The effect of trust in government and tax literacy on PBB-P2 taxpayer compliance with perception of tax fairness as a mediating variable in Southeast Minahasa Regency

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ABSTRACT
Trust in government and adequate tax literacy are frequently identified as key determinants of taxpayer compliance; however, empirical findings remain inconclusive, particularly at the local tax level. This study examines the direct effects of trust in government and tax literacy on PBB-P2 (Land and Building Tax for Rural and Urban Areas) taxpayer compliance and investigates the mediating role of perceived tax fairness in Southeast Minahasa Regency, Indonesia. Using a quantitative approach, data were collected from 108 registered PBB-P2 taxpayers and analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS). The results indicate that trust in government has a positive but insignificant direct effect on taxpayer compliance, whereas tax literacy and perceived tax fairness have positive and significant effects. Furthermore, perceived tax fairness fully mediates the relationship between trust in government and taxpayer compliance and partially mediates the relationship between tax literacy and taxpayer compliance. These findings highlight that perceptions of fairness constitute a critical psychological mechanism through which institutional trust and individual tax knowledge are translated into compliant behavior. The study contributes to the tax compliance literature by emphasizing the strategic importance of fairness-oriented tax administration and targeted tax literacy programs at the local government level.

Keywords: trust in the government; tax literacy; taxpayer compliance; perceived tax fairness
JEL Classification: H26; H20

1. Introduction

Taxpayer compliance remains a central issue in public finance because it directly determines the sustainability of government revenue and the effectiveness of fiscal policy, particularly at the regional

level. In Indonesia, local governments rely heavily on PBB-P2 revenue to finance public services and infrastructure development. However, realization data from Southeast Minahasa Regency indicate that PBB-P2 revenue consistently falls short of its annual targets, reflecting persistent compliance challenges.

The 2024 Regional Budget (APBD) realization in Southeast Minahasa Regency shows that total tax revenue was IDR 4.07 billion, representing 44.12% of the target of IDR 9.22 billion in the draft budget. This is particularly true for PBB-P2 (land tax and building tax) revenue, as seen in Table A above. This is due to the fact that PBB-P2 tax revenues did not reach the target, and there are still outstanding receivables from previous years that have not yet been paid. Furthermore, the tax target continues to increase each year. However, tax compliance in Indonesia remains low. Based on the Directorate General of Taxes' Performance Report (Lapkin DJP), it is known that since 2009, tax revenue in Indonesia has never reached its target. Although it exceeded the target in 2021-2023, it again fell short of the target despite positive growth in 2024.

Tax non-compliance can be caused by a lack of tax literacy or knowledge among local communities. Tax literacy, or knowledge of taxation, is fundamental for every taxpayer. Tax literacy is tax awareness, related to an understanding of the importance of taxes for national development and public welfare, as well as knowledge of tax regulations, taxpayer obligations, and tax-related procedures and sanctions (Nugroho & Kurnia, 2020).

Research conducted Saharani (2023) states that tax literacy influences taxpayer compliance. This indicates that a taxpayer's level of tax literacy will influence their compliance with taxes.

The second factor is trust in the government. Research showed that trust in the government influences taxpayer compliance. Meanwhile, Sari and

Hermanto (2020), Taing and Chang (2020) found that trust in the government had no significant impact on taxpayer compliance. Another factor is the perception of tax fairness. Equal justice is implemented as an effort to increase taxpayer compliance. This aligns with research, which shows that perceptions of tax fairness influence taxpayer compliance.

Research shows that perceptions of tax fairness can mediate the influence of trust in the government on taxpayer compliance. Perceptions of tax fairness act as a crucial mediating variable because they are the primary psychological mechanism that bridges the influence of external factors (trust) and internal factors (literacy) on taxpayer compliance behavior. This is also in line with research conducted by Dewi et al. (2023) which shows that the perception of tax fairness can mediate the influence of Tax Literacy on taxpayer compliance.

Despite extensive research, empirical findings regarding the effects of trust in government and tax literacy on compliance remain mixed. Moreover, limited attention has been given to the mediating role of perceived tax fairness, particularly in the context of local property taxation (PBB-P2). Therefore, this study aims to (1) analyze the effects of trust in government and tax literacy on PBB-P2 taxpayer compliance, and (2) examine whether perceived tax fairness mediates these relationships in Southeast Minahasa Regency. By integrating the Theory of Planned Behavior and Fairness Heuristic Theory, this study seeks to provide a more comprehensive behavioral explanation of local tax compliance.

2. Literature review
Theory of Planned Behavior
The Theory of Planned Behavior (TPB), proposed by Ajzen (1991), posits that individual behavior is driven by behavioral intentions formed through attitudes toward behavior, subjective

norms, and perceived behavioral control. In the tax context, these components explain why taxpayers voluntarily comply when they hold positive attitudes toward taxation, perceive social expectations to comply, and feel capable of fulfilling their tax obligations. This theory proposes three concepts: attitude, subjective norms, and perceived behavioral control (Taing & Chang, 2021). This theory essentially states that individual behavior, including fulfilling tax obligations, stems from awareness and an internal desire to act voluntarily.

Fairness Heuristic Theory

Fairness Heuristic Theory (Lind, 2001) explains that individuals rely on fairness perceptions as cognitive shortcuts when evaluating authorities under conditions of limited information or uncertainty. In taxation, perceived fairness becomes a key reference for deciding whether to comply, especially when institutional trust is weak.

Tax Compliance

Mardiasmo (2018) defines tax compliance as a condition in which a taxpayer fulfills all tax obligations and exercises their tax rights in accordance with applicable tax laws and regulations. Taxpayer compliance refers to the ideal condition in which a taxpayer consistently fulfills all tax obligations in accordance with statutory provisions, while simultaneously utilizing their tax rights. This definition aligns with Minister of Finance Decree No. 554/KMK.04/2000, which states that tax compliance is the actions of a taxpayer in fulfilling their tax obligations in accordance with the provisions of applicable laws and tax implementing regulations in a country.

Trust in Government

Public trust in the government is the primary capital (social capital) for successful policy implementation. Trust in government is defined as public confidence and support in the government's capacity and integrity in formulating and implementing policies that favor the public's interests. When trust is high, public participation and compliance will increase, ultimately reducing transaction costs and policy implementation costs.

Tax Literacy

According to the Education Development Center (EDC), tax literacy is an individual's ability to utilize their full potential and skills in the field of taxation. Tax literacy is a multidimensional concept encompassing: awareness of the strategic role of taxes in national development and public welfare, a comprehensive understanding of the national tax system, and practical knowledge regarding tax obligations, compliance mechanisms, and the legal consequences of non-compliance (Nugroho & Kurnia, 2020). Tax literacy is not simply defined as the activities of reading, writing, and understanding, but also relates to a person's knowledge and skills in carrying out an activity. Tax literacy is defined as an individual's knowledge and skills in reading, understanding, and taking action based on tax information to support the decision-making process (Kusumadewi & Dyarini, 2022).

Perception of Tax Fairness

Perception of tax fairness is defined as a taxpayer's subjective assessment of the extent to which the tax system and its implementation are perceived as fair, encompassing aspects of the distribution of the tax burden, collection procedures, and treatment by the tax authorities. Tax fairness is a perception in which taxpayers assess the fairness of the tax mechanism when they receive benefits commensurate with the taxes paid (Guzel et al., 2019). Another definition of tax fairness is the perception of a harmonious balance between taxes paid and benefits,

particularly public goods received, referring to the individual or societal view or belief that a fair relationship exists (Hauptman et al., 2024).

Hypothesis development
The Influence of Trust in the Government on Taxpayer Compliance

An individual's trust in the government reflects acceptance of the ruling authority, including views regarding the government's actions, attitudes, and morality in supporting the public interest. This can influence taxpayer compliance with tax regulations and fulfilling their tax obligations. According to the Theory of Planned Behavior (TPB), control beliefs are beliefs about the existence of factors that support or inhibit a behavior and perceptions of the strength of these factors. Individuals with high trust in the government will have a positive attitude toward their tax obligations. Taxpayers who trust the government will believe that the taxes they pay are managed effectively by the government for the benefit of the public. This will motivate taxpayers to fulfill their tax obligations diligently. Research showed that trust in the government influences taxpayer compliance. Meanwhile, Sari and Hermanto (2020), and Taing and Chang (2020) found that trust in the government had no significant impact on taxpayer compliance. This suggests that greater public trust in the government leads to higher levels of taxpayer compliance, and vice versa; lower public trust in the government leads to lower tax compliance. Therefore, based on this, the following hypothesis is formulated:
H1: Trust in the government has a positive effect on taxpayer compliance.

The Influence of Tax Literacy on Taxpayer Compliance

Tax literacy refers to a taxpayer's competence in comprehensively understanding tax regulations, encompassing three main dimensions: mastery of tax knowledge, awareness of fiscal obligations, and commitment to comply with tax provisions. A high level of understanding will significantly impact tax compliance, as adequate knowledge encourages voluntary compliance with tax obligations. This study utilizes the theory of planned behavior. The theory of planned behavior explains that individuals' behavioral intentions are shaped by their beliefs about the consequences of their actions (behavioral beliefs). Taxpayers with adequate tax literacy will develop positive behavioral beliefs that their tax contributions are crucial for economic stabilization and financing national development. This perception then becomes the rationale for forming an intention to comply with tax obligations. Research in line with the above description has been conducted by Saharani and Sari (2023), which shows that tax literacy influences taxpayer compliance. This suggests that taxpayers will more easily comply with tax regulations if they know and understand taxes. Based on the explanation above, the following hypothesis is developed:
H2: Tax literacy has a positive effect on taxpayer compliance.

The Influence of Perceived Tax Fairness on Taxpayer Compliance.

Perceived tax fairness is an individual's interpretation of how fair the existing tax system or policy is. If a taxpayer's perception of tax fairness is positive, it will positively impact their tax compliance. Based on the Theory of Planned Behavior (TPB), the hypothesis is formulated that perceived tax fairness positively influences taxpayer compliance through three main mechanisms: first, attitude. The higher an individual's perception of tax fairness, the more likely they are to develop a positive attitude toward tax obligations due to the belief that the tax system is fair and its benefits

are tangible. Furthermore, subjective norms, perceived tax fairness, also strengthen the influence of social norms, where taxpayers are more likely to comply when they believe that others are also complying with their tax obligations due to the fair system. Finally, perceived behavioral control, perceived tax fairness, increases perceived behavioral control by reducing psychological and procedural barriers to fulfilling tax obligations, thus making taxpayers feel more capable of complying. Therefore, the higher the perception of tax fairness, the stronger the taxpayer's tax compliance intentions and behavior. This aligns with research, which showed that perceptions of tax fairness influence taxpayer compliance. Based on the explanation above, the following hypothesis is developed:

H3: Perceptions of Tax Fairness have a positive effect on Taxpayer Compliance.

The Effect of Trust in the Government on Taxpayer Compliance with Perceptions of Tax Fairness as a Mediating Variable.

Trust in the government and perceptions of tax fairness are interrelated with taxpayer compliance. This study uses the theory of planned behavior. According to the theory of planned behavior, taxpayers who trust the government will believe that the taxes they pay are managed properly for the benefit of the community. This will motivate them to fulfill their tax obligations diligently. Furthermore, the author also uses the fairness heuristic theory. Public trust in the government influences their perceptions of tax fairness, which in turn influences taxpayer compliance. This statement is consistent with the main proposition of the Fairness Heuristic Theory, which states that individuals will judge an authority based primarily on their trustworthiness. When individuals trust the government to treat all levels of society equally and fairly according to tax regulations, they will comply by voluntarily and timely paying

their taxes. Research shows that perceptions of tax fairness can mediate the influence of trust in the government on taxpayer compliance. When the public lacks valid information regarding trust, they will judge it based on the fairness they perceive. Based on the above explanation, the following research hypothesis can be formulated:

H4: Perceived Tax Fairness can mediate the effect of Trust in the Government on Taxpayer Compliance.

The Effect of Tax Literacy on Taxpayer Compliance with Perceptions of Tax Fairness as a Mediating Variable

Good tax literacy is considered crucial for improving tax compliance. Individual knowledge of various issues can influence perception. This study utilized the theory of planned behavior. The theory of planned behavior explains that before taking action, individuals first consider the various consequences of that behavior. Individuals' beliefs about possible outcomes (both positive and negative) shape their attitudes and intentions toward an action, ultimately influencing their decision to act. The Fairness Heuristic Theory explains that individuals with low levels of trust in authorities tend to rely more heavily on their assessments of fairness in the decision-making process. Research conducted by Dewi et al. (2023) indicates that perceptions of tax fairness can mediate the effect of tax literacy on taxpayer compliance. A positive perception of tax fairness will increase taxpayer compliance in paying their taxes. Therefore, based on this, the following hypothesis is developed:

H5: Perceptions of Tax Fairness can mediate the effect of Tax Literacy on Taxpayer Compliance.

3. Research method

According to Sugiyono (2022), quantitative research is based on the positivist paradigm which involves

systematic data collection from selected populations or samples with random sampling techniques, using standardized research instruments, and conducting statistical data analysis to test established hypotheses. The quantitative research paradigm is considered a causal relationship between research variables. This research uses the SEMPLS statistical analysis method. Research This research took the research object at the Regional Financial and Revenue Management Agency (BPKPD) in Southeast Minahasa Regency. The population of this study were 64,000 PBB-P2 taxpayers registered with the Southeast Minahasa BPKPD. The

sample used in this study was 108 PBB-P2 taxpayer respondents. The data analysis process in this study uses the help of a computer program, namely SmartPLS, through three stages including the outer model (validity test and reliability test), inner model (R-square, path coefficients, F-square, Q-square), and hypothesis test.

4. Result and discussion
Result

The research data in this study was processed using the SmartPLS application. The resulting data processing chart can be seen in Figure A.
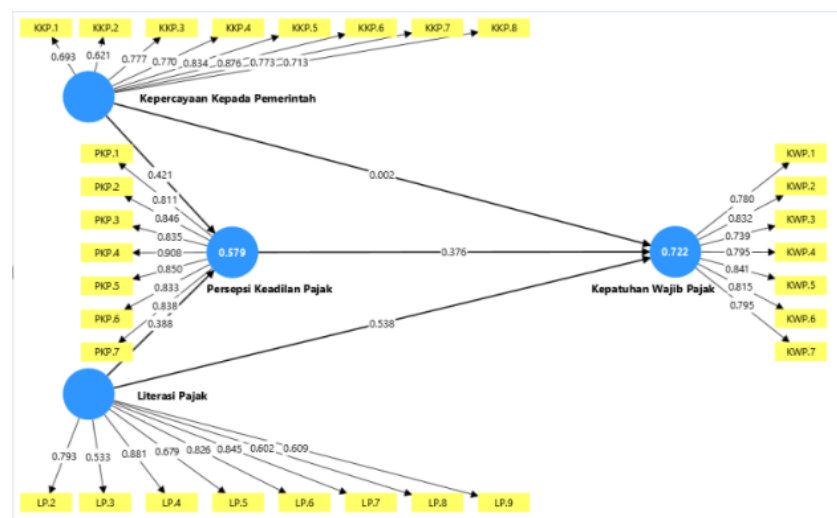

Figure A. Data processing result chart
Source: Data processing results with PLS, 2025

Loading factor. Based on the loading factor values of all indicators in this study, which meet the criteria, namely values greater than 0.5, it can be concluded that all data obtained are valid.

Convergent validity. Convergent validity can be assessed based on the AVE (average variance extracted) value. A frequently used reference value for AVE is greater than 0.50. Table A shows that the AVE value for each variable is greater than 0.50.

Reliability relates to the degree of consistency or reliability of data over a specific time interval (Sugiyono, 2022). Data reliability in this study can be assessed based on Cronbach's Alpha and composite reliability values. If the Cronbach's Alpha and composite reliability values are greater than 0.70, the variable is considered reliable. Table A shows that the Cronbach's Alpha and composite reliability values are greater than 0.70. Therefore, it can be concluded that all variables are reliable.

Table A. Convergent validity and consistency reliability

Variable	Cronbach's Alpha	Composite Reliability	AVE
X1	0.906	0.925	0.579
X2	0.894	0.916	0.535
Y	0.871	0.899	0.640
Z	0.934	0.946	0.716

Discriminant Validity. To assess the correlation of discriminant validity between constructs, the HTMT (Heterotrait-Monotrait) value can be used. The HTMT reference value must be below 0.90. The HTMT value of each indicator can be seen in Table B. Based on Table M, it can be seen that the HTMT value of each variable is less than 0.90. Therefore, it can be concluded that all constructs have good discriminant validity.

Tabel B. Discriminant validity

	Y	X1	X2	Z
Y				
X1	0.746			
X2	0.887	0.849		
Z	0.810	0.770	0.755	

Coefficient of Determination (R2). The R-square value is 0.722. This indicates that trust in government, tax literacy, and perceived tax fairness have a 72.2% effect on taxpayer compliance, representing a moderate and approaching high level.

Path Coefficients. Based on Table C, the Trust in Government variable has a 0.002, or 0.2%, effect on Taxpayer Compliance. The Tax Literacy variable has a 0.538, or 53.8%, effect on Taxpayer Compliance. Furthermore, the Perception of Tax Fairness variable has a 0.376, or 37.6%, effect on Taxpayer Compliance. Furthermore, the Perception of Tax Fairness mediating variable successfully mediates the effect of Trust in Government on Taxpayer Compliance by 0.159, or 15.9%. Finally, the mediating variable Perception of Tax Fairness successfully mediates the influence of Tax Literacy on Taxpayer Compliance by 0.146 or 14.6%.

Effect size (F^2)/Upsilon-V. General guidelines for assessing F^2 indicate values of 0.02, 0.15, and 0.35 represent small, medium, and large effect sizes, respectively (Hair, 2021). However, Lachowicz et al. (2018) in Ogbeibu et al. (2022) state that for testing effect size in mediation, the F-square is not used, but uses the Upsilon-V statistic obtained by squaring the mediation coefficient. The Upsilon-V value guideline is 0.02 for a low mediation effect, 0.075 for a medium mediation effect, and 0.175 for a high mediation effect. Table C shows that the F-square value of the influence of the Trust in Government variable on the Taxpayer Compliance variable is 0.000, which means that the influence of Trust in Government on the Taxpayer Compliance variable has no effect size. The F-square value for the influence of Tax Literacy on Taxpayer Compliance is 0.375, indicating a high effect size for Tax Literacy on Taxpayer Compliance. Furthermore, the F-square value for the influence of Perception of Tax Fairness on Taxpayer Compliance is 0.215, indicating a high effect size for Perception of Tax Fairness on Taxpayer Compliance. Furthermore, for the mediation effect using Upsilon-V, the Upsilon-V value for Perception of Tax Fairness, as a mediating variable for the influence of Trust in Government on Taxpayer Compliance, is 0.025. This means that Perception of Tax Fairness mediates the influence of Trust in Government on Taxpayer Compliance. Finally, the Upsilon-V value for Perception of Tax Fairness, as a mediating variable for the influence of Tax Literacy on Taxpayer Compliance, is 0.021. This

means that the Perception of Tax Fairness in mediating the influence of Tax Literacy on the Taxpayer Compliance variable has a low effect size.

Predictive Relevance (Q^2). The research results show that the Q^2 value is 0.641. This indicates that the model is predictively relevant.

Hypothesis Testing. Based on the original sample (path coefficients), p-values, and t-statistics, the results are shown in Table C. First, trust in the government has no significant effect on taxpayer compliance, meaning H1 is rejected. Second, tax literacy has a significant positive effect on taxpayer compliance, meaning H2 is accepted. Third, perceptions of tax fairness have a significant positive effect on taxpayer compliance, meaning H3 is accepted. Fourth, perceptions of tax fairness are found to be a full mediator in the relationship between trust in the government and taxpayer compliance, meaning H4 is accepted. Finally, perceptions of tax fairness are found to be a successful mediator in the relationship between tax literacy and taxpayer compliance, meaning H5 is accepted.

Table C. Path coefficient, F^2, hypothesis testing

	Path Coefficient	F^2/Upsilon-V	Mean	Standard Deviation	T-statistics	P-values
X1 → Y	0.002	0.000	0.011	0.093	0.025	0.980
X2 → Y	0.538	0.375	0.537	0.112	4.811	0.000
Z→Y	0.376	0.215	0.371	0.110	3.426	0.001
X1→Z→Y	0.159	0,025	0.155	0.064	2.463	0.014
X2→Z→Y	0.146	0,021	0.146	0.063	2.304	0.021

Discussion

The Effect of Trust in the Government on PBB-P2 Taxpayer Compliance in Southeast Minahasa Regency

Based on the analysis, trust in the government has a positive but insignificant effect on PBB-P2 taxpayer compliance in Southeast Minahasa Regency, and hypothesis H1 is rejected. This is supported by data processing results, which show a path coefficient of 0.002, a p-value of $0.980 \geq 0.05$, and a t-statistic of $0.025 \leq 1.96$. This indicates that trust in the government in Southeast Minahasa Regency is not very good and has not yet improved taxpayer compliance. This is because PBB-P2 taxpayers in Southeast Minahasa Regency lack full trust in the government. This is because they have not yet felt the direct impact of their taxes. For example, the development of good infrastructure in remote villages or the uneven repair of damaged roads. The government only repairs damaged roads on main roads or those frequently used by them. However, damaged roads in remote villages have not been repaired because they are not frequently used or not on main roads. Therefore, villagers feel that they have not yet felt the benefits of their taxes, as they should. Consequently, they have little confidence in the government's ability to manage taxes effectively and for the welfare of the village community. People may pay their taxes simply out of legal compliance or fear of sanctions for not paying their taxes, but they still do not fully trust the government.

Within the TPB framework, trust in government is closely related to two important constructs: attitude toward behavior and perceived behavioral control. First, in terms of attitude, taxpayers who believe the government manages tax revenues transparently and utilizes the funds for the public good tend to have a positive attitude toward tax obligations. This positive attitude shapes the intention

to comply with tax obligations. However, if trust is weak, for example because the public doubts the use of the budget or frequently observes indications of misuse of funds, a strong positive attitude is not formed. Consequently, the intention to comply is also low, and compliance arises from administrative pressure, not voluntary. Second, regarding perceived behavioral control, trust influences how capable and empowered individuals feel to fulfill their tax obligations. When the public believes the government is managing taxes well, psychological and administrative barriers are reduced; taxpayers feel that their efforts to pay taxes will have a real impact. Conversely, if trust is low, perceived control is eroded, taxpayers doubt that their contributions are beneficial, thus making them less motivated to complete payments on time.

The results of this study align with research conducted by Sari and Hermanto (2020), Taing and Chang (2020), which stated that trust in the government had no effect on taxpayer compliance. Furthermore, Purnamasari et al. (2018) found that trust in the government had no significant effect on taxpayer compliance in paying PBB-P2. Therefore, it is necessary to improve the attitudes of government officials by eradicating injustice to increase taxpayer trust in the government. This is something the government needs to pay more attention to, so that the public can see and experience the direct benefits of the taxes they pay. This will foster greater public trust, which can then encourage greater compliance with tax laws.

The Effect of Tax Literacy on PBB-P2 Taxpayer Compliance in Southeast Minahasa Regency

Based on the analysis, tax literacy has a positive and significant effect on PBB-P2 taxpayer compliance in Southeast Minahasa Regency, and hypothesis H2 is accepted. This is supported by data processing results, which show a path coefficient of 0.538, a p-value of $0.000 \leq 0.05$, and a t-statistic of $4.811 \geq 1.96$. This indicates that tax literacy in Southeast Minahasa Regency is good, which can improve PBB-P2 taxpayer compliance. Many respondents, based on their work as civil servants, have a good understanding and literacy of PBB-P2 taxes, as they are more aware of the benefits and obligations of paying taxes. This is especially true in remote rural districts where some communities may still lack sufficient literature. However, government outreach and public awareness of their tax obligations can encourage them to comply. The results of this study are supported by the Theory of Planned Behavior regarding attitudes toward behavior, which are based on attitudes toward behavior that shape behavioral beliefs (behavioral beliefs) and perceived behavioral control. In behavioral beliefs, good tax literacy will motivate taxpayers to comply with tax payments. As explained well-literate taxpayers will have knowledge and understanding of regulations or policies, payment due dates, and tax benefits for the common good. This will create a positive attitude toward their tax obligations and encourage them to comply.

Furthermore, according to perceived behavioral control, taxpayers who have knowledge of how to calculate, report, and pay taxes can reduce perceived barriers to tax compliance. Taxpayers will feel more capable and confident in fulfilling their tax obligations.

The results of this study are also supported by research conducted by Athaya and Valentino (2021), Rahma et al. (2022), Saharani and Sari (2023), which show that Tax Literacy has a positive and significantly impacts taxpayer compliance. Good knowledge and understanding of taxation will facilitate taxpayers' compliance with their tax obligations (Arifin & Sriyono, 2022). Therefore, taxpayers with high tax literacy will

develop a positive attitude toward their tax obligations, which will increase tax compliance.

The Influence of Perceived Tax Fairness on PBB-P2 Taxpayer Compliance in Southeast Minahasa Regency

Based on the analysis, it was found that perceived tax fairness has a positive and significant effect on PBB-P2 taxpayer compliance in Southeast Minahasa Regency, and hypothesis H3 was accepted. This is supported by data processing results showing a path coefficient of 0.376, p-values of $0.001 \leq 0.05$, and a t-statistic of $3.426 \geq 1.96$. This indicates that the public's perception of tax fairness in Southeast Minahasa Regency is high, which can increase PBB-P2 taxpayer compliance.

Based on the Theory of Planned Behavior, the perceived tax fairness variable is supported by the attitude component. Referring to the attitude component, if taxpayers perceive the tax system to be fair, tax officials treat all taxpayers equally, and the calculation, payment, and administration processes are perceived as transparent and accessible, they will view paying taxes as positive and beneficial. This leads taxpayers to believe that paying PBB-P2 tax is a useful and correct contribution, which in turn fosters a compliant attitude towards paying taxes. Conversely, if taxpayers experience unfair treatment or find that tax officials discriminate against other taxpayers, or the tax collection process is perceived as non-transparent, this will lead to taxpayers no longer complying with their tax obligations, believing that paying taxes is detrimental.

The findings of this study are supported by previous research demonstrating that perceptions of tax fairness have a positive and significant impact on tax compliance, conducted by Ayem and Sari (2023).

Perceptions of Tax Fairness Can Mediate the Effect of Trust in the Government on Taxpayer Compliance.

Based on the analysis, it was found that perceptions of tax fairness can mediate the effect of trust in the government on PBB-P2 taxpayer compliance in Southeast Minahasa Regency, and hypothesis H4 was accepted. This is supported by data processing results showing a path coefficient of 0.159, a p-value of $0.014 \leq 0.05$, and a t-statistic of $2.463 \geq 1.96$. This means that perceptions of tax fairness can have a positive and significant influence on public trust in the government, leading to compliance with PBB-P2 taxes in Southeast Minahasa Regency. Perceptions of tax fairness act as a full mediator in the effect of trust in the government on taxpayer compliance, as the research results rejected H1. There is no direct effect or direct relationship between trust in the government and taxpayer compliance, or it is declared insignificant. This means that, when analyzed individually, fluctuations in a person's trust in the government do not directly make them more compliant or less compliant with taxes. However, trust in the government does not simply disappear. Its influence is channeled or processed through an intermediary variable, namely perceptions of tax fairness. A taxpayer may lack trust in the government in general, for example, due to issues of corruption or other policies they dislike. However, they observe that the tax calculation process is transparent, the service at the tax office is good, and they see evidence that taxes are used to build local infrastructure. This creates a high perception of fairness specifically within the tax system. Their compliance is high not because they trust the government, but because they feel the tax system itself is fair. In this study, perceptions of tax fairness successfully mediated the effect of low trust on high compliance. These

results indicate that perceptions of tax fairness act as a full mediator in the relationship between trust in the government and taxpayer compliance.

This aligns with the Fairness Heuristic Theory. This theory further explains that individuals with low levels of trust in others will be more sensitive to information about how fairness is applied in decision-making. In other words, if individuals lack sufficient information to assess the trustworthiness of an authority, they will base their decisions and judgments on perceived fairness. If taxpayers perceive the tax system as fair, public trust in the government will grow, as they perceive they are being treated fairly, leading to greater tax compliance.

The Theory of Planned Behavior also supports this research, as seen from the perceived behavioral control that forms control beliefs. When taxpayers perceive or believe that the tax system is fair and are treated fairly by tax officials, they will develop control over their trust in the government, which will lead to compliance in fulfilling their tax obligations.

The findings of this study align with previous research conducted by Guzel et al. (2019), which demonstrated that perceived tax fairness can mediate the influence of trust in the government on taxpayer compliance.

Perceptions of Tax Fairness Can Mediate the Effect of Tax Literacy on Taxpayer Compliance.

Based on the analysis, it was found that perceptions of tax fairness can mediate the effect of tax literacy on PBB-P2 taxpayer compliance in Southeast Minahasa Regency, and hypothesis H5 was accepted. This is supported by data processing results, which showed a path coefficient of 0.146, a p-value of $0.021 \leq 0.05$, and a t-statistic of $2.304 \geq 1.96$. This means that perceptions of tax fairness can have a positive and significant influence

on public tax literacy, leading to compliance in paying PBB-P2 taxes in Southeast Minahasa Regency.

The Theory of Planned Behavior (TPB) supports this research by referring to two components: first, attitude toward behavior (attitude), which explains that well-literate taxpayers will have deeper insight and understanding of the tax system. Taxpayers will know that their tax system is fair and correct, in accordance with applicable regulations. This will shape positive perceptions of tax fairness. Furthermore, these positive perceptions of tax fairness lead to taxpayer compliance. Furthermore, regarding perceived behavioral control, taxpayers who understand how to calculate and pay taxes will be able to determine whether the tax process is fair. Once perceived fairness is established, taxpayers will feel confident in complying with their obligations and intend to fulfill them.

Based on the Fairness Heuristic Theory, the results of this study are explained through a heuristic decision-making mechanism where taxpayers use fairness cues as a reference to assess the tax system. Tax literacy provides cognitive information about a fair tax system; taxpayers use heuristics such as whether all taxpayers are treated equally and whether the rules are applied consistently to assess the overall system. This positive perception of fairness then functions as a decision-making heuristic that leads taxpayers to comply with their tax obligations. The results of this study are supported by research conducted by Wardhani and Lasmana (2014), Dewi et al. (2023) which also concluded that perceptions of tax fairness can mediate the influence of tax literacy on taxpayer compliance.

5. Conclusion

This study examines the effects of trust in government and tax literacy on PBB-P2 taxpayer compliance, with perceived tax

fairness as a mediating variable, in Southeast Minahasa Regency. The findings show that trust in government does not have a significant direct effect on compliance, indicating that institutional trust alone is insufficient to foster voluntary compliance at the local tax level. In contrast, tax literacy and perceived tax fairness significantly enhance taxpayer compliance.

Moreover, perceived tax fairness plays a central mediating role. It fully mediates the relationship between trust in government and taxpayer compliance and partially mediates the relationship between tax literacy and compliance. These results suggest that taxpayers' compliance decisions are shaped primarily by fairness evaluations rather than generalized trust in government.

The study contributes to the tax compliance literature by highlighting perceived tax fairness as a key behavioral mechanism within the framework of the Theory of Planned Behavior and Fairness Heuristic Theory. From a policy perspective, the findings emphasize the importance of transparent and equitable tax administration, accompanied by continuous tax literacy programs, to improve local tax compliance.

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