

Motor Vehicle Tax Amnesty Between Fiscal Inclusivity And The Risk of Declining Tax Discipline

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Article History:

Received: 23 Oktober 2025

Revised: 10 November 2025

Accepted: 25 November 2025

Keywords: Vehicle Tax
Amnesty, Fiscal Inclusivity,
Tax Discipline, Taxpayer
Compliance, Public
Perception.

***Abstract:** This study aims to analyze public perceptions of the vehicle tax amnesty program from two main perspectives: fiscal inclusivity and the risk of declining tax discipline. The research method employed is descriptive quantitative, with data collected through an online questionnaire (Google Form) completed by 102 respondents from various age groups, professions, and levels of vehicle ownership. The results indicate that the public's level of awareness regarding the tax amnesty program is very high (95.1%). Most respondents (82.4%) believe that the program helps alleviate the financial burden on society, and 70.6% agree that the amnesty can improve taxpayer compliance. However, 50% of respondents also consider that the program poses a risk of decreasing taxpayer discipline in the future, as it may encourage delays in tax payments until similar programs are offered again. These findings highlight a dilemma between achieving fiscal inclusivity and maintaining long-term tax compliance. Therefore, local governments need to balance tax incentive policies with taxpayer education strategies to achieve fiscal objectives without undermining tax discipline.*

INTRODUCTION

Taxes are the main pillar of financing development and providing public services. However, in many regions as well as nationally, tax revenues often fall short of their potential due to challenges in taxpayer compliance and a limited tax base. To address these issues, the concept of *fiscal inclusivity* has increasingly been raised as a foundation to ensure that the tax system not only pursues revenue but also expands access and fairness for all segments of society (Abramovsky & Granger, 2025). In the context of motor vehicles, relatively heavy tax burdens and administrative uncertainty can become obstacles for taxpayers to comply.

One of the policies implemented by the government to expand compliance and provide fiscal incentives is *tax amnesty* (motor vehicle tax amnesty). In Indonesia, this policy has been implemented on a national scale, and several studies show that tax amnesty can boost revenue in the short term and expand the tax base (*Analysis of a Tax Amnesty's Effectiveness in Indonesia*,

2021). However, on the other hand, the literature also warns that repeated amnesties may have negative effects on long-term compliance, as taxpayers may delay their obligations in anticipation of future amnesty programs (Indradi, 2023).

This tax amnesty policy creates a real policy dilemma. On one hand, the aspect of fiscal inclusivity requires that delinquent taxpayers be given the opportunity to “repent” without heavy sanctions, so that the fiscal burden can be broadened to include those who previously did not pay. On the other hand, if this policy is implemented too frequently or without accompanying enforcement and education, it may create *moral hazard*—a tendency for taxpayers to postpone payment in the hope of future amnesty opportunities (*Repeated Tax Amnesties in Indonesia*, 2023). Empirical studies indicate that although tax amnesty can initially improve voluntary compliance, its long-term effects remain uncertain and may even weaken over time (*Tax Compliance After the Implementation of Tax Amnesty*, 2020).

In this study, public perceptions of motor vehicle tax amnesty were measured through an online survey participated in by 102 respondents from various backgrounds. The results show that the majority of respondents were aware of the motor vehicle tax amnesty program (95.1%) and believed that it alleviates the public’s financial burden (82.4%). The respondent profile was dominated by males (56.9%), aged 21–30 years (41.2%), with most being students (43.1%). Most respondents owned one motor vehicle (61.8%) and regularly paid their taxes on time (65.7%). However, half of the respondents (50%) believed that the amnesty program might reduce taxpayer discipline, while most also viewed it as reflecting fairness for both delinquent and compliant taxpayers (60.8%). These findings highlight the dilemma between efforts to promote fiscal inclusivity and the potential decline in long-term compliance, which forms the core focus of this study’s analysis.

LITERATURE REVIEW

Fiscal Inclusivity

The concept of fiscal inclusivity emphasizes the importance of a fair, transparent, and accessible taxation system for all segments of society. Its main objective is to broaden taxpayer participation and ensure an equitable distribution of the tax burden without discrimination (Abramovsky & Granger, 2025). In the context of motor vehicle taxation, fiscal inclusivity can be implemented through tax amnesty programs that allow delinquent taxpayers to fulfill their obligations without burdensome penalties. Previous studies have shown that inclusive approaches can increase the participation of new taxpayers and reduce short-term arrears (OECD, 2022).

Tax Compliance and Discipline

Tax compliance refers to the degree of taxpayer adherence to tax regulations and obligations. Factors influencing compliance include tax knowledge, perceptions of fairness, and expectations of law enforcement (Alm, 2019). Tax discipline tends to decline when taxpayers anticipate future amnesty programs, leading to a tendency to postpone tax payments. Research in Indonesia indicates that this moral hazard is one of the main risks associated with frequently repeated tax amnesty policies (Indradi, 2023).

Tax Amnesty (Motor Vehicle Tax Amnesty)

Tax amnesty is a fiscal policy aimed at encouraging delinquent taxpayers to pay their obligations by reducing or eliminating administrative sanctions. The motor vehicle tax amnesty policy in Indonesia has been implemented several times and has proven effective in significantly increasing short-term tax revenues (*Analysis of Tax Amnesty Effectiveness in Indonesia*, 2021).

However, its long-term effect on tax discipline remains debatable. Some studies indicate that overly frequent amnesty programs can reduce voluntary compliance and foster tax payment procrastination (Tax Compliance After the Implementation of Tax Amnesty, 2020).

Synthesis and Relevance to the Current Study

Based on the reviewed literature, a balance must be maintained between fiscal inclusivity and tax discipline. While tax amnesty programs positively impact taxpayers by reducing financial burdens, they also carry the potential risk of moral hazard. This study aims to address this gap by combining empirical data on public perceptions of the motor vehicle tax amnesty program. A survey of 102 respondents revealed that most were aware of the amnesty program and perceived it as helpful in easing financial burdens; however, half of them also viewed it as potentially reducing tax discipline. These findings align with the literature, highlighting that tax amnesty has two sides it promotes fiscal inclusivity while simultaneously posing a risk of decreased compliance.

RESEARCH METHOD

This study employs a quantitative descriptive approach to describe public perceptions of the motor vehicle tax amnesty program. This approach was chosen as it aligns with the research objective to analyze how the public perceives the program in terms of fiscal inclusivity and the potential risk of declining tax discipline. The data were collected through an online survey using a Google Form questionnaire distributed to the public using purposive sampling.

A total of 102 respondents participated in the survey, consisting of 56.9% male and 43.1% female participants. Based on age, most respondents were aged 21–30 years (41.2%), followed by those under 20 years (22.5%), over 50 years (19.6%), 31–40 years (9.8%), and 41–50 years (6.9%). In terms of occupation, the majority were students (43.1%), followed by entrepreneurs (24.5%), and civil servants (15.7%), while other professions such as teachers, couriers, and lawyers accounted for 8.8%. Most respondents owned one motor vehicle (61.8%), while the rest owned two or more.

The research instrument consisted of a closed-ended questionnaire using a four-point Likert scale to measure respondents' knowledge and perceptions of the tax amnesty program. The questions covered aspects such as vehicle tax compliance, awareness of the amnesty program, its influence on tax payment decisions, program effectiveness, and views on the potential risk of declining taxpayer discipline in the future.

The collected data were analyzed using quantitative descriptive analysis through percentage and frequency distribution calculations for each response category. The results of this analysis were used to illustrate public perception patterns regarding the vehicle tax amnesty, particularly in the context of balancing inclusive fiscal policy and the potential moral hazard of decreasing taxpayer compliance in the long term.

RESULT AND DISCUSSION

The findings of this study reveal that the level of public awareness regarding the motor vehicle tax amnesty program is remarkably high. A total of 95.1% of respondents were aware of the program's existence, indicating the effectiveness of information dissemination by local governments. This broad awareness suggests that public communication strategies have successfully reached diverse social groups, including younger demographics such as students, who made up 43.1% of respondents. This aligns with Alm (2019), who states that increased tax awareness has a positive correlation with taxpayer engagement in modern tax systems.

In terms of compliance, 65.7% of respondents reported that they always pay their vehicle tax on time, while 23.5% admitted to occasional delays, and 10.8% tend to wait for tax amnesty programs before settling their obligations. This illustrates the dilemma between promoting fiscal inclusivity through tax relief and the risk of *moral hazard*—the tendency to postpone tax payments. These findings are consistent with Indradi (2023), who emphasized that repeated fiscal incentives, such as amnesties or remissions, can reduce long-term taxpayer discipline.

From a socioeconomic perspective, 82.4% of respondents agreed that the tax amnesty program helps ease the financial burden on society. This indicates that the policy plays a positive role in enhancing fiscal access equity amid economic pressures. According to the OECD (2022), inclusive fiscal policies should provide relief without undermining the motivation to comply. In this context, tax amnesty serves as a social stimulus, particularly for low-income groups who defaulted on taxes due to financial constraints rather than intentional avoidance.

Interestingly, about 70.6% of respondents also believed that the amnesty program can increase taxpayer compliance. This suggests that most people perceive the program positively—as an opportunity to correct their tax records and pay outstanding obligations without penalties. This supports the findings of Alm (2019) and *Analysis of a Tax Amnesty's Effectiveness in Indonesia* (2021), which found that tax amnesties boost short-term revenue and expand the tax base.

However, the survey also highlights a potential policy paradox. 50% of respondents agreed that tax amnesty programs might reduce future tax discipline, as people could delay payment in anticipation of future amnesties. This reflects a form of *fiscal dependency*, where incentives unintentionally weaken the sense of tax obligation. This finding aligns with *Tax Amnesty and Taxpayers' Noncompliant Behaviour* (2022), which explains that repeated amnesties without strict oversight can create a perception of “automatic forgiveness” among taxpayers.

Additionally, 48.1% of respondents acknowledged that amnesty programs lead some people to delay tax payments, while only 34.3% disagreed. This reinforces the concern that frequent tax incentives can foster opportunistic behavior. The OECD (2022) stresses the importance of policy consistency to prevent taxpayers from feeling that noncompliance receives preferential treatment. Local governments must balance fiscal fairness for compliant taxpayers with fiscal empathy for those struggling economically.

Moreover, 60.8% of respondents perceived the amnesty program as fair to all taxpayers. This indicates that the public views the policy as a balance between punishment and opportunity. Within the framework of fiscal inclusivity, amnesty is seen as a governmental effort to reopen administrative access for marginalized groups. Brookings (2025) emphasizes that inclusive fiscal policy should account for justice, efficiency, and sustainability to avoid long-term counterproductive effects on compliance.

In terms of age and occupation, respondents aged 21–30 years and students showed the most positive views toward tax amnesty. This suggests an optimistic outlook among younger generations toward flexible local fiscal policies and indicates a relatively high level of tax literacy among them. Consistent with *Tax Compliance After the Implementation of Tax Amnesty in Indonesia* (2020), younger generations have strong potential to become compliant taxpayers if provided with adequate education and policy transparency.

From a fiscal sustainability perspective, however, repeatedly implementing tax amnesty programs may weaken long-term tax structures. Local governments must ensure that each amnesty is followed by stronger tax information systems and continuous compliance education. According to Abramovsky and Granger (2025), the success of an inclusive fiscal system is determined not only by revenue collection but also by public trust in the fairness and consistency

of policies.

Overall, the findings affirm that the motor vehicle tax amnesty is a double-edged sword. On one hand, it broadens fiscal inclusion and provides relief to taxpayers. On the other, without strong supervision and education, it can create dependency on tax leniency. Therefore, governments must balance incentive policies with sustainable compliance strategies—such as digitalizing tax payments, providing rewards for compliant taxpayers, and enhancing tax literacy among younger generations.

CONCLUSION

The results of this study show that the motor vehicle tax amnesty program has a positive impact on improving taxpayer compliance and participation, especially among low-income groups and younger generations. The high level of public awareness (95.1%) and positive perceptions of fiscal fairness indicate that government communication strategies and local fiscal policies have been effective. However, the results also point to the potential for *moral hazard* due to dependency on similar programs in the future, emphasizing the need for a balance between incentive policies and fiscal oversight. Moreover, the study underscores the importance of sustainable fiscal policies focused on education, digitalization, and public transparency. Local governments are encouraged to strengthen technology-based tax administration systems to minimize arrears and expand the tax base sustainably. Thus, tax amnesty should not merely serve as a temporary solution but as a strategic momentum to build a culture of tax compliance that is conscious, fair, and sustainable.

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