

THE IMPACT OF 12% VAT ON STUDENTS' PURCHASE INTENTION: THE ROLE OF TAX KNOWLEDGE, PRICE SENSITIVITY, AND PRODUCT CATEGORIZATION

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Article Information: Received --- June,25 2026, Published --- August, 10 2026

Abstract

This study aims to analyze the influence of tax knowledge, price sensitivity, and product categorization on university students' purchase intention in Purwokerto in response to the planned implementation of the 12% Value Added Tax (VAT) policy. Using a quantitative method with multiple linear regression analysis, this research examines how these three factors interact in shaping consumer behavior amid fiscal pressure. The findings indicate that tax knowledge has a positive and significant effect on purchase intention, suggesting that fiscal literacy functions as a cognitive resilience mechanism among university students. In contrast, price sensitivity has a negative and significant effect, confirming that students, as a group with relatively fixed income, are highly responsive to price changes. Interestingly, product categorization was found to have no significant effect, implying that the systemic and comprehensive impact of taxation policies has blurred consumers' perceptions regarding product category differences in purchasing decision-making.

Theoretically, this study expands the consumer behavior literature by highlighting the role of tax literacy as a vital cognitive determinant. Practically, the findings suggest that business actors should shift from conventional product segmentation strategies toward value-based communication approaches in order to maintain retail transaction stability amid fluctuations in national taxation policies.

Keywords: Tax Knowledge, Price Sensitivity, Product Categorization, Purchase Intention, 12% VAT, Consumer Behavior.

INTRODUCTION

Value Added Tax (VAT) is one of the fiscal instruments widely implemented by many countries to increase state revenue and support economic development. As a consumption tax, VAT is directly related to public purchasing activities because it is imposed on goods and services consumed by society. In recent years, many countries have adjusted VAT rates in response to fiscal demands and global economic conditions. However, policies involving increases in consumption taxes often affect consumer behavior, particularly in terms of purchasing power and purchase intention. Price increases caused by taxation may influence consumer decisions in selecting goods or services, especially among groups with limited income and high price sensitivity.

In Indonesia, the government has gradually increased the VAT rate through the Law on Harmonization of Tax Regulations (UU HPP), from 10% to 11% in 2022 and planned to rise to 12% in 2025. This policy aims to strengthen state revenue and maintain national fiscal stability. Nevertheless, various studies indicate that an increase in the VAT rate has the potential to raise the prices of goods and services, thereby affecting inflation and public purchasing power. Previous

studies have shown that VAT increases influence consumer consumption patterns, particularly regarding non-essential goods, because consumers tend to become more cautious in making purchasing decisions. In addition, groups with limited economic capacity are considered more vulnerable to price changes resulting from taxation policies.

In the context of consumer behavior, purchase intention becomes an important aspect that may be influenced by VAT policies. Consumer purchase intention is not only affected by price increases, but also by the level of tax knowledge, price sensitivity, and product categorization. Consumers with high price sensitivity tend to reduce their purchase intention when prices increase due to taxation, especially for non-primary products. Meanwhile, the level of tax knowledge may influence how consumers understand and respond to government taxation policies. Furthermore, differences in product categories may lead to varying consumption responses between essential and non-essential products.

University students represent a relevant consumer group to be examined in this study because they possess consumption characteristics that are highly sensitive to price changes. As a productive-age group with relatively limited income sources, students tend to be more selective in purchasing goods and services. Purwokerto, as one of Indonesia's educational cities, has a large student population with diverse socioeconomic backgrounds, making it an appropriate location to analyze the impact of the 12% VAT policy on purchase intention. Although numerous studies have examined the impact of VAT increases on inflation and purchasing power, research specifically investigating the relationship between tax knowledge, price sensitivity, product categorization, and purchase intention among university students remains relatively limited.

Based on the explanation above, this study aims to analyze the effect of the 12% VAT policy on university students' purchase intention in Purwokerto by considering the factors of tax knowledge, price sensitivity, and product categorization. This study is expected to contribute to the development of consumer behavior and taxation studies, as well as serve as a reference for future research related to young consumers' responses toward government fiscal policies.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

1. Literature Review

a. 12% Value Added Tax (VAT)

A 12% Value Added Tax is an indirect fiscal instrument imposed on the consumption of goods and services, in which the economic burden is fully transferred to final consumers through selling prices. As part of the ongoing tax reform, the Indonesian government, through Undang-Undang Nomor 7 Tahun 2021 tentang Harmonisasi Peraturan Perpajakan, has stipulated an increase in the Value Added Tax rate to 12% effective from January 1, 2025. From a macroeconomic perspective, this policy aims to broaden the tax base and optimize state revenue to finance national infrastructure development and strengthen social safety nets.

However, empirically, the increase in the Value Added Tax rate has triggered a cost-push inflation phenomenon at the market level. Producers throughout the supply chain tend to transfer the tax burden into final prices in order to maintain their profit margins, which linearly increases the Consumer Price Index (CPI). The impact of this burden transmission is the erosion of consumers' purchasing power, especially when the inflation rate is not accompanied by proportional growth in disposable income.

This condition forces consumers, particularly university students with limited fixed budgets, to restructure their consumption patterns more selectively. In this study, the 12% Value Added Tax policy is positioned as a macro-environmental variable that stimulates changes in consumer behavior, both in terms of price sensitivity and purchase intention in the Purwokerto area.

b. Tax Knowledge

Tax knowledge is an internal cognitive element in the form of comprehensive literacy regarding the rules, procedures, and operational functions of a country's fiscal system. For university students, this knowledge is not merely a technical understanding of tax regulations, but also the ability to interpret and respond to dynamic fiscal policy stimuli. Within the framework of the Theory of Planned Behavior, this variable functions as an informational background that shapes consumers' rational attitudes in processing policies such as the increase of the Value Added Tax rate to 12%.

Psychologically, an adequate level of tax literacy is positively correlated with public acceptance of fiscal policy reforms. Consumers who possess sufficient tax knowledge tend to have a higher tolerance for price increases because they understand that such increases are part of legal compliance and represent a tangible contribution to national development. Conversely, a lack of knowledge, often referred to as tax ignorance, tends to trigger resistance and short-term judgment bias that perceives the 12% Value Added Tax solely as a detrimental financial burden, thereby reducing purchase intention.

In the context of university students in Purwokerto, this variable is positioned as an internal empowering factor measured through the understanding of the basic concepts of Value Added Tax, the official tax rate stipulated in the Harmonization of Tax Regulations Law, and awareness of the principle of tax benefits. This study examines whether students' cognitive literacy can serve as a rationality filter capable of maintaining the intensity of purchase intention amid rising prices caused by the 12% Value Added Tax policy.

c. Price Sensitivity

Price sensitivity is an economic psychology variable that reflects the degree of consumers' concern and reaction toward fluctuations in product prices. Unlike conventional elasticity theory, which is relatively static, this concept assumes that everyone possesses a different threshold of price acceptability in evaluating the financial sacrifice against the utility gained from a product. In the context of the 12% Value Added Tax increase, this variable becomes a key indicator of shopping behavior because consumers tend to perceive the price increase as a reduction in their real income value.

For groups with budget constraints, such as university students, an increase in the tax burden that is not accompanied by income growth tends to trigger reactive responses. Consumers may engage in various coping mechanisms, such as becoming more selective in their spending, seeking substitute products, or postponing and even canceling purchase intentions. However, these negative effects may be mitigated through marketing interventions such as promotions or discounts, which function as counter-stimuli to balance consumers' value perceptions regarding tax-induced price increases.

In this study, the price sensitivity variable is positioned as an external-situational depressing factor measured through the level of sensitivity to price changes, the tendency to compare prices, and responsiveness to promotional offers. Considering the characteristics of university students in Purwokerto, who are highly vulnerable to cost fluctuations, this study aims to examine the extent to which price sensitivity exerts a significant negative influence in suppressing students' purchase intentions amid the implementation of the 12% Value Added Tax policy.

d. Product Categorization

Product classification is a cognitive process in which consumers categorize goods or services based on their functions and priority levels, namely primary, secondary, and

tertiary needs. This categorization serves as a crucial navigational instrument for consumers in allocating limited financial resources during market price shocks. In the context of the 12% Value Added Tax policy, this classification becomes highly relevant because the government generally exempts necessities from taxation, while secondary and tertiary goods frequently consumed in modern society are fully affected by the policy.

Empirically, the increase in prices of non-essential products caused by the 12% Value Added Tax triggers coping strategies in the form of budget restructuring, in which consumers tend to reduce their purchase intentions toward goods whose consumption can be postponed. However, there is also a phenomenon in which the psychological boundaries between product categories become blurred when inflation occurs on an aggregate scale. Under such conditions, consumers no longer differentiate between commodity types but instead focus on the cumulative increase in total expenditures, which ultimately suppresses overall purchasing power regardless of product variation. In this study, product classification is positioned as a situational filtering factor measured through respondents' perceptions of the urgency of needs, budget priorities, and the ability to postpone purchases of non-essential goods. This study aims to examine the extent to which the categories of products consumed by university students in Purwokerto influence the intensity of their purchase intentions amid the pressure of implementing the 12% Value Added Tax rate.

e. Purchase Intention

Consumer purchase intention refers to a psychological phase characterized by an individual's motivation, planning, and personal commitment to make a purchase in the future. Within the hierarchy of effects model, this variable functions as a conative element that bridges consumers' internal beliefs with actual market behavior after undergoing cognitive information processing and affective evaluation. As one of the strongest predictors of purchasing behavior, purchase intention is dynamic and highly vulnerable to external interventions, including fiscal regulatory changes such as the implementation of the 12% Value Added Tax rate.

The implementation of the 12% Value Added Tax rate creates a new equilibrium point in consumer purchase intention through a comparison between the perceived utility value and the increasing financial sacrifice resulting from the transmission of the tax burden into retail prices. Consumer responses to this condition vary considerably; a high level of tax literacy may stabilize purchase intention through an understanding of the legal aspects of taxation, whereas inflationary pressures that erode purchasing power often trigger aggressive price sensitivity. Consequently, consumers tend to postpone transactions or shift their preferences toward more affordable substitute products.

In this study, purchase intention is positioned as the dependent variable (Y), representing the consumption resilience of university students in Purwokerto following the implementation of the 12% Value Added Tax policy. Purchase intention is measured through transactional, referential, and preferential intentions, which will be examined using a multiple linear regression model. The primary objective of this analysis is to empirically determine the extent to which fluctuations in students' purchase intentions are influenced by the interaction between tax knowledge, price sensitivity, and product classification.

2. Hypothesis Development

a. The Effect of Tax Knowledge on Purchase Intention

Tax knowledge is an important cognitive factor that influences consumer purchase intention through the formation of attitudes toward tax policies, as explained

in the Theory of Planned Behavior proposed by Icek Ajzen. In the context of implementing the 12% Value Added Tax rate under the Harmonization of Tax Regulations Law, consumers with adequate tax knowledge tend to respond to price increases more rationally and perceive the Value Added Tax as an instrument for national development. This understanding encourages the emergence of positive attitudes, legal awareness, and acceptance of fiscal policies, thereby maintaining consumer purchase intention. Conversely, low tax literacy causes consumers to focus primarily on the short-term impact of rising prices and generates resistance toward consumption activities. Research conducted by I Gede Darma Wisesa and Ni Luh Putu Anom Pancawati (2025) also indicates that understanding Value Added Tax positively affects consumer purchase intention. Therefore, the higher students' tax knowledge regarding the mechanisms and benefits of the 12% Value Added Tax, the higher their purchase intention will be. Accordingly, the first hypothesis (H_1) in this study states that tax knowledge has a positive effect on consumer purchase intention.

H_1 : Tax knowledge has a positive and significant effect on the purchase intention of university students in Purwokerto within the context of the 12% Value Added Tax policy.

b. The Effect of Price Sensitivity on Purchase Intention

Price sensitivity is a psychological consumer response to price changes that may influence purchase intention. Based on the theory of demand and consumer utility, price increases resulting from the implementation of the 12% Value Added Tax under the Harmonization of Tax Regulations Law increase consumers' perceived sacrifice, thereby reducing purchase intention. Consumers with high price sensitivity tend to reduce spending, postpone purchases, or switch to more affordable substitute products when prices increase. Studies conducted by Althafa and Pramesti (2025), as well as Hermawan (2024), indicate that the 12% Value Added Tax policy has negatively affected consumers' purchasing power and public consumption. Although business actors may offer promotions or discounts to mitigate these effects, the permanent nature of the tax increase still makes price sensitivity a major factor suppressing purchase intention. In the context of university students in Purwokerto who rely on monthly allowances, the increase in prices caused by the 12% Value Added Tax is expected to increase price sensitivity and reduce their purchase intention. Therefore, the second hypothesis (H_2) in this study states that price sensitivity has a negative effect on consumer purchase intention.

H_2 : Price sensitivity has a negative and significant effect on the purchase intention of university students in Purwokerto within the context of the 12% Value Added Tax policy.

c. The Effect of Product Categorization on Purchase Intention

Product categorization refers to the process by which consumers classify products based on their level of importance, such as primary, secondary, and tertiary products. Theoretically, product categorization may influence purchase intention because consumers tend to maintain the consumption of essential goods while reducing the purchase of non-essential products when prices increase as a result of the implementation of the 12% Value Added Tax under the Harmonization of Tax Regulations Law. However, under conditions of widespread price increases, consumers are more likely to focus on the total expenditure they must bear rather than on the product categories themselves. Studies conducted by Althafa and Pramesti (2025), as well as Hermawan (2024), indicate that the increase in the 12% Value Added Tax has generally reduced consumers' purchasing power. In the context of university students in Purwokerto, the distinction between secondary and tertiary products tends to be

unclear, causing purchasing decisions to be influenced more by budget limitations and overall price increases. Therefore, product categorization is expected not to have a significant partial effect on consumer purchase intention. Accordingly, the third hypothesis (H_3) in this study states that product categorization has no significant effect on consumer purchase intention.

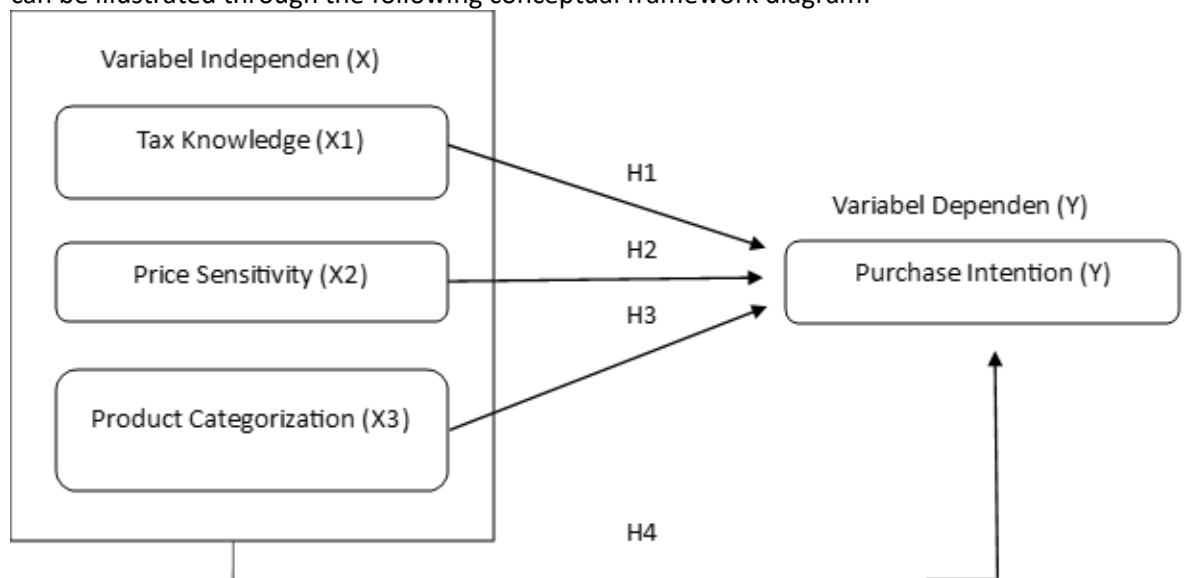
H_3 : Product categorization has a significant effect on the purchase intention of university students in Purwokerto within the context of the 12% Value Added Tax policy.

H_4 : Tax knowledge, price sensitivity, and product categorization simultaneously have a significant effect on the purchase intention of university students in Purwokerto within the context of the 12% Value Added Tax policy.

3. Theoretical Framework

The theoretical framework in this study is developed to examine how university students in Purwokerto respond in terms of purchase intention when confronted with the implementation of the 12% Value Added Tax policy. The analysis positions purchase intention (Y) as the dependent variable. Meanwhile, three cognitive and situational consumer factors are positioned as independent variables, namely tax knowledge (X_1), price sensitivity (X_2), and product categorization (X_3).

Structurally and visually, the relationships among the variables in this research model can be illustrated through the following conceptual framework diagram:



Through this framework, the multiple linear regression model will analyze the extent to which tax knowledge is able to mitigate the decline in purchase intention, how price sensitivity reduces students' consumption intentions, and how product categorization determines the allocation of purchase intention based on the level of commodity importance under the implementation of the 12% Value Added Tax regulation.

RESEARCH METHODS

This study employed a quantitative approach using a survey method to analyze the effect of the 12% Value Added Tax (VAT) policy on university students' purchase intention in Purwokerto. The quantitative approach was chosen because this research aims to identify and analyze the relationships between tax knowledge, price sensitivity, and product categorization toward purchase intention objectively through numerical data processing. This study is categorized as

explanatory research because it focuses on testing the relationships among variables based on empirical data obtained from respondents.

The population in this study consisted of all university students residing in Purwokerto. The sampling technique used was purposive sampling, which determines samples based on specific criteria relevant to the objectives of the study. The criteria for respondents in this research were active university students living in Purwokerto. A total of 170 respondents were involved in this study. This number was considered sufficient to represent respondent characteristics and fulfill the requirements for quantitative analysis.

This study utilized primary data collected through the distribution of online questionnaires using Google Forms. The questionnaires were distributed to students from several universities in Purwokerto through social media and digital communication platforms. The research instrument was developed based on indicators from previous studies and adjusted to the context of the 12% VAT policy. Respondents' answers were measured using a 4-point Likert scale ranging from strongly disagree to strongly agree.

The tax knowledge variable was measured through respondents' level of understanding regarding taxation policies. The price sensitivity variable was measured based on respondents' reactions to price changes resulting from the VAT increase. The product categorization variable was measured based on respondents' perceptions of the types of products they consume, while the purchase intention variable was measured through respondents' tendencies to make purchases after the implementation of the 12% VAT policy.

The research data were analyzed using JASP statistical software with quantitative statistical analysis techniques. This study employed multiple linear regression analysis to determine the effects of tax knowledge, price sensitivity, and product categorization on university students' purchase intention in Purwokerto. In addition, this research also conducted classical assumption tests, including normality tests, multicollinearity tests, and heteroscedasticity tests, to ensure that the regression model fulfilled statistical assumptions and was appropriate for use in the analysis.

RESULTS AND DISCUSSION

1. Classical Assumption Test

Before proceeding to parameter estimation through multiple linear regression analysis, this research model must undergo a series of classical assumption tests. The implementation of these procedures aims to ensure that the resulting estimator model fulfills the criteria of the Best Linear Unbiased Estimator (BLUE), is free from structural bias, and possesses a high level of validity in detecting causal relationships among variables. Within the architecture of quantitative multiple linear regression models, the most fundamental classical assumption test is the normality test.

It is important to emphasize theoretically that in regression normality testing, the assumption of normal distribution is not applied partially to each independent variable (X) or dependent variable (Y), but is strictly applied to the residual values (error terms) generated by the regression model. Residuals represent the random variability of human behavior (in this context, students' consumption intention) that cannot be captured precisely by linear mathematical functions. A regression model is considered valid and fulfills inferential requirements if the residual values are distributed evenly and symmetrically around the mean value of zero, thereby not forming extreme skewness or kurtosis patterns.

To empirically verify the fulfillment of this assumption, this study applied two internationally recognized formal inferential statistical tests, namely the Kolmogorov-Smirnov (K-S) test and the Shapiro-Wilk (S-W) test. The combination of these two testing instruments was conducted as a form of statistical triangulation to minimize Type I Error in data distribution decision-making. The testing criteria state that the null hypothesis (H_0), which indicates that the residuals are normally distributed, will be accepted if the significance probability value (p-value) generated from data processing is greater than the predetermined alpha error rate, namely $\alpha = 0.05$ ($p > 0.05$). The

results of the residual normality hypothesis testing are presented in detail in Table 1 below:

Table 1. Residual Normality Test

Test	Statistic	<i>p-value</i>	Description
Kolmogorov-Smirnov	0.049	0.817	<i>Normally Distributed Residuals</i>
Shapiro-Wilk	0.986	0.075	<i>Normally Distributed Residuals</i>

Source: Primary data processed using JASP, 2026.

Based on the compilation of empirical data presented in Table 4.1, the residual extraction process from the total sample of N = 170 respondents produced highly ideal statistical parameters. The results of the Kolmogorov-Smirnov test showed a statistical coefficient value of 0.049 with a significance probability level (*p-value*) of 0.817. This *p-value* greatly exceeded the critical threshold of 0.05 ($0.817 > 0.05$).

2. Multiple Linear Regression Analysis and Hypothesis Testing (t-Test)

Multiple linear regression analysis was used as a parametric estimation tool to examine the existence or absence of influence, the magnitude of contribution, as well as the direction of partial causal relationships between the independent variables consisting of Tax Knowledge (X_1), Price Sensitivity (X_2), and Product Categorization (X_3) toward the dependent variable, namely Purchase Intention (Y). The testing of partial hypotheses (H_1 , H_2 , and H_3) was statistically evaluated using the t-test instrument to determine whether the regression coefficients of each independent variable were proven to be significantly meaningful at the significance level or error tolerance limit of $\alpha = 0.05$ (5%). Based on the data processing output using JASP statistical software, the detailed results of the regression coefficient parameter estimation are comprehensively presented in Table 2 below:

Table 2. Partial Regression Coefficients and Hypothesis Testing Results (t-Test)

Model (M_1)	Unstandardized Coefficients (β)	Standard Error (SE)	Standardized Coefficients (β)	t_{hitung}	(<i>p-value</i>)
(Intercept / Konstanta)	8,384	1,515		5,534	<0,001
Tax Knowledge (X_1)	0,530	0,101	0,447	5,238	<0,001
Price Sensitivity (X_2)	-0,294	0,095	-0,278	-3,107	0,002
Product Categorization (X_3)	0,134	0,112	0,115	1,192	0,235

Source: Primary data processed using JASP, 2026.

Based on the estimated values of the Unstandardized Coefficients (β) parameters presented in the second column of Table 2, the mathematical linear function or multiple linear regression equation in this study can be formulated as follows:

$$Y = 8,384 + 0,530 X_1 - 0,294 X_2 + 0,134 X_3$$

The multiple linear regression equation above provides the following theoretical and econometric interpretations:

a. Intercept or Constant Value (α) = 8.384

The positive constant value of 8.384 indicates the intersection point of the regression line on the Y-axis. Mathematically, this means that if the levels of Tax Knowledge (X_1), Price Sensitivity (X_2), and Product Categorization (X_3) of the respondents are assumed to be constant or equal to zero (0), then the baseline value of students' Purchase Intention (Y) in Purwokerto in responding to economic issues will remain at 8.384 units. This intercept value was proven to be highly statistically significant because it obtained a t-value of 5.534 with a probability value of p-value < 0.001.

b. Regression Coefficient of the Tax Knowledge Variable (β_1) = 0.530

Variable X_1 produced a regression coefficient with a positive mathematical direction of 0.530. This coefficient indicates a directly proportional relationship, which theoretically means that every one-unit increase in the quality of students' Tax Knowledge (X_1) will strengthen or increase the predictive value of students' Purchase Intention (Y) by 0.530 units, provided that the other independent variables remain unchanged or constant (*ceteris paribus*).

c. Regression Coefficient of the Price Sensitivity Variable (β_2) = -0.294

Variable X_2 produced a regression coefficient with a negative mathematical direction of -0.294. This negative sign reflects an inverse causal relationship. This means that every one-unit increase in the level of students' Price Sensitivity (X_2) is linearly projected to decrease or degrade the value of students' Purchase Intention (Y) by 0.294 units, assuming that the other independent variables remain constant (*ceteris paribus*).

d. Regression Coefficient of the Product Categorization Variable (β_3) = 0.134

Variable X_3 has a positive regression coefficient value of 0.134. This figure indicates that mathematically, every one-unit increase in the intensity of Product Categorization (X_3) is predicted to increase the value of Purchase Intention (Y) by 0.134 units, assuming that all other control variables in the model remain constant (*ceteris paribus*).

Furthermore, decision-making regarding the verification of the final hypotheses of this study was conducted by examining the results of the partial testing (t-Test) for each independent variable as follows:

Verification of the First Hypothesis (H_1): The Effect of Tax Knowledge on Purchase Intention

Based on the statistical calculation results summarized in Table 2, the Tax Knowledge variable (X_1) recorded a t-value of 5.238 with a significance probability level (p-value) < 0.001. Since the obtained significance value was far below the critical error threshold of $\alpha = 0.05$ ($p < 0.001 < 0.05$), there is absolute empirical evidence to reject the null hypothesis (H_0). Therefore, the First Hypothesis (H_1), which states that Tax Knowledge has a positive and significant partial effect on students' Purchase Intention, is ACCEPTED.

Verification of the Second Hypothesis (H_2): The Effect of Price Sensitivity on Purchase Intention

The parameter output for the Price Sensitivity variable (X_2) produced a coefficient value with a negative direction and a t-value of -3.107. The significance probability value (p-value) generated for this variable was recorded at 0.002. Since this p-value fulfilled the requirement of being smaller than $\alpha = 0.05$ ($0.002 < 0.05$), the statistical decision taken was to reject the null hypothesis (H_0). Therefore, the Second Hypothesis (H_2), which states that Price Sensitivity has a negative and significant partial effect on students' Purchase Intention, is ACCEPTED.

Verification of the Third Hypothesis (H_3): The Effect of Product Categorization on Purchase Intention

The test results for the Product Categorization variable (X_3) showed a t-value of 1.192 with a positive coefficient direction. Nevertheless, the significance parameter (p-value) generated from this data test was 0.235. Since this probability value was proven to be far greater than the error tolerance threshold of $\alpha = 0.05$ ($0.235 > 0.05$), the null hypothesis (H_0) failed to be rejected. The econometric conclusion is that variations in product categorization partially do not provide a significant contribution to consumers' purchase intention. Therefore, the Third Hypothesis (H_3), which proposed that Product Categorization has a significant partial effect on students' Purchase Intention, is REJECTED.

As a complement to the partial inferential analysis, the level of strength or relative contribution degree of each independent variable can be objectively evaluated through the Standardized Coefficients or Beta coefficients (β) presented in Table 2. The use of these standardized Beta parameters is highly accurate because they eliminate deviations caused by differences in measurement units among operational indicators.

Referring to the actual data processed using JASP, the Tax Knowledge variable possessed the highest β value weight, namely 0.447. The second position was occupied by the Price Sensitivity variable with a β value of -0.278, while the lowest contribution was shown by the Product Categorization variable with a β value of only 0.115.

Through the comparison of these standardized Beta parameters, a solid empirical conclusion was obtained that cognitive tax insight (Tax Knowledge) is the internal determining factor with the most dominant and radical contribution in directing the volatility of increases and decreases in students' Purchase Intention in Purwokerto after the implementation of the 12% VAT fiscal policy.

3. Simultaneous F-Test Results

Prior to conducting an inferential analysis of the regression coefficients for each independent variable partially, a Goodness of Fit test is first performed to evaluate the model's viability. This model viability test is statistically estimated through a Simultaneous F-Test. The primary objective of the F-test in a multiple linear regression model is to determine whether the constructed linear model architecture—which incorporates the variables Tax Knowledge (H_1), Price Sensitivity (H_2), and Product Categorization (H_3)—possesses a high degree of validity and goodness of fit in collectively predicting the variability of the dependent variable, Purchase Intention (Y).

From a theoretical-econometric perspective, the F-test compares the variance of the regression model's predictions (Sum of Squares Regression) with the variance of the prediction errors (Sum of Squares Residual). The null hypothesis (H_0) in this simultaneous test states that all regression coefficients are equal to zero, implying that the combination of independent variables has no capacity to influence the dependent variable. Conversely, the alternative hypothesis (H_a) asserts that at least one independent variable exerts a significant influence. Statistical decision-making is based on the significance probability value (p-value), whereby the model is declared a good fit if the p-value is smaller than the error tolerance threshold of $\alpha = 0.05$ ($p < 0.05$). The estimation results of the simultaneous significance test via the Analysis of Variance (ANOVA) table are presented in Table 3 below:

Table 3. Simultaneous F-Test Results

Model	Sum of Squares		df	Mean Square	F	p
M1	Regression	302,9	3	100,978	13,48	< 0,001
	Residual	1243,0	166	7,488		
	Total	1546,0	169			

Source: Primary data processed using JASP, 2026.

Based on the ANOVA analysis output presented in Table 3, the decomposition process of the total data variability yielded a Sum of Squares Total of 1,546.0. This value is divided into two primary components: the Sum of Squares Regression successfully explained by the model, amounting to 302.9, and the Sum of Squares Residual, amounting to 1,243.0. With a sample size of $N = 170$ respondents, the degrees of freedom (df) are established at $k = 3$ for the regression parameter (the number of independent variables) and $N - k - 1 = 166$ for the residual parameter. Dividing the sum of squares by their respective degrees of freedom resulted in a Mean Square Regression of 100.978 and a Mean Square Residual of 7.488.

Through a ratio comparison between these mean squares, the model's calculated F-value (F_{hitung}) was determined to be 13.48. The significance of this (F_{hitung}) parameter was then inferentially tested, yielding a significance probability value (p value) of < 0.001 . Since the achieved significance value is substantially smaller than the designated actual error rate ($p < 0.001 < 0.05$), the absolute statistical decision made is to reject the null hypothesis (H_0) and accept the alternative hypothesis (H_a).

The rejection of H_0 provides highly robust empirical evidence that, simultaneously, the variables Tax Knowledge, Price Sensitivity, and Product Categorization exert a significant influence on the Purchase Intention of university students in Purwokerto within the context of the rolling 12% VAT tariff adjustment policy. This result indicates that fluctuations in students' transaction intentions can be linearly predicted by involving the simultaneous interaction of these three independent variables. Consequently, the multiple linear regression model developed in this study is proven to fulfill the criteria for a good model fit (*Goodness of Fit*), is econometrically valid, and possesses a strong functional foundation to be utilized as a parameter estimation tool in the subsequent partial hypothesis testing stage.

4. Analysis of the Coefficient of Determination (R^2)

The analysis of the coefficient of determination (R^2) was conducted to measure the extent of the regression model's ability to explain the variation in the dependent variable, namely Purchase Intention (Y). The coefficient of determination value reflects the magnitude of the contribution or influence exerted by all independent variables simultaneously on the dependent variable. The R^2 value ranges from 0 to 1; the closer it is to 1, the stronger the ability of the independent variables to explain the variance in the dependent variable. Based on the data processing results using the JASP software, the coefficient of determination values were obtained as follows:

Table 4. Coefficient of Determination Results

Model	R	R^2	Adjusted R^2	RMSE
M0	0,000	0,000	0,000	3,025
M1	0,443	0,196	0,181	2,736

Source: Primary data processed using JASP, 2026.

Referring to Table 4, the R^2 (R-Squared) value obtained is 0.196, which is equivalent to 19.6%. Statistically, this value implies that the variables Tax Knowledge (X_1), Price Sensitivity (X_2), and Product Categorization (X_3) collectively contribute 19.6% to the Purchase Intention (Y) of university students in Purwokerto.

Conversely, the remaining 80.4% ($100\% - 19.6\% = 80.4\%$) is explained by other variables outside the scope of this study that were not included as independent variables, such as social environment factors, peer pressure, marketing promotions, or the students' personal income levels.

This result indicates that although the constructed regression model meets statistical goodness-of-fit criteria, there remains a substantial avenue for future research to explore other explanatory variables that may possess stronger predictive power regarding consumer purchase intentions amidst fluctuations in national tax policies. Although this determination value appears

moderate, the research model is still considered valid as it has undergone simultaneous and partial significance testing, demonstrating a tangible causal relationship among the studied variables.

5. Discussion

a. The Influence of Tax Knowledge on Purchase Intention

The results of the multiple linear regression analysis indicate that Tax Knowledge (X_1) exerts a positive and significant influence on Purchase Intention (Y), with a regression coefficient of 0.530 ($p < 0.001$). This finding provides crucial empirical confirmation that tax knowledge is not merely an administrative variable, but rather a significant cognitive predictor in shaping consumer behavior amidst dynamic fiscal policies, particularly following the implementation of the 12% VAT tariff.

Theoretically, the results of this study support the Cognitive Theory of Consumer Behavior, which emphasizes that deep-seated information possessed by an individual influences the evaluation process of external stimuli—in this case, tax-induced price increases. When students possess a high level of tax literacy, they do not perceive price hikes as an isolated negative variable. Instead, they are capable of engaging in a more complex information integration process.

As illustrated in the cognitive information processing model above, there is a distinct divergence in response patterns between consumers with high and low fiscal literacy. University students in Purwokerto who possess high Tax Knowledge are able to navigate the stimulus evaluation stage through a broader perspective. They understand that the 12% VAT is a state instrument for economic development, leading them to engage in Cognitive Reframing. Within this process, the increased tax burden is internalized not as a "loss of purchasing power," but rather as a justifiable social contribution within an economic system. Consequently, consumption anxiety is minimized, and purchase intention is maintained.

This finding aligns with prior research stating that fiscal literacy acts as a "rational filter." For intellectual groups such as university students, knowledge serves as social capital that provides cognitive resilience against market price fluctuations. Students with sound tax knowledge possess more accurate predictive capabilities regarding price dynamics; thus, they do not respond to price changes impulsively or reactively, which in turn prevents avoidance behavior.

Furthermore, Purwokerto's position as an educational hub provides a unique context. Students' exposure to academic discourses regarding fiscal policy, such as the Harmonization of Tax Regulations Law (UU HPP), creates an environment where tax knowledge becomes an integral part of daily economic literacy. This significantly differentiates their consumption behavior from that of the general public, who may face information constraints. Consequently, Tax Knowledge is not only relevant as a determinant of tax compliance but is also empirically proven to be a pivotal variable in sustaining transaction intensity within the retail market amidst fiscal pressures.

b. The Influence of Price Sensitivity on Purchase Intention

The regression analysis results indicate that Price Sensitivity (X_2) exerts a negative and significant influence on the Purchase Intention (Y) of university students in Purwokerto, with a regression coefficient of -0.294 ($p = 0.002$). This finding provides empirical confirmation that price sensitivity is a crucial determinant that directly suppresses consumer purchase intentions when faced with shifts in price structures driven by tax policies.

Theoretically, this result aligns with the Law of Demand in Microeconomics, which dictates an inverse relationship between price and quantity demanded. In the context of consumer behavior, Price Sensitivity reflects the degree of an individual's

reliance on price as a primary consideration in purchasing decisions. For university students, who generally navigate limitations related to a fixed income, the price hikes resulting from the 12% VAT policy present a tangible economic barrier.

The Law of Demand in Microeconomics explains that consumer responses to price adjustments depend heavily on their elasticity of demand. Students with high levels of price sensitivity tend to act as rational-substitutive consumers. When a product's price increases due to the tax burden, they do not merely evaluate the product's utility value; instead, they actively compare it with more affordable alternatives. This triggers switching behavior (shifting to other products) or postponing purchases as an economic defense mechanism.

The significant negative impact of price sensitivity in this study can also be explained through Prospect Theory. According to this theory, consumers tend to be more sensitive to "losses" (price increases) than to "gains" (product benefits). The 12% VAT increase is perceived by price-sensitive students as a direct financial "loss." Because this tax burden is felt immediately during each retail transaction, the perceived value of the goods declines, which automatically and significantly degrades the students' purchase intentions.

Within the economic environment of Purwokerto, where retail price variations are highly competitive, students have high accessibility to perform price comparisons. This accessibility amplifies the effect of price sensitivity. Students do not merely act as passive price takers; rather, they become economic agents who are highly responsive to price fluctuations. Therefore, the negative coefficient of -0.294 serves as clear evidence that the success of retail marketing strategies amidst the 12% VAT implementation depends heavily on the ability of vendors to manage price perceptions, ensuring they remain within the tolerance thresholds of sensitive consumers.

c. Analysis of the Non-Significant Influence of Product Categorization on Purchase Intention

The statistical testing results indicate that the Product Categorization (X_3) variable does not exert a significant influence on the Purchase Intention (Y) of university students in Purwokerto ($p = 0.235 > 0.05$). This finding provides an interesting indication that in an economic situation strained by fiscal policy shifts, product classification—whether into essential or non-essential categories—is no longer a determinant variable that significantly differentiates consumer purchase intentions.

This phenomenon can be explained through the concept of Aggregate Fiscal Impact Dilution. Under normal circumstances, consumers tend to apply strict product classifications within their expenditure budgets; essential products (such as food and stationery) typically exhibit low elasticity, whereas tertiary products (such as lifestyle goods or entertainment) exhibit high elasticity. However, when the government implements a comprehensive VAT tariff adjustment (such as the 12% VAT), the tax burden is perceived as a systemic, cross-category "fiscal shock."

As a result of this fiscal shock, students tend to experience price pressures uniformly across the entire spectrum of product categories. When the tax burden is perceived as "present" in nearly all retail transactions, the differentiation of product categorization becomes psychologically irrelevant. Students no longer sort products based on category urgency; instead, they implement a comprehensive restriction on consumption. This blurs the perceptual boundary between essential and non-essential goods within the context of purchase intention, causing the Product Categorization variable to lose its predictive power in this regression model.

Furthermore, this finding aligns with the Theory of Bounded Rationality. University students, as economic agents, possess limitations in processing complex

pricing information amidst dynamic tax policy changes. The effort required to continuously categorize products at every purchasing moment creates a high cognitive load. Rather than engaging in complex product categorization, students tend to simplify their decision-making by viewing the tax policy as a unified economic barrier rather than a variable segregated by product type.

Consequently, the non-significance of the Product Categorization variable offers a valuable managerial lesson: in conditions where fiscal policies widely impact purchasing power, product segmentation based on categories is insufficient to sustain students' purchase intentions. Strategies aimed at maintaining Purchase Intention can no longer rely on the classification of goods types; instead, they must target the enhancement of perceived value and the effectiveness of education regarding the goals of the tax policy itself, as demonstrated by the Tax Knowledge variable previously.

d. Research Implications: Theoretical and Strategic Synthesis

The findings of this study contribute significantly to the discourse on consumer behavior, particularly in dissecting the responses of university students in Purwokerto toward the 12% VAT fiscal policy. The synthesis of the analysis indicates that the constructed research model holds a predictive power of 19.6% over the purchase intention variable. This figure confirms that while tax policy is a dominant macro-variable, there is a complex array of psychological and behavioral factors influencing individual economic decisions. Theoretically, the results extend consumer behavior literature by demonstrating that fiscal literacy (Tax Knowledge) acts as the most influential cognitive determinant in mitigating the negative impacts of tax rate hikes. This provides a robust argument that a deep understanding of public policy functions can neutralize consumption anxiety—a phenomenon rarely addressed in traditional consumer behavior studies, which tend to focus exclusively on product attributes and pricing variables.

Furthermore, the dominance of the Tax Knowledge variable as a positive and significant predictor of purchase intention underscores a paradigm shift: knowledge is not merely an administrative element, but rather a form of social capital that provides cognitive resilience for consumers. Students with sound tax literacy are capable of internalizing price increases not as market anomalies, but as the logical consequences of national development policies, thereby ensuring that their purchase intentions are not distorted by perceived inflationary pressures. Conversely, the significantly proven negative influence of Price Sensitivity confirms that the fixed-income constraints characteristic of the student segment render them highly responsive to price fluctuations. This explains that under economic conditions strained by the VAT increase, students prioritize economic rationality to minimize expenditure burdens, which is mirrored in their heightened sensitivity to price.

The non-significance of the Product Categorization variable in this research model offers unique theoretical implications regarding aggregate consumption behavior. This phenomenon indicates that a comprehensive tax policy creates a uniform psychological impact across all product lines. Students no longer view product classifications—whether essential or tertiary—as meaningful boundaries because they perceive the 12% VAT burden as a systemic and unavoidable phenomenon. In other words, massive fiscal policies tend to dissolve perceptual differentiations between product categories during the purchasing decision-making process, as subjects focus more heavily on the total cost burden they must incur as a whole. Indirectly, this demands a restructuring of how business actors view consumer behavior; product segmentation based on classical categories appears to lose its relevance when facing a fiscal shock that is uniformly felt by this consumer group.

Strategically, these findings suggest that marketing strategies relying solely on price discounts or conventional product segmentation will not be sufficiently effective in sustaining students' purchase intentions amidst current tax policy dynamics. Business actors need to transition toward strategic communication-based approaches capable of building a more transparent perceived value. Educational efforts that communicate the urgency and benefits of taxes for development indirectly assist consumers in engaging in cognitive reframing, which ultimately sustains purchase intentions. Consequently, the synchronization between public policy understanding and empathetic marketing strategies tailored to students' price sensitivity becomes the primary key to maintaining retail transaction stability amidst fiscal fluctuations. Overall, this study underscores that understanding consumer psychological factors is an absolute prerequisite for both policymakers and business practitioners in formulating more adaptive and humane mitigation steps against national tax policies.

CONCLUSION

1. Conclusion

This study examines the effects of tax knowledge, price sensitivity, and product categorization on the purchase intention of university students in Purwokerto in response to the implementation of the 12% Value Added Tax policy. The findings indicate that, simultaneously, all three variables significantly influence purchase intention. Tax knowledge emerges as the most dominant positive factor, as adequate tax literacy is able to reduce consumers' concerns regarding price increases. In contrast, price sensitivity has a negative and significant effect, whereby rising prices resulting from the 12% Value Added Tax reduce the purchase intention of students with limited income. Meanwhile, product categorization does not have a significant effect on purchase intention because students tend to focus more on the overall increase in expenditures rather than on specific product categories.

Overall, this study confirms that fiscal literacy and psychological factors exert a greater influence on students' purchase intention than product classification. These findings also highlight the importance of fiscal education and communicative marketing strategies in maintaining the stability of students' consumption behavior.

2. Implications, Limitations, and Research Suggestions

Theoretically, this study expands the discourse on consumer behavior by demonstrating that fiscal literacy (tax knowledge) is not merely an aspect of compliance, but also a psychological determinant that functions as a cognitive buffer in mitigating the impact of price shocks. These findings indicate a paradigm shift in which an understanding of the functions of public policy can enhance individuals' rationality in responding to restrictive macroeconomic policies. Furthermore, from a practical perspective, this study calls for a restructuring of strategies for both governments and business actors. Governments are encouraged to improve transparency and public education to minimize consumer anxiety, while business actors should adopt value-based communication approaches and more empathetic pricing strategies, such as bundling schemes and promotional offers.

This study has several limitations, including the relatively homogeneous population scope, which is limited to university students in Purwokerto. Therefore, the generalization of these findings to the broader and more heterogeneous Indonesian population should be approached with caution. In addition, this research model is limited to three primary independent variables, namely tax knowledge, price sensitivity, and product categorization, whereas consumer purchase intention is influenced by a broader spectrum of factors, such as social environmental influences, digital promotions, and brand loyalty.

For future research, subsequent researchers are encouraged to broaden the demographic scope of respondents beyond academic environments to provide findings that more accurately reflect the national population. The integration of broader external variables, such as household income levels, peer pressure, and institutional trust in public policies, is also recommended to improve the predictive power of the research model.

Finally, the use of a longitudinal approach is recommended to observe changes in consumer behavior from the pre-implementation phase to long-term adaptation. In addition, the application of a mixed-method approach combining quantitative data with in-depth interviews is strongly suggested. Through these approaches, studies on consumer behavior under national fiscal policies are expected to achieve greater theoretical depth and provide broader practical contributions to both public policy and the business sector.

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