		Sedang
	46,34-61		Tinggi

Source: Primary Data Processed spss

Based on table 2 above, measurements can be classified to narrow variables into three categories: low, medium, and high. This grouping aims to facilitate the interpretation of descriptive statistical results, especially the mean value, so that the respondents' responses to each variable can be known. The category interval is obtained through the formula (maximum value – minimum value, divided by three). The variable of 11% VAT rate increase (variable X) has an average value of 49.64 which is included in the high category. Meanwhile, the consumer purchasing power variable (variable Y) with an average value of 47.53 is also in the high category.

Validitas Test

Table 3 Validity Test of the 11% VAT Increase Variable (X)

No.	R Count	R Table	Remarks
1.	0,692	0,196	Vailid
2.	0,574	0,196	Vailid
3.	0,478	0,196	Vailid
4.	0,517	0,196	Vailid
5.	0,470	0,196	Vailid
6.	0,477	0,196	Vailid
7.	0,510	0,196	Vailid
8.	0,502	0,196	Vailid
9.	0,393	0,196	Vailid
10.	0,489	0,196	Vailid
11.	0,543	0,196	Vailid
12.	0,562	0,196	Vailid
13.	0,517	0,196	Vailid

Source: Primary Data Processed spss

Type 5.2 has 13 properties with a value of 0.196. The 9 vulture has a significant correlation of 0.05 with a correlation of 0.393. A vulture is associated with 1 with a high pailing correlation of 0.692 with a significant correlation of 0.05.

Table 4 Validity Test of Consumer Purchasing Power Variable (Y)

No.	R Count	R Table	Remarks
1.	0,543	0,196	Valid
2.	0,641	0,196	Valid
3.	0,599	0,196	Valid
4.	0,612	0,196	Valid
5.	0,551	0,196	Valid
6.	0,714	0,196	Valid
7.	0,705	0,196	Valid
8.	0,576	0,196	Valid
9.	0,645	0,196	Valid
10.	0,701	0,196	Valid
11.	0,717	0,196	Valid
12.	0,726	0,196	Valid
13.	0,615	0,196	Valid

Source: Primary Data Processed spss

Tabel 4 has 13 meanings with a value of 0.196. Vulture 1 has a correlation of 0.05 and a correlation of 0.543. A 12-year-old vulture has a high pailing correlation of 0.726 and a significant gain of 0.05.

Reliabilitas Test

Table 5 Variable Reliability X

Reliability Statistics	
Cronbach's Alpha	N of Items
.756	13

Source: Primary Data Processed spss

The reliability of the tax rate is expected to increase VAT rate by 11% (X) according to Cronbaich's AIlphai value of 0.756, which is higher than the minimum rate of 0.60. This hail indicates that baihwai seluiruih item dailaim questionnaire paidai vairiaibel (X) daipait diainggaip vailid.

Table 5. Variable Reliability

Reliability Statistics	
Cronbach's Alpha	**N of Items**
.879	**13**

Source: Primary Data Processed spss

To ensure that the value of the trust (Y) has a value of Cronbaich's AIlphai of 0.879, which is more than 0.60. This hail is a baihwai seison seisaii, a seismic seiser, a seismic seismic of a seismic seis, a seismic seismic of the seiser, a seismic of the seiser.

Simple Regression Analisis & T Test

Table 6 Simple Linear Regression

Coefficients[a]						
Model		*Unstandardized Coefficients*		*Standardized Coefficients*	*t*	*Sig.*
		B	*Std. Error*	*Beta*		
1	*(Constant)*	*26.398*	*6.065*		*4.353*	*.000*
	INCREASE IN TAIRIF VAT 11%	*.426*	*.121*	*.335*	*3.518*	*.001*
a. Dependent Variable: **CONSUMER PURCHASING POWER**						

Sumber: Data Primer Yang diolah SPSS

The value of the regression coefficient of the 11% VAT rate increase is known to be 0.426 and the constant value is 26.398. Based on the regression findings in table 5.6, the results of the regression equations produced are:

$$\mathbf{Y= \alpha+\beta X}$$

$$\mathbf{Y=26{,}398\alpha+0{,}426X}$$

a. The constant value of 26.398 shows that the increase in VAT rates of 11% (independent variable) and consumer purchasing power (dependent variable) have a positive influence on each other. Thus, all independent variables are equal to zero, then the value for consumer purchasing power is 26.398.

b. The beta coefficient is 0.426, indicating that the 11% (X) VAT Rate Increase has a positive effect on consumer purchasing power (Y). This means that every one unit increase in the 11% VAT rate increase (variable X) can increase consumer purchasing power (variable Y) by 0.426 (42.6%). Therefore, it can be said that the increase in VAT rates by 11% has a very good impact on the purchasing power of Grand Toserba Grandmall Maros customers.

Coefficient Determination

Table 7 Coefficient of Determination

Model Summary				
Model	*R*	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*
1	*.335[a]*	*.112*	*.103*	*8.40460*
a. Predictors: (Constant), INCREASE IN TAIRIF VAT 11%				

Sumber: Data Primer Yang diolah 2025

The correlation coefficient relationship is between 0.00 and 0.199, as shown in the table above, with an R-Square value of 0.112. The results of the determination coefficient analysis were (R2 100% = 0.112 x 100% = 11.2%). Thus, the independent variable of the 11% VAT rate increase of 11.2% and the remaining 88.8% (100% - 11.2%) were influenced by variables that were not studied.

Discussion

The results of the study show that the increase in the Value Added Tax (VAT) rate by 11% has an effect on the purchasing power of consumers in the Grand Department Store of Maros Regency. The implementation of this policy encourages changes in consumer behavior in meeting daily needs. Most consumers have become more cautious in making purchasing decisions due to the increase in prices of some types of goods after the enactment of the new VAT rate. This condition causes consumers to prioritize the purchase of basic necessities over secondary needs and be more selective in determining the goods to be purchased. These changes in spending behavior show that tax policies not only have an impact on state revenue, but also affect people's consumption patterns. Consumers tend to make adjustments to household spending to keep it in line with their economic capabilities. Under certain conditions, some consumers also reduce the frequency of shopping or look for alternative products at more affordable prices. This phenomenon shows that changes in VAT rates are one of the factors that consumers consider in making purchase decisions.

The findings of this study are in line with the theory of demand which states that price changes will affect the number of goods demanded by consumers. When the price of goods increases due to the adjustment of VAT rates, consumers will adjust their consumption patterns according to income levels and needs. Therefore, the increase in VAT rates can affect people's purchasing power through changes in the prices of goods and services consumed. The results of this study also support the research of Farina, Candra, and Irawan (2021) who stated that changes in VAT rates affect consumer purchasing power. In addition, research by Lestari et al. (2023) also shows that the VAT policy has a relationship with people's consumption behavior. The similarity of these results shows that tax policies, especially Value Added Tax, are one of the factors that can influence consumer decisions in making purchases.

However, consumer purchasing power is not only affected by the increase in VAT rates. There are still various other factors that also determine people's ability to consume, such as income levels, inflation, increases in the price of goods, household economic conditions, and consumer preferences for a product. Thus, the increase in VAT rates is not the only factor that affects purchasing power, but is one of the factors that encourage changes in people's consumption behavior. Based on the results of the study, it can be understood that the policy of increasing VAT rates needs to be balanced with efforts to maintain price stability and people's purchasing power. For business actors, this policy change is a challenge to develop a marketing and pricing strategy that is able to maintain consumer buying interest. Meanwhile, for the government, the results of this research can be considered in formulating tax policies that are still able to increase state revenue without reducing the ability of the community to meet their daily consumption needs.

D. CONCLUSION

Based on the results of research and data analysis, it can be concluded that the increase in the Value Added Tax (VAT) rate by 11% affects the purchasing power of consumers in the Grand Department Store of Maros Regency. The results of the study show that changes in VAT rates affect consumer behavior in making purchases, so consumers tend to be more selective in meeting their needs after the enactment of the policy. The results of the hypothesis test also show that the 11% increase in the VAT rate has a significant effect on consumer purchasing power. Thus, the research hypothesis that states the effect of an 11% VAT rate increase on consumer purchasing power is acceptable. However, the magnitude of the impact of the VAT rate increase on consumer purchasing power is still relatively low. This shows that people's purchasing power is not only influenced by changes in VAT rates, but also by various other factors, such as income levels, inflation, changes in the price of goods, and people's economic conditions that are not studied in this study. Therefore, further research is expected to add these variables to be able to provide a more comprehensive picture of the factors that affect consumer purchasing power.

REFERENCES

Agasi, D., & Zubaedah, R. (2022). Urgensi kenaikan tarif Pajak Pertambahan Nilai berdasarkan asas kepentingan nasional. *Perspektif Hukum*, 22(2), 50–74. https://doi.org/10.30649/ph.v22i2.131

Farina, D., Candra, R., & Irawan, Y. (2021). Pengaruh pengenaan Pajak Pertambahan Nilai (PPN) terhadap daya beli konsumen barang elektronik di Pasar Batusangkar. *Al-Ittifaq: Jurnal Ekonomi Syariah*, 1(1), 83–94. https://doi.org/10.31958/al-ittifaq.v1i1.3271

Febrisha, & Kadunci. (2023). Pengaruh tarif PPN 11% dan tingkat pendapatan selama pandemi terhadap daya beli masyarakat. *Ekonomi & Bisnis*, 22(1), 8–16. https://doi.org/10.32722/eb.v22i1.5761

Ghozali, I. (2018). *Aplikasi Analisis Multivariate dengan Program IBM SPSS* (Edisi ke-9). Semarang: Badan Penerbit Universitas Diponegoro.

Jairin. (2024). Analisis daya beli masyarakat terhadap inflasi barang dan pertumbuhan ekonomi mikro. 15(1), 37–48.

Lestari, A. J., Nuridah, S., & Littu, H. (2023). Pengaruh kenaikan tarif PPN 11% terhadap daya beli konsumen apotek di Kabupaten Bekasi. *Journal of Social Science Research*, 3(4), 7757–7768.

Marismiati, M., & Woman, S. Y. (2024). Pengaruh kenaikan Pajak Pertambahan Nilai (PPN) 11% terhadap daya beli mobil pada Auto2000 Pasteur Bandung. *Land Journal*, 5(2), 351–363. https://doi.org/10.47491/landjournal.v5i2.3633

Septiyani, L. Y. A. (2024). *Pengaruh PPN 11% terhadap daya beli produk kecantikan di Kabupaten Klaten*.

Sugiyono. (2019). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Bandung: Alfabeta.