

## Tax Compliance Behavior of Generation Y and Z: A Study Based on the Theory of Planned Behavior

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### Abstract

Low tax compliance among individual taxpayers, particularly Generations Y and Z, poses a challenge to optimizing national revenue. This study aims to examine the influence of attitude toward behavior, subjective norms, and perceived behavioral control on behavioral intention, as well as the impact of intention on tax compliance. It also explores intergenerational differences and the mediating role of intention in the relationship between attitude and tax compliance. Employing the Theory of Planned Behavior, data were collected via questionnaires from 300 respondents in Denpasar City and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings reveal that attitude significantly influences intention among Generation Z, while subjective norms are the dominant factor among Generation Y. Behavioral intention significantly mediates the effect of attitude on tax compliance for Generation Z. The study recommends generationally tailored tax education strategies to enhance sustainable tax compliance.

**Keywords:** *Attitude, Subjective Norms; Perceived Behavioral Control; Behavioral Intention Tax Compliance; Taxpayer Compliance.*

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## INTRODUCTION

Emerging economies face significant challenges in improving tax compliance, which remains generally low (Juliobenedrick et al., 2023; Olaniyi et al., 2023). Such non-compliance has an impact on the low state revenue needed to finance development programs (Bani-Khalid et al., 2022; Cahyani & Noviari, 2019). Tax compliance reflects the willingness of taxpayers to fulfill obligations and exercise tax rights honestly and on time (Hidayat et al., 2023; Taing & Chang, 2021) and includes awareness to report and pay taxes according to applicable regulations (Mangoting et al., 2020; Purnaningsih & Noviari, 2019). Positive experiences with tax authorities also increase the level of compliance (Putra, 2023; Tjondro et al., 2019). Indonesia as a developing country has demographic opportunities through the dominance of Generations Y and Z which will be the main contributors to state revenue in the future. Efforts to utilize the potential of the younger generation in the tax system require appropriate education and communication strategies to shape compliance awareness (Marandu et al., 2015; Ranatarisza et al., 2019; Yulianto et al., 2019). Generation Z tends to be more assertive in responding to fraud issues (Muhammad et al., 2024), while Generation Y is more responsive to aspects of tax fairness, satisfaction, and social interaction (Mangoting et al., 2020). These different characteristics demand a segmented policy approach to sustainably improve tax compliance

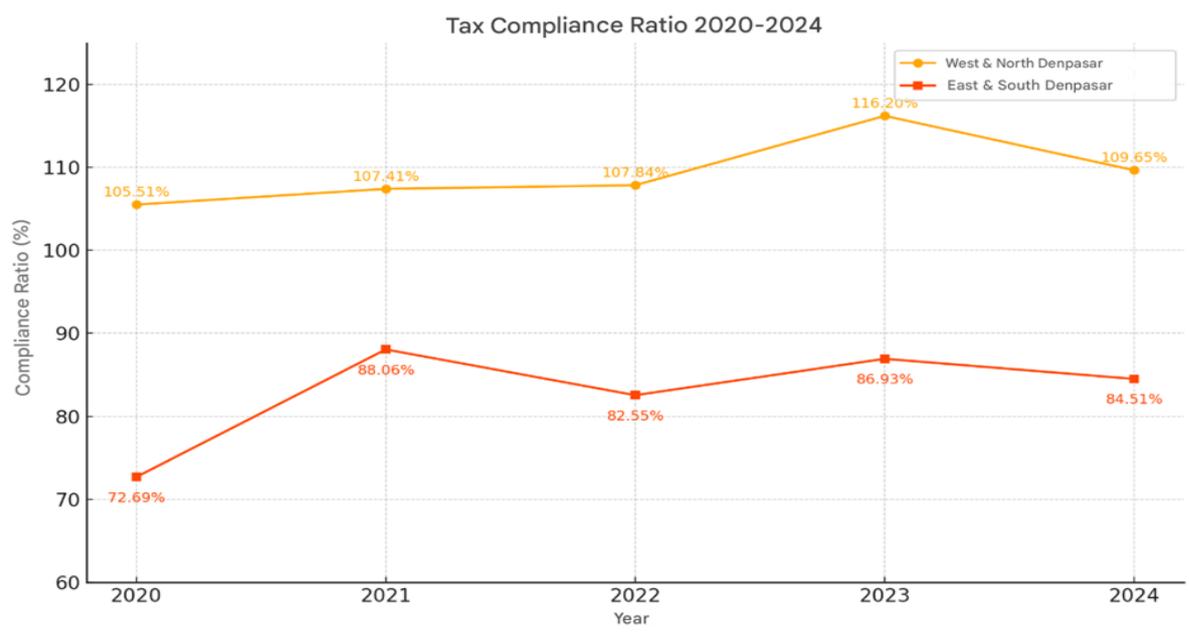
The level of taxpayer compliance in Indonesia is assessed through the tax ratio, which is the ratio between tax revenue and Gross Domestic Product (GDP) in a certain period (Nurwanah et al., 2018). Table 1, shows fluctuations in the tax ratio over the past five years. This pattern reflects fiscal dynamics due to economic and policy influences, and emphasizes the need for adaptive strategies to maintain the stability of state revenues. The tax compliance ratio increased from 73.06% in 2019 to 89.00% in 2024. This ratio measures administrative compliance, such as timely filing of annual tax returns. However, there is still a mismatch between reporting and actual payment, when taxpayers report their tax returns but do not fully pay the tax due.

**Table 1.** Tax Ratio and Tax Compliance Ratio in Indonesia

Year	Tax Ratio (%)	Tax Compliance Ratio (%)
2019	9.76	73.06
2020	8.33	77.63
2021	9.12	84.07
2022	10.39	86.80
2023	10.2	88.00
2024	10.08	89.00

Source: kemenkeu.go.id, 2024

Bali Province, particularly Denpasar City, has a high concentration of productive-age population dominated by Generation Y and Z. The compliance ratio of individual taxpayers in this region shows an increasing trend in the last five years. As Figure 1 explains, the East and South Denpasar KPP Pratama recorded an increase from 2020 to 2024, although it declined in 2022. KPP Pratama West and North Denpasar consistently recorded ratios above 100%, with the highest peak in 2023 before declining slightly in 2024. Efforts to increase compliance are still needed, especially among the younger generation who now dominate the composition of individual taxpayers.



**Figure 1.** Comparison Chart of Compliance Ratio of Individual Taxpayers in Denpasar City

Source: e-Riset Direktorat Jenderal Pajak (DJP)

Tax compliance is a complex behavior that is influenced by personal attitudes, social norms, and perceived behavioral control, as described in the Theory of Planned

Behavior (TPB) (Kaulu, 2022). This theory assumes that individuals act based on rational considerations before behaving, which is determined by intentions (Lin et al., 2022). TPB views intention as the main determinant of actual behavior, influenced by attitudes toward behavior, subjective norms, and perceived behavioral control (Doll & Ajzen, 1992; Madden et al., 1992). In the context of taxation, the TPB has been used to explain taxpayer compliance intentions (Bobek et al., 2013; Karolina & Noviyari, 2019). Attitude towards tax compliance reflects an individual's evaluation of the act of paying taxes. A positive attitude will encourage the intention to comply (Taing & Chang, 2021). This assessment is closely related to tax morality, which is an intrinsic motivation based on a sense of social responsibility (Doll & Ajzen, 1992; Taing & Chang, 2021). Subjective norms reflect the social pressure individuals feel, particularly the expectations of those closest to them regarding tax compliance (Bobek & Hatfield, 2003; Cechovsky, 2021). Perceptions of system fairness and trust in tax authorities also shape this norm (Taing & Chang, 2021). Perceived behavioral control relates to an individual's belief in the ability to comply with tax obligations, including access to resources and information (Bani-Khalid et al., 2022). Barriers such as tax complexity, time constraints, and weak socialization also affect this control (Doll & Ajzen, 1992; Taing & Chang, 2021). Tax compliance intention is formed from the three components above and acts as the main driver of actual behavior (Karolina & Noviyari, 2019). This intention is influenced by perceptions of fiscal justice, tax awareness, and the complexity of the tax system and authority (Hidayat et al., 2023; Jaafar et al., 2023; Mintah et al., 2024).

Studies have provided support for the relationship between the TPB components and tax compliance (Bani-Khalid et al., 2022; Nurwanah et al., 2018; Suryanti et al., 2021; Wahyuni et al., 2023). However, the results are not always consistent, as location and cultural context affect taxpayer perceptions (Cechovsky, 2021). Generational differences, such as perceptions of fairness and sanction risk, also result in variations in findings. Research in Jordan and Europe shows the importance of adapting behavioral models to the local context (Bani-Khalid et al., 2022; Cechovsky, 2021). This inconsistency highlights the urgency of conducting context specific investigations particularly among dominant demographic groups such as Generations Y and Z in Indonesia to determine how behavioral factors shape tax compliance intention and actual behavior in developing countries. Therefore, further testing is needed to examine the validity of this theory in diverse contexts (Taing & Chang, 2021; Wahyuni et al., 2023).

## METODOLOGI

This study adopts a quantitative approach with a survey method to examine the influence of attitude, subjective norm, and perceived behavioral control on taxpayer compliance through behavioral intention, based on the Theory of Planned Behavior (TPB). In addition, a multi-group analysis is conducted to compare the structural model across Generation Y (1981–1996) and Generation Z (1997–2012) in Denpasar City.

The population consists of individual taxpayers from both generations who are registered and have submitted their Annual Tax Returns for fiscal year 2024 in Denpasar. Respondents were selected using purposive sampling, targeting only those who met the inclusion criteria. The total sample size is 300 respondents 150 from Generation Y and 150 from Generation Z which recommends a minimum of 10 times the number of indicators in SEM analysis (Hair et al., 2017).

Data were collected via a structured questionnaire distributed online and offline, using a five-point Likert scale. Indicators were adapted from validated TPB-based instruments, covering five variables: attitude, subjective norm, perceived behavioral control, behavioral intention, and taxpayer compliance, including its dimensions (reporting, payment, administrative, and voluntary compliance).

Data analysis employed Partial Least Squares Structural Equation Modeling (PLS-SEM) using SmartPLS, including measurement model evaluation, structural model testing, and multi-group analysis (MGA) to identify differences in behavioral mechanisms between the two generations. This approach allows assessment of both direct and indirect effects, particularly the mediating role of behavioral intention, and the generational differences in the pathways leading to tax compliance.

## RESULTS AND DISCUSSION

### Outer Model Testing.

Convergent validity of the reflective measurement model was assessed using the correlation between item or component scores via PLS software. All indicators across the variables show outer loading values above 0.70, indicating strong convergent validity and appropriateness for measuring their respective constructs. For the Attitude variable (X1), the indicator Perception of efficient use of tax funds achieved the highest loading (0.952), signifying its dominant role in shaping taxpayer attitudes. In Subjective Norms (X2), Institutional Trust had the highest loading (0.927), highlighting the influence of trust in government on social expectations. For Perceived Behavioral Control (X3), the top indicator was Perceived consistency in sanction enforcement (0.890), showing that consistent tax penalties strongly shape perceived control. Regarding Behavioral Intention (M), Continuity of Intention recorded the highest loading (0.926), reflecting the importance of sustained taxpayer commitment. Lastly, Taxpayer Compliance (Y) was best reflected by two indicators Payment Compliance and Voluntary Compliance each with a loading of 0.952, emphasizing their critical role in defining compliance.

Discriminant validity was evaluated using the Fornell-Larcker criterion, which compares the square root of Average Variance Extracted ( $\sqrt{AVE}$ ) for each construct with its correlations with other constructs. All constructs meet the criteria, as  $\sqrt{AVE}$  values exceed their respective inter-construct correlations. For example, the Attitude variable ( $\sqrt{AVE} = 0.920$ ) surpasses its correlations with Behavioral Intention (0.389) and Compliance (0.348). Behavioral Intention ( $\sqrt{AVE} = 0.893$ ) exceeds correlations with Subjective Norms (0.586) and Perceived Control (0.604). Perceived Behavioral Control ( $\sqrt{AVE} = 0.808$ ) also exceeds its correlation with Subjective Norms (0.707). Similarly, Subjective Norms ( $\sqrt{AVE} = 0.861$ ) and Taxpayer Compliance ( $\sqrt{AVE} = 0.947$ ) exhibit sufficient discriminant validity.

Composite reliability and Cronbach's alpha values for all constructs exceed 0.70, confirming strong internal consistency. Overall, the outer model satisfies the criteria for convergent validity, discriminant validity, and reliability, supporting its adequacy for further structural analysis.

### Inner Model Testing.

Hypothesis testing began with evaluating model feasibility to determine how well independent variables explain variance in the dependent latent variables. This assessment used R-square ( $R^2$ ), Q-square Predictive Relevance ( $Q^2$ ), and Goodness of Fit. Table 2 shows the R-square for Behavioral Intention Tax Compliance (M) at 0.478, indicating that 47.8% of its variance is explained by the model. For Taxpayer

Compliance (Y), the R-square is 0.556, meaning 55.6% of the variance is accounted for by Behavioral Intention and other predictors. These results suggest that the model possesses a moderately strong predictive capability.

**Table 2.** R Square Value

Variable	R Square	R Square Adjusted
Behavioral Intention Tax Compliance (M)	0.478	0.473
Taxpayer Compliance (Y)	0.556	0.553

Q-Square Predictive Relevance ( $Q^2$ ) assesses how well the model can reconstruct observed values. Based on the R-square values 0.478 for Behavioral Intention to Comply with Taxation and 0.556 for Taxpayer Compliance  $Q^2$  is calculated as follows:

$$Q^2 = 1 - [(1 - 0.478) \times (1 - 0.556)]$$

$$Q^2 = 1 - (0.522 \times 0.444)$$

$$Q^2 = 0.768$$

A  $Q^2$  value of 0.768, which is close to 1, indicates strong predictive relevance of the model. Goodness of Fit (GoF) evaluates how well the structural model fits the empirical data. It is calculated as the square root of the product between the average AVE and average R-square:

$$\text{Average AVE} = (0.847 + 0.797 + 0.654 + 0.741 + 0.896) / 5 = 0.787$$

$$\text{Average R-square} = (0.478 + 0.556) / 2 = 0.517$$

$$\text{GoF} = \sqrt{(0.787 \times 0.517)} = \sqrt{0.406} = 0.637$$

A GoF value of 0.637 falls within the "good" category, suggesting that the model adequately represents the data and is suitable for predictive analysis

### Direct Effect.

### The Influence of Attitude on Behavioral Intention to Tax Compliance among Generations Y and Z in Denpasar City.

**Table 3.** The Influence of Attitude on Behavioral Intention

Generation	Variable	Original Sample (O)	T Statistics ( O/STDEV )	P Values	Remarks
Combined (Generation Y dan Z)	Attitude (X1) -> Behavioral Intention Tax Compliance (M)	0.259	5.306	0.000	Hypothesis Accepted
Generation Y	Attitude (X1) -> Behavioral Intention Tax Compliance (M)	0.018	0.291	0.772	Hypothesis Rejected
Generation Z	Attitude (X1) -> Behavioral Intention Tax Compliance (M)	0.475	8.018	0.000	Hypothesis Accepted

Table 3, for the combined group of Generations Y and Z, attitude has a significant influence on behavioral intention to comply with taxation (original sample = 0.259;  $t = 5.306$ ;  $p = 0.000$ ). However, when examined by generation, a notable difference emerges. For Generation Y, the influence of attitude on behavioral intention is not significant (original sample = 0.018;  $t = 0.291$ ;  $p = 0.772$ ), whereas for Generation

Z, the influence is significant (original sample = 0.475;  $t = 8.018$ ;  $p = 0.000$ ). This suggests that attitude plays a more critical role in shaping tax compliance intention among Generation Z compared to Generation Y.

The analysis revealed that attitude has a positive influence on behavioral intention to comply with taxes among Generation Z, but no significant effect was observed among Generation Y. This finding aligns with the Theory of Planned Behavior (TPB), which asserts that an individual's attitude toward a behavior influences their intention to perform it (Bobek et al., 2013). In this context, Generation Z, which tends to hold favorable views toward tax compliance, also demonstrates a stronger intention to fulfill their tax obligations. This suggests that positive perceptions regarding the fairness of the tax system, the appropriate utilization of tax revenue, and ethical considerations in tax payment can reinforce Generation Z's motivation to comply (Taing & Chang, 2021).

Conversely, among Generation Y, attitude toward tax compliance does not significantly influence intention. This indicates that even though individuals in this cohort may recognize the importance of tax justice and public services, such recognition alone may not be sufficient to drive actual compliance intention. Mangoting et al., (2020) suggest that Generation Y tends to be more influenced by social interactions and perceived fairness in tax policies, whereas Generation Z is more responsive to perceived injustice and demonstrates more explicit attitudinal reactions toward compliance behavior. Based on these insights, tax authorities are encouraged to implement segmented education and communication strategies. For Generation Z, reinforcing moral and ethical reasoning may be effective, while for Generation Y, approaches emphasizing communication, transparency, and social engagement could be more impactful. Such generation-specific strategies are expected to contribute to the development of stronger awareness and a more sustainable culture of tax compliance in Denpasar City.

### The Influence of Subjective Norm on Behavioral Intention Tax Compliance in Generation Y and Z in Denpasar City.

**Table 4.** The Influence of Subjective Norm on Behavioral Intention

Generation	Variable	Original Sample (O)	T Statistics ( O/STDEV )	P Values	Remarks
Combined (Generation Y dan Z)	Subjective Norms (X2) -> Behavioral Intention Tax Compliance (M)	0.256	3.594	0.000	Hypothesis Accepted
Generation Y	Subjective Norms (X2) -> Behavioral Intention Tax Compliance (M)	0.649	4.657	0.000	Hypothesis Accepted
Generation Z	Subjective Norms (X2) -> Behavioral Intention Tax Compliance (M)	0.102	1.279	0.202	Hypothesis Rejected

Table 4, for the combined group of Generations Y and Z, Subjective Norms have a significant influence on Behavioral Intention to comply with taxation (original sample = 0.256;  $t = 3.594$ ;  $p = 0.000$ ), indicating that social expectations and trust in authority strengthen taxpayers' intention to comply. However, differences appear

when viewed by generation. Among Generation Y, the influence is significant (original sample = 0.649;  $t = 4.657$ ;  $p = 0.000$ ), suggesting that social pressure strongly affects their compliance intention. In contrast, for Generation Z, the influence is not significant (original sample = 0.102;  $t = 1.279$ ;  $p = 0.202$ ), indicating that social norms play a lesser role in shaping their intention to comply with tax obligations.

The analysis shows that subjective norm positively influences behavioral intention to comply with taxes among Generation Y, but has no significant effect on Generation Z. This finding reinforces the perspective of the Theory of Planned Behavior (TPB), which posits that subjective norms individual perceptions of social expectations from close circles such as family, friends, and the community play an important role in shaping behavioral intentions (Bobek & Hatfield, 2003) Generation Y appears to be more responsive to social pressure and environmental support when forming intentions to comply with tax obligations. Encouragement and expectations from significant others serve as moral reinforcement that strengthens their intention to fulfill tax responsibilities.

In contrast, the influence of subjective norms on tax compliance intention was not significant among Generation Z. This suggests that Generation Z tends to be more independent in decision-making and is less affected by external social expectations. This result is consistent with the generational characteristic of relying more on personal rationality and direct trust in systems or institutions, rather than simply adhering to social norms. In this case, perceptions of fairness in the tax system and trust in government authorities appear to be more dominant factors influencing the compliance intentions of Generation Z compared to social pressure from their surroundings (Taing & Chang, 2021).

Accordingly, strategies to improve tax compliance should be differentiated between generations. For Generation Y, approaches that emphasize social support, community involvement, and family engagement may be more effective. Meanwhile, for Generation Z, it is essential to strengthen the credibility of tax institutions and highlight transparency and fairness in tax policies to build internal trust and compliance intention.

### The Influence of Perceived Behavioral Control on Behavioral Intention Tax Compliance in Generation Y and Z in Denpasar City.

**Table 5.** The Influence of Perceived Behavioral Control on Behavioral Intention

Generation	Variable	Original Sample (O)	T Statistics ( O/STDEV )	P Values	Remarks
Combined (Generation Y dan Z)	Perceived Behavioral Control (X3) -> Behavioral Intention Tax Compliance (M)	0.376	6.130	0.000	Hypothesis Accepted
Generation Y	Perceived Behavioral Control (X3) -> Behavioral Intention Tax Compliance (M)	0.145	1.061	0.289	Hypothesis Rejected
Generation Z	Perceived Behavioral Control (X3) -> Behavioral Intention Tax Compliance (M)	0.311	4.004	0.000	Hypothesis Accepted

Table 5, for the combined group of Generations Y and Z, Perceived Behavioral Control has a significant influence on Behavioral Intention to comply with taxes (original sample = 0.376;  $t = 6.130$ ;  $p = 0.000$ ), indicating that perceptions of ability and control in paying taxes encourage compliance intentions. However, generational differences are evident. For Generation Y, the influence is not significant (original sample = 0.145;  $t = 1.061$ ;  $p = 0.289$ ), whereas for Generation Z, the influence is significant (original sample = 0.311;  $t = 4.004$ ;  $p = 0.000$ ), suggesting that Generation Z is more influenced by perceived control factors such as ease of access to information and the strictness of tax sanctions.

The findings indicate that perceived behavioral control has a positive influence on behavioral intention to comply with taxes when Generations Y and Z are analyzed collectively. However, when examined separately, the effect is only significant for Generation Z. This aligns with the Theory of Planned Behavior (TPB), which posits that perceived behavioral control referring to the extent to which individuals feel capable of performing a behavior directly contributes to behavioral intention (Ajzen, 1991; Bani-Khalid et al., 2022). In this context, the stronger the belief that one has access to necessary resources such as information, assistance from tax authorities, and relevant experience, the greater their intention to fulfill tax obligations.

For Generation Z, perceived control over their actions appears to be a major driving factor in shaping their compliance intentions. This generation tends to value clarity, transparency, and administrative simplicity, making institutional support and access to tax-related information highly influential. These findings are consistent with previous studies suggesting that Generation Z is more independent and relies on digital access and firsthand experiences when making decisions (Taing & Chang, 2021).

In contrast, the results show that perceived behavioral control does not significantly affect tax compliance intention among Generation Y. This suggests that, for Generation Y, perceived control is not a dominant factor in forming compliance intentions. Instead, they may be more influenced by other factors such as social pressure (subjective norms) or moral attitudes toward taxation.

These insights imply that strategies to enhance tax compliance among Generation Z should focus on providing easily accessible information, technology-based tax services, and transparent systems. For Generation Y, however, a stronger emphasis on social approaches and moral education about taxation may be more effective in shaping their compliance intentions.

### The Influence of Perceived Behavioral Control on Taxpayer Compliance in Generation Y and Z in Denpasar City.

**Table 6.** Perceived Behavioral Control on Taxpayer Compliance

Generation	Variable	Original Sample (O)	T Statistics ( O/STDEV )	P Values	Remarks
Combined (Generation Y dan Z)	Perceived Behavioral Control (X3) -> Taxpayer Compliance (Y)	0.358	5.753	0.000	Hypothesis Accepted
Generation Y	Perceived Behavioral Control (X3) -> Taxpayer Compliance (Y)	0.485	4.444	0.000	Hypothesis Accepted
Generation Z	Perceived Behavioral Control (X3) -> Taxpayer Compliance (Y)	0.259	3.448	0.001	Hypothesis Accepted

Table 6, Perceived Behavioral Control has a significant effect on Taxpayer Compliance, both overall and across generations. In general, the influence is quite strong (original sample = 0.358;  $t = 5.753$ ;  $p = 0.000$ ), indicating that control perceptions such as clarity of information and enforcement of sanctions encourage tax compliance. Among Generation Y, the effect is stronger (original sample = 0.485;  $t = 4.444$ ;  $p = 0.000$ ), highlighting the importance of information accessibility and clear regulations. Meanwhile, for Generation Z, the effect is also significant, though to a lesser extent (original sample = 0.259;  $t = 3.448$ ;  $p = 0.001$ ), suggesting that perceived control remains a key factor in shaping their tax compliance behavior.

The results of the study indicate that perceived behavioral control (PBC) has a positive effect on taxpayer compliance for both Generation Y and Generation Z individually as well as collectively. This finding supports the concept proposed in the Theory of Planned Behavior (TPB) by Ajzen (1991), which states that PBC not only influences behavioral intention but can also directly affect actual behavior, including tax compliance. Among Generation Y, the influence of PBC on taxpayer compliance was found to be stronger. This suggests that individuals in this age group are more confident in dealing with tax procedures and possess more extensive experience in fulfilling their tax obligations. They are also likely to have a better understanding of the tax system and more frequent interactions with tax authorities. These findings are consistent with Bani-Khalid et al. (2022), who found that taxpayers who are knowledgeable about the tax system and can effectively access information tend to demonstrate higher levels of compliance.

While the influence is relatively weaker, Generation Z also shows a positive relationship between PBC and taxpayer compliance. Growing up in a digital era, this generation likely benefits from easier access to online tax information and supportive technological features. However, regulatory complexity and limited practical experience may still pose challenges for some individuals in this cohort. As a result, their compliance behavior is often influenced by the extent to which they feel capable of independently managing their tax responsibilities.

Overall, these findings underscore the importance of strengthening taxpayers' perceived behavioral control through educational strategies and the simplification of tax administration processes. Enhancing transparency, improving access to reliable tax information, and providing responsive assistance services will be essential in fostering taxpayers' confidence and improving compliance, particularly among the younger generation.

## The Influence of Behavioral Intention on Taxpayer Compliance in Generation Y and Z in Denpasar City.

**Table 7.** Behavioral Intention on Taxpayer Compliance

Generation	Variable	Original Sample (O)	T Statistics ( O/STDEV )	P Values	Remarks
Combined (Generation Y dan Z)	Behavioral Intention Tax Compliance (M) -> Taxpayer Compliance (Y)	0.473	6.943	0.000	Hypothesis Accepted
Generation Y	Behavioral Intention Tax Compliance (M) -> Taxpayer Compliance (Y)	0.403	3.493	0.001	Hypothesis Accepted
Generation Z	Behavioral Intention Tax Compliance (M) ->	0.490	5.289	0.000	Hypothesis Accepted

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 Taxpayer Compliance  
 (Y)
 

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Table 7, Behavioral Intention for Tax Compliance has a significant influence on Taxpayer Compliance, both in the combined model and across generations. Overall, the effect is quite strong (original sample = 0.473;  $t = 6.943$ ;  $p = 0.000$ ), indicating that a strong intention to comply leads to higher tax compliance. Among Generation Y, the influence is significant (original sample = 0.403;  $t = 3.493$ ;  $p = 0.001$ ), suggesting that internal motivation plays a role in their tax compliance. Meanwhile, for Generation Z, the influence is even stronger (original sample = 0.490;  $t = 5.289$ ;  $p = 0.000$ ), indicating that behavioral intention serves as a key predictor in enhancing their compliance with tax obligations.

The findings demonstrate that behavioral intention to comply with taxes has a positive effect on actual taxpayer compliance across Generation Y, Generation Z, and their combined group. This result is consistent with the framework of the Theory of Planned Behavior (TPB), which posits that intention is the most immediate determinant of actual behavior (Ajzen, 1991). In this context, the stronger an individual's intention to comply with tax obligations, the more likely they are to exhibit compliant behavior.

More specifically, Generation Z shows a stronger influence of behavioral intention on tax compliance compared to Generation Y, suggesting that individuals in this age cohort possess a relatively high level of internal motivation to fulfill their tax responsibilities. This tendency may be attributed to the fact that Generation Z was raised in a digital environment that fosters openness to information and transparency, including in taxation. Additionally, they tend to have strong social awareness and are more responsive to calls for civic contribution, such as supporting national development through tax payments.

Meanwhile, although Generation Y also exhibits a significant effect, the influence is relatively lower. This may indicate that, despite having strong intentions, other factors such as work-related pressure, financial burden, or dissatisfaction with public services may impact their actual compliance behavior. These findings are supported by Jaafar et al. (2023) and Hidayat et al. (2023), who emphasize that compliance intention is heavily influenced by attitudes toward taxes, social norms, trust in government, and perceptions of the tax system.

Overall, the results highlight the critical role of strengthening taxpayers' behavioral intention. This can be achieved through increased awareness, effective tax education, and the cultivation of positive perceptions regarding the fairness and benefits of the tax system. Therefore, strategies aimed at enhancing tax compliance should go beyond administrative and legal mechanisms and focus on reinforcing taxpayers' intention to act consistently in line with their obligations.

### Indirect Effect.

The indirect effect was measured using the mediation analysis procedure as suggested by (Hair et al., 2019). The results of the hypothesis testing for indirect effects are described as follows:

### The Role of Behavioral Intention in Mediating Perceived Behavioral Control on Taxpayer Compliance in Generation Y and Z in Denpasar City.

#### Table 8. Mediation Hypothesis Test

Generation	Variable	Original Sample (O)	T Statistics ( O/STDEV )	P Values	Remarks
Combined (Generation Y dan Z)	Perceived Behavioral Control (X3) -> Behavioral Intention Tax Compliance (M) -> Taxpayer Compliance (Y)	0.178	4.950	0.000	Complementary (Partial mediation) Hypothesis Accepted
Generation Y	Perceived Behavioral Control (X3) -> Behavioral Intention Tax Compliance (M) -> Taxpayer Compliance (Y)	0.058	0.983	0.326	No mediation Hypothesis Rejected
Generation Z	Perceived Behavioral Control (X3) -> Behavioral Intention Tax Compliance (M) -> Taxpayer Compliance (Y)	0.152	3.628	0.000	Complementary (Partial mediation) Hypothesis Accepted

Based on the bootstrapping analysis by Hair et al. (2019), Behavioral Intention partially mediates the relationship between Perceived Behavioral Control and Taxpayer Compliance in the combined group of Generations Y and Z, as well as in Generation Z alone. However, in Generation Y, no mediation occurs due to the insignificant indirect effect. This indicates that the mediating role only appears in Generation Z and the combined group, while Generation Y shows a direct effect without mediation.

The analysis reveals that perceived behavioral control (PBC) has an indirect effect on taxpayer compliance through the mediation of behavioral intention. Among Generation Z, the stronger individuals' perceived control over their tax obligations, the greater their intention to comply ultimately leading to higher levels of actual compliance. This suggests that behavioral intention plays a critical role in bridging perceived control and compliance behavior within this generational cohort.

In contrast, for Generation Y, no significant indirect effect was found between PBC and tax compliance via behavioral intention. This indicates that, although individuals in this group may perceive themselves as capable of fulfilling their tax obligations, such perceptions do not necessarily translate into stronger intentions that drive compliance. Instead, PBC appears to contribute more directly to compliance behavior in Generation Y, with behavioral intention playing a less central mediating role.

Overall, these findings reinforce the Theory of Planned Behavior (TPB), which posits that behavioral intention is a key pathway for explaining actual behavior. However, the effectiveness of this mediating pathway varies across generations. Accordingly, tax compliance strategies should be adapted to the specific characteristics of each generation. For Generation Z, efforts should focus on strengthening intention through education, accessible information, and digital tools. For Generation Y, a more direct approach targeting perceived control and trust in the fairness of the tax system may prove to be a more effective strategy.

## CONCLUSION

This study investigates how attitude, subjective norm, and perceived behavioral control influence behavioral intention and, subsequently, taxpayer compliance among Generations Y and Z in Denpasar City. The findings reveal distinct generational patterns: attitude and PBC affect intention only in Generation Z, while subjective norm influences intention only in Generation Y. PBC directly impacts compliance in both generations, more strongly in Generation Y. Behavioral intention is a significant predictor of compliance in both groups and mediates the effect of PBC on compliance in Generation Z only. These insights highlight the importance of generation-tailored tax strategies focusing on digital literacy and transparency for Generation Z, and social engagement for Generation Y and reinforce the relevance of the Theory of Planned Behavior in understanding generational differences in tax behavior.

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