

The Effect of Value Added Tax and Sales Tax Incentives on Luxury Goods on Consumer Purchasing Power

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Abstract

The research we conducted here was motivated by various problems related to the purchasing power of motor vehicle consumers regarding Value Added Tax (VAT) and Sales Tax Incentives for Luxury Goods (PPnBM). This research was designed to determine consumer purchasing power. Value Added Tax (VAT) and Sales Tax Incentives for Luxury Goods (PPnBM) on motorized vehicles. The method used in this research is quantitative with the sample determination method, namely the Probability Method. This method is a method that uses area sampling and uses a purposive sampling method. The research results we obtained show that simultaneously, Value Added Tax (VAT) and Sales Tax Incentives on Luxury Goods (PPnBM) have a significant effect on the purchasing power of motor vehicle consumers. Partially Value Added Tax (VAT) significantly effects motor vehicle consumers' purchasing power. At the same time, the Sales Tax Incentive on Luxury Goods (PPnBM) PPnBM significantly affects the purchasing power of motor vehicle consumers.

Keywords: Consumer purchasing power, sales tax incentives on luxury goods, tax, value added tax



INTRODUCTION

Taxes are a source of state treasury income (Erawan et al., 2021), which, according to the law, can be enforced without receiving direct contravention and is used to finance general expenditures (Mardiasmo, 2011). One tax policy that can potentially influence motor vehicle sales is Value Added Tax (VAT). As for VAT, this tax is one of the taxes that can be said to be the most significant contributor to state income. The collection flow can be taken several times in various company chains, from production to distribution. The current VAT is a renewal of Sales Tax since 1 April 1985, which was determined based on Law Number 8 of 1983, which was then amended by Law Number 42 of 2009 concerning Value Added Tax (VAT) and Sales Tax on Luxury Goods (PPnBM) (Sambur et al., 2015).

On the other hand, the government also provides tax incentives in the form of Sales Tax on Luxury Goods (PPnBM) for certain types of vehicles. This incentive aims to stimulate sales of motorized vehicles through consumer purchasing power, especially those that are more environmentally friendly or have more sophisticated technology. Consumer purchasing power is one of the factors that can boost state income; as proven by the PPnBM incentives, consumer purchasing power can increase and influence income in the tax sector. Plus, with a vast population, the government relies heavily on consumer purchasing power. Consumer purchasing power is a person's ability to buy goods or services (Indirayuti, 2019). For example, various motorized vehicles included in the BKP are classified as luxury.

In previous research, several studies have proven that Value Added Tax (VAT) has a positive and significant effect on consumer purchasing power, as in research conducted by (Wibowo, 2014) (Fadilah, 2012) and (Hapsari, 2010). On the other hand, several studies have also tried to test the effect of PPnBM on consumer purchasing power. However, the results still have differences. On the one hand, PPnBM does not have a significant effect on consumer purchasing power (Abdurrahman, 2014). However, on the other hand, other research found that VAT and PPnBM had a significant effect on the purchasing power of motor vehicle consumers (Sambur et al., 2015). Although partial VAT has no effect on the purchasing power of motor vehicle consumers, PPnBM has a significant effect on the purchasing power of motor vehicle consumers (Sambur et al., 2015).

Therefore, this research aims to examine the impact of VAT policies and PPnBM incentives on the purchasing power of motor vehicle consumers in Cirebon City. This research is relevant and essential to carry out considering the critical role of motorized vehicles in mobility and society's economy. With a deeper understanding of how tax policies influence consumer decisions in purchasing motorized vehicles, the government and the automotive industry can take wiser steps in designing tax policies that support the growth of this sector.

METHOD

The method used in this research is a descriptive and verification method with a quantitative approach. By using a quantitative approach, significant influences or relationships between the objects under study will be identified. According to Arikunto (2013), quantitative research is as follows: "Quantitative research is research that is required to use numbers, starting from

collecting data, interpreting the data, and displaying the results accompanied by tables, graphs, charts, pictures using statistical assistance, so that the writer can find out how much influence Value Added Tax (VAT) has on Consumer Purchasing Power and how big the influence of Sales Tax on Luxury Goods (PPnBM) has on Consumer Purchasing Power. In this research, the objects are Value Added Tax (VAT), Sales Tax on Luxury Goods (PPnBM), and Consumer Purchasing Power.

The data collection technique that will be used to prepare this research was carried out directly by the researcher to provide the researcher with an overview of the influence of the imposition of VAT and PPnBM incentives, or it could be said that the author used primary data. The primary data collected was obtained by distributing questionnaires to motor vehicle consumers in Cirebon. The questionnaire was distributed directly to motor vehicle dealers in Cirebon. The data that has been collected is then analyzed using multiple linear regression analysis techniques.

ANALYSIS AND DISCUSSION

This research was conducted at particular motor vehicle dealers in Cirebon City by collecting data by distributing questionnaire data to consumers or potential consumers who came to these dealers. The questionnaire will be distributed in mid-June 2022, and it is hoped that it will be returned directly after the respondent has completed the questionnaire.

The distribution of questionnaires was not carried out every day. Still, it was carried out according to the time determined by the researcher and then adjusted to the time determined by the dealer. Data collection was carried out over a period of approximately 1 month, namely until the end of July 2022.

Questionnaire Return Rate

From the data that the researchers collected, 60 copies of the questionnaire were distributed according to the conditions set by the researchers. The return of the questionnaire was 100%; this was because the respondents answered directly and returned it directly to the researcher.

Data Quality Test

Validity Test Results

Table 1 Value Added Tax (VAT) Variables

Question Items	r_{count}	r_{table}	Information
X1.1	0,432	0,2542	Valid
X1.2	0,737	0,2542	Valid
X1.3	0,790	0,2542	Valid
X1.4	0,823	0,2542	Valid
X1.5	0,849	0,2542	Valid

Source: Processed Data.

Table 1 above shows that from all questions, the independent variable (X1) Value Added Tax (VAT) can be said to be valid. According to Sujarweni (2014), if the calculated r -value $>$ r product moment table, then the question item is declared temporarily valid according to the basic theory of validity test decisions. If the calculated r is smaller than the r table, it is declared invalid.

Table 2 Sales Tax Incentive Variables for Luxury Goods (PPnBM)

Question Items	r_{count}	r_{table}	Information
X2.1	0,413	0,2542	Valid
X2.2	0,763	0,2542	Valid
X2.3	0,783	0,2542	Valid
X2.4	0,843	0,2542	Valid
X2.5	0,786	0,2542	Valid
X2.6	0,782	0,2542	Valid
X2.7	0,846	0,2542	Valid
X2.8	0,871	0,2542	Valid

Source: Processed Data.

Then, to test the validity of variable Y, the purchasing power of motor vehicle consumers will be presented in Table 2.

Table 3 Validity Test Results for Consumer Purchasing Power Variables

Question Items	r_{count}	r_{table}	Information
Y1	0,768	0,2542	Valid
Y2	0,926	0,2542	Valid
Y3	0,837	0,2542	Valid
Y4	0,928	0,2542	Valid
Y5	0,946	0,2542	Valid
Y6	0,945	0,2542	Valid
Y7	0,915	0,2542	Valid
Y8	0,851	0,2542	Valid

Source: Processed Data.

The results of Table 3 above show the same thing as the independent variable, where all question items are declared valid because the calculated t is greater than the t table, or it can also be stated that the sig value of 0.000 is below the value of 0.05.

Reliability Test

Table 4 Reliability Test Results

Variables	Guttman Split-Half Coefficient	Information
Value Added Tax (VAT)	0,877	Riable
Sales Tax Incentives on Luxury Goods Consumer Purchasing Power (PPnBM)	0,907	Riable
Consumer Purchasing Power	0,963	Riable

Source: SPSS Data Processing Version 22, 2022

ased on the data in Table 4, it states that Value Added Tax (VAT), Sales Incentives for Luxury Goods (PPnBM), and Consumer Purchasing Power. Each instrument has a Guttman Split-Half Coefficient value of 0.877, 0.907, and 0.963. According to Sarwono (2015), all instruments are declared reliable because if the Guttman Split-Half Coefficient correlation is ≥ 0.80 , then the research instrument is declared reliable. If vice versa, then it is declared unreliable.

Classic assumption test

Kolmogorov-Smirnov Test of Normality

To determine normality, you can see Table 5, which shows the results of the normality test. According to Ghozali (2016), the normality test is carried out to test whether the regression model for the independent and dependent variables or both has a normal distribution.

Table 5 Kolmogorov Smirnov Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		60
Normal Parameters ^{a,b}		,0000000
	Mean	3,91421312
Most Extreme Differences	Std. Deviation	,079
	Absolute	,078

	Positive	-,079
Test Statistic	Negative	,079
Asymp. Sig. (2-tailed)		,200 ^{c,d}

Based on Table 5, it can be seen that the value obtained is Asymp. Sig. (2-tailed) of 0.200. Thus Asymp. Sig. (2-tailed) of $0.200 > \alpha$, namely $0.200 > 0.05$. So, it can be concluded that the distribution is normal in this study, which means that the classic test for testing data normality in this analysis is fulfilled or fulfills the requirements.

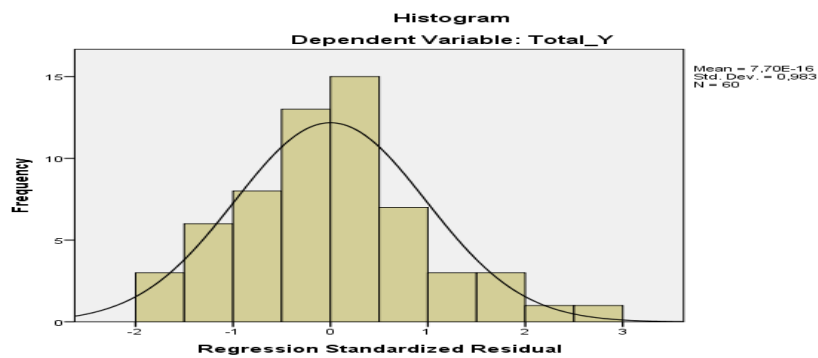


Figure 1 SPSS Data Processing Version 22, 2022

Figure 1 shows that the data presented is normal because it can be seen from the curve on the histogram graph, which is balanced to meet the data's normality.

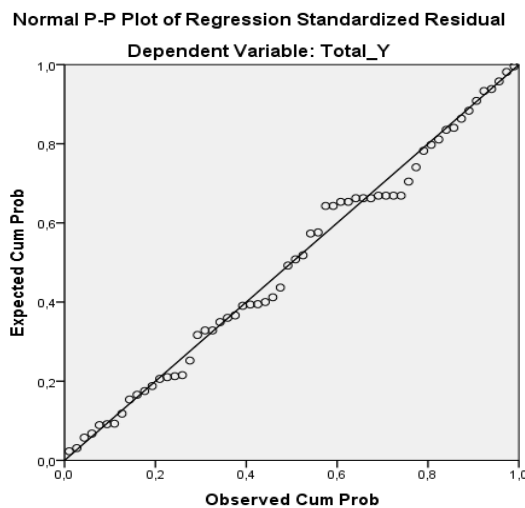


Figure 2 SPSS Data Processing Version 22, 2022

Based on the graph above, it shows that there is a distribution of data (points) on the diagonal axis that is very close to the diagonal line. The basis of the normality test states that if

the distribution of a point follows or approaches a diagonal line, then the research data is usually distributed. In Figure 2 above, it can be seen that this research is normal.

Multicollinearity Test

Table 6 Multicollinearity Test Results for Consumer Purchasing Power Variables

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)	,256	3,901
PPN	,256	3,901
PPnBM Insentives		

Source: SPSS Data Processing Version 22, 2022

Table 6 above shows that all independent variables (X1 and X2) Value Added Tax and Sales Tax Incentives on Luxury Goods (PPnBM) have a VIF value of less than 10 and a tolerance value of more than 0.10, in this case indicating that this model is free from multicollinearity problems.

Heteroscedasticity Test

Table 7 Heteroscedasticity Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2,749	,748		3,673	,001
PPN	-,107	,094	-,291	-1,131	,263
PPnBM Insentives	,088	,062	,367	1,426	,159

a. Dependent Variable: Abs_Res

Source: SPSS Data Processing Version 22, 2022

Based on Table 7, it can be seen that the Sig value > a, it can be concluded that the regression model does not occur heteroscedasticity where a = 0.05.

Hypothesis Test

Coefficient of Determination (R2)

Table 8 Test Results of the Coefficient of Determination

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,936a	,876	,872	3,982	2,174

Predictors: (Constant), PPnBM_Insentives, VAT

Dependent Variable: Consumer_Purchasing_Power

Source: SPSS Data Processing Version 22, 2022

From Table 8, it can be seen that the R square value is 0.876. How to calculate the coefficient of determination (CoD) with the following formula:

$$\text{CoD} = R^2 \times 100\%$$

$$\text{CoD} = 0,876 \times 100\%$$

$$\text{CoD} = 8,76\%$$

This shows that the percentage of Value Added Tax (VAT) (X1), Sales Tax Incentives on Luxury Goods (PPnBM) (X2) on Consumer Purchasing Power (Y) is 8.76%, and the remaining 91.24% is explained by other factors not examined in this study.

Statistical Test

t-Test

Table 9 t-Test Results

Model	Coefficients ^a			
	Unstandardized Coefficients		Standardized Coefficients	
	B	Std. Error	Beta	t Sig.
1 (Constant)	-2,617	1,304		-2,006,050
PPN	,484	,164	,271	2,945 ,005
PPnBM_Insentives	,807	,107	,692	7,519 ,000

a. Dependent Variable: Consumer_Purchasing_Power

Source: SPSS Data Processing Version 22, 2022

Based on the t-test results above, it can be seen that the calculated t value is obtained from the t column, and the significance value is obtained from the Sig column. Meanwhile, the t table value in this research can be calculated using $t(\alpha/2; n-k-1)$ where α = level of confidence, n =

number of samples, and k = number of independent and dependent variables. So the result is t ($\alpha/2; n-k-1$) = $t(0.05/2; 60-3-1)$ = $t(0.025; 56)$ = 2.003.

Value Added Tax (VAT) (X1) on Consumer Purchasing Power (Y)

From the table above, it can be seen that the Sig. 0.005 is smaller than 0.05 ($0.005 < 0.05$), and the calculated t value of 2.964 is greater than the t table ($2.964 > 2.003$), so it can be concluded that there is an influence between Value Added Tax on Consumer Purchasing Power (Y).

The Effect of Sales Tax Incentives on Luxury Goods (X-2) on Consumer Purchasing Power (Y)

From the table above, it can be seen that the Sig. 0.000 is more significant than 0.05 ($0.000 < 0.05$), and the calculated t value of 7.519 is greater than the t table ($7.519 > 2.003$), so it can be concluded that there is an influence between Sales Tax Incentives for Luxury Goods (PPnBM) on Power Buy Consumer.

f-Test

Table 10 f-Test Results

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	6397,391	2	3198,695	201,700	,000 ^b
Residual	903,943	57	15,859		
Total	7301,333	59			

a. Dependent Variable: Consumer_Purchasing_Power

b. Predictors: (Constant), PPnBM_Incentives, VAT

Source: SPSS Data Processing Version 22, 2022

Based on table 4.11 ANOVA above, it is known that the significant value for the simultaneous influence of X1 and X2 on Y is $0.000 < 0.05$, and the value of f count $201.700 > f$ table 2.679, so it can be concluded that H3 is accepted, which means that there is a simultaneous influence of X1 and X2 on Y.

Multiple Linear Regression Analysis

Table 11 Multiple Linear Regression Analysis

Coefficients ^a				
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.

	B	Std. Error	Beta		
1 (Constant)	-2,617	1,304		-2,006	,050
PPN	,484	,164	,271	2,945	,005
Insentif_PPnBM	,807	,107	,692	7,519	,000

a. Dependent Variable: Consumer_Purchasing_Power

Source: SPSS Data Processing Version 22, 2022

Based on the results from Table 11, the following regression equation can be produced:

$$Y = a + b_1X_1 + b_2X_2 + e$$

$$Y = -2,617 + 0,484X_1 + 0,807X_2 + e$$

From this equation it can be interpreted as follows:

Based on the results of the multiple linear analysis, which was carried out using the SPSS Version 22 program, the constant was -2.617, the regression coefficient for the Value Added Tax (VAT) or (X1) variable was 0.484, and the coefficient for the Sales Tax Incentive on Luxury Goods (PPnBM Incentive) variable or (X2) is 0.807.

The multiple linear regression equation has a constant value of -2.617, stating that whenever the Value Added Tax (VAT) and Sales Tax Incentive on Luxury Goods (PPnBM Incentive) are worth 0, then Consumer Purchasing Power will be negative. This model means that for every 1 unit increase in the application score for the Value Added Tax variable or every 1 unit increase in the score for the Sales Tax Incentive on Luxury Goods (PPnBM Incentive) variable of 0.807 will be followed by an increase in Consumer Purchasing Power of -2.617 with the assumption that the Value Added Tax (VAT) variable is in a constant condition. The regression equation results were tested using the f-test and t-test.

CONCLUSION

Based on the presentation of the results and discussion above, it can be concluded that the Value Added Tax partially has a significant effect on the purchasing power of consumers of four-wheeled motorized vehicles in Cirebon City. This means that if Value Added Tax increases, there will be a decrease in consumer purchasing power. Likewise, the Tax Incentive for Sales of Luxury Goods (PPnBM) on Consumer Purchasing Power partially has a significant effect on the purchasing power of consumers of four-wheeled motorized vehicles in the Cirebon City Region. This means that the Sales Tax Incentive on Luxury Goods (PPnBM Incentive) influences consumer purchasing power to buy four-wheeled motorized vehicles.

Not only that, based on the results of the ANOVA table, it is known that there is a significant value for the simultaneous influence of Value Added Tax (VAT) and Sales Tax Incentives on Luxury Goods (PPnBM Incentives) on Consumer Purchasing Power. This means that the Value Addition Tax and Sales Tax Incentive on Luxury Goods (PPnBM Incentive) can

influence the rise or fall of a price, influencing the increase or fall in consumer purchasing power, which also affects tax revenues.

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