

ANALYZING THE EFFECT OF TAX CHANGES ON K-POP MERCHANDISE BUYING DECISION

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Abstract: This study examines the impact of changes in tax regulations on K-Pop fans purchasing decisions, addressing a research gap by exploring the relationship between taxation and fan behavior, which is typically analyzed from management and marketing perspectives. With Indonesia being one of the countries with the highest number of K-Pop fans, their purchasing behavior may be influenced by tax-related, psychological, and emotional factors, particularly in response to recent tax regulation changes. Using mental accounting theory, this research investigates how fanatical behavior influences purchasing decisions, often leading to economically irrational choices. A survey method was employed, targeting university students in Padang, and multiple linear regression analysis was used for data interpretation. The findings reveal that changes in VAT rates and tax treaties do not significantly affect purchasing decisions, whereas changes in the import duty threshold positively influence the purchase of K-Pop merchandise. These insights provide a deeper understanding of how tax regulations shape consumer behavior, particularly within niche fandom markets.

Keywords: Import Duty Threshold, K-Pop Fans, Purchase Decision, Tax Treaty, VAT

INTRODUCTION

The K-Pop cultural phenomenon driven by cultural diplomacy efforts carried out by South Korea has spread significantly throughout the world, including in Indonesia. This wave of Korean culture includes television dramas, films, pop music, fashion styles, and online games. According to [Alifah \(2022\)](#), Indonesia was ranked as the country with the world's largest number of K-Pop fans in 2021. Korean Culture and Information Service (KOCIS) revealed that most K-Pop fans are teenagers, especially those aged 12 to 21 years ([Hidayati & Indriana 2022](#)).

South Korea is known for the success of its music groups, which produce albums

containing CDs/DVDs, photocards, and posters of the groups ([Febriana et al. 2023](#)). This is what causes K-Pop fans in Indonesia to be very enthusiastic about following developments in Korean culture and actively seek out information about their idol artists via social media. This phenomenon, according to [Amirah \(2020\)](#), creates a close relationship between K-Pop fans in Indonesia and their idol artists.

Moreover, this K-Pop cultural phenomenon has an impact on the lifestyle and shopping habits of fans who actively search for and buy products related to their idol artists such as albums, lights-sticks, photocards, clothing and accessories that are often worn by their idols

([Hidayati & Indriana 2022](#)). These goods are of course only officially produced in South Korea and bought and sold through official K-Pop artist agencies such as YG Ent, SM Ent, and others so that transactions purchasing K-Pop merchandise in Indonesia are closely tied to various aspects of taxation, such as VAT, import duties, and the existing tax treaty between Indonesia and South Korea.

The imposition of several types of taxes and changes related to tax regulations will certainly increase the purchase price of every K-Pop merchandise. This is reflected in the latest regulation, PMK No. 199/PMK.010/2019 which changes the import duty exemption limit for imported goods from USD 75 to USD 3 and sets the excise rate between 27.5% and 37.5%. The Minister of Finance determines import duty rates to facilitate the customs process and payment of import duties and import taxes.

Apart from the application of taxation in importing goods and buying and selling transactions, Value Added Tax (VAT) is also applied in purchasing K-Pop merchandise in Indonesia, where consumers bear the obligation to pay VAT. Based on Law No. 7 of 2021, the VAT rate was increased from 10% to 11% starting April 1, 2022, with plans to increase it to 12% in 2025. Lastly, the change in the royalty tax rate from 20% to 15% in the agreement between Indonesia and South Korea had an impact on K-Pop fans when purchasing merchandise. These rate reductions impact fan spending and have consequences for those fans.

Purchasing favourite goods or purchasing goods because of fanaticism can be explained by the concept of mental accounting introduced by [Thaler \(1985\)](#) which explains purchasing favourite goods or because of fanaticism as a subjective assessment of money. In this context, mental accounting influences the allocation of funds and can encourage purchasing decisions that are economically irrational, causing financially inefficient decisions ([Ardika 2023](#)).

Mental accounting may influence spending patterns according to habit or fanaticism, where purchases are viewed as investments in personal happiness, where individuals may view related purchases as investments in personal happiness or identity. There is research that explains the relationship between mental accounting in the imposition of personal property taxes on motor vehicle purchasing decisions (VPPT). Research by [Ott & Andrus \(2000\)](#) shows that although the vehicle purchase property tax (VPPT) is considered high, its influence on vehicle purchase decisions is very small. Consumers prioritize the benefits of owning a vehicle over the inconvenience of paying taxes, which is explained by mental accounting theory.

Several previous studies discussed the influence of VAT, import duties, and tax treaties on purchasing decisions. [Frederica et al. \(2023\)](#) found that the determination of import duty thresholds through PMK No. 199/PMK.010/2019 causes various problems for K-Pop fans, although it does not significantly reduce interest in buying merchandise. Research by [Santoso & Ratnawati \(2023\)](#) and [Fransiska & Kamil \(2023\)](#) shows that the implementation of VAT, PPnBM and PKB has a positive impact on the purchasing power of motorized vehicles, driven by prestige, position and reputation in society as determining factors in decisions. purchase. [Qhairunisa, Wardhani, & Vehtasvili \(2023\)](#) found that changes in the import duty threshold also had a significant impact on the purchase of imported goods. [Juliansyah \(2023\)](#) shows that changes in tax treaty rates between Indonesia and South Korea influence decisions to purchase K-Pop merchandise by female students in Jakarta. This research is relevant for further review among K-Pop fans in Padang City, especially regarding tax aspects.

It is important to study these factors for changes in tax regulations further among K-Pop fans considering that there is still a lack of research that examines the relationship between K-Pop fans and tax aspects, especially in the city

of Padang. This research aims to determine the influence of changes in tax regulations on purchasing decisions for K-Pop merchandise, by considering mental accounting theory which can produce psychological sacrifices and influence economic decisions irrationally. Additionally, there is an understanding that K-Pop fans often spend money to support their idols through purchasing merchandise, as well as to interact within the K-Pop community.

This research is important because it links fanaticism with consumer behaviour among K-Pop fans, as found in [Hidayati & Indriana's \(2022\)](#) research, and assumes that the level of fanaticism may influence purchasing decisions for K-Pop merchandise that has been subject to various types of taxes.

Mental Accounting Theory

According to [Thaler \(1985\)](#), Mental Accounting is a cognitive process through which individuals or households classify, categorize, and assess financial activities, shaping their perception and evaluation of multiple financial outcomes. Within this framework, individuals assign varying levels of utility to financial accounts, influencing spending decisions. [Tversky & Kahneman \(1981\)](#) emphasize that Mental Accounting primarily structures individual financial decisions, while [Shefrin & Thaler \(1981\)](#) highlight the role of financial literacy in shaping this process.

Mental Accounting significantly impacts purchasing behavior, particularly in discretionary spending on items such as K-Pop merchandise. Individuals mentally allocate funds into distinct "accounts" for specific purposes, often creating dedicated savings for purchasing albums or other merchandise from Korean boy or girl groups ([Triadanti 2019](#)). K-Pop enthusiasts frequently rationalize such expenditures as investments in personal satisfaction, with Mental Accounting shaping perceptions of value and purchase urgency. Consequently, decisions to acquire K-Pop merchandise are not solely based on practical considerations but are also

influenced by emotional attachment and identification with idols, often taking precedence over more essential financial commitments.

Changing in VAT Rate and Purchase Decisions

According to Minister of Finance Sri Mulyani, Value Added Tax (VAT) is a tax levied on the increase in the value of goods or services throughout their circulation, from production to the final consumer. Law Number 7 of 2021, known as the Harmonization of Tax Regulations (HPP Law), increased the VAT rate from 10% to 11%, which is expected to impact prices and consumer purchasing decisions.

Previous research on the impact of taxation on purchasing decisions has produced varied results. [Khairunnisa et al. \(2023\)](#) found that although the Sales Tax on Luxury Goods positively influenced consumer purchasing decisions in Makassar, its effect was not statistically significant. This finding is attributed to the high sense of prestige associated with owning luxury goods, as individuals who possess such items are perceived as having a higher social status compared to those who lead a more modest lifestyle.

However, these results contradict the findings of [Santoso & Ratnawati \(2023\)](#) and [Fransiska & Kamil \(2023\)](#), who demonstrated that the implementation of Value-Added Tax (VAT), the Sales Tax on Luxury Goods, and the Motor Vehicle Tax had a significant positive effect on the purchasing decisions of four-wheeled vehicles. Their research supports prestige theory, which posits that factors such as social status and reputation strongly influence consumer purchasing behavior. Similarly, [Lestari et al. \(2023\)](#) found that an increase in the VAT rate had a significant positive impact on consumer interest, even in product categories such as skincare, where consumption remained unaffected despite the VAT increase of 11%.

Consumer purchasing decisions, including those related to K-Pop merchandise, are influenced not only by financial or functional

value but also by emotional attachment, social affiliation, and the prestige associated with owning merchandise related to K-Pop idols or groups. Previous research on purchasing decisions for taxable products suggests that factors such as prestige and social affiliation may lead consumers to prioritize the purchase of K-Pop merchandise, often disregarding price increases or tax implications. Based on the above explanation, the 1st hypothesis proposed in this study is as follows:

H₁: Changes in the VAT rate positively influence K-Pop fans' merchandise purchasing decisions.

Changes in Import Duty Thresholds and Purchase Decisions

Import duties, also known as tariffs, are fees levied by a government on goods or services imported from foreign countries. These tariffs vary based on the type of goods or services and can influence a nation's pricing, resource distribution, and trade policies. On December 26, 2019, the government introduced new regulations regarding customs, excise, and taxes through PMK No. 199/PMK.010/2019, which pertains to the Import of Shipments. This regulation reduced the Import Duty exemption threshold from USD 75 to USD 3, thereby impacting the prices of imported goods.

Previous research by [Qhairunisa, Wardhani, & Vehtasvili \(2023\)](#) found that the reduction in the import threshold following the implementation of PMK 199/PMK.010/2019 significantly influenced consumer decisions in e-commerce, particularly in categories such as fashion, household goods, and electronics. However, [Frederica et al. \(2023\)](#) reported that changes in the De Minimis Threshold for Import Duties had no significant effect on K-Pop enthusiasts' interest in purchasing merchandise.

Other studies have examined the impact of increased customs duties on cigarette purchasing decisions, including research by [Hokianto & Velissia \(2023\)](#) and [Wandita \(2020\)](#). The rise in cigarette taxes in recent years has

had a significant effect on the level of cigarette consumption. These studies are considered relevant as early references due to certain similarities between cigarette consumption and K-Pop merchandise purchases. Although distinct, both serve as expressions of identity and lifestyle. K-Pop fans develop a sense of connection with their idols through merchandise, while smokers perceive cigarettes as integral to their identity. Both consumption patterns are influenced by popular culture, with K-Pop and cigarettes associated with specific cultural images. Additionally, both can provide emotional gratification, whether through supporting idols or as a means of stress relief.

The analysis of taxed goods suggests that consumer purchasing decisions may be driven by factors such as prestige and psychological comfort. As a result, the demand for K-Pop merchandise may be relatively inelastic to price or tax increases, similar to other products associated with identity and emotional satisfaction. Based on the above explanation, the 2nd hypothesis proposed in this study is as follows:

H₂: Changes in Import Duty Thresholds Negatively Affect K-Pop Fans' Merchandise Purchasing Decisions.

Changes in Tax Treaty Rates and Purchase Decisions

Tax treaties, such as the one between Indonesia and South Korea, regulate how royalty income is taxed by each country. Royalties refer to payments made for the use of intellectual property rights, such as copyrights, patents, or trademarks. Initially, the royalty tax rate under the treaty between Indonesia and South Korea was 20%. However, following an agreement in 2020, the rate was reduced to 15%.

[Juliansyah \(2023\)](#) examined the perceptions of female K-Pop fans in Jakarta regarding this tax treaty change, particularly its effect on their purchasing decisions. The study found that the reduction in royalty tax rates had

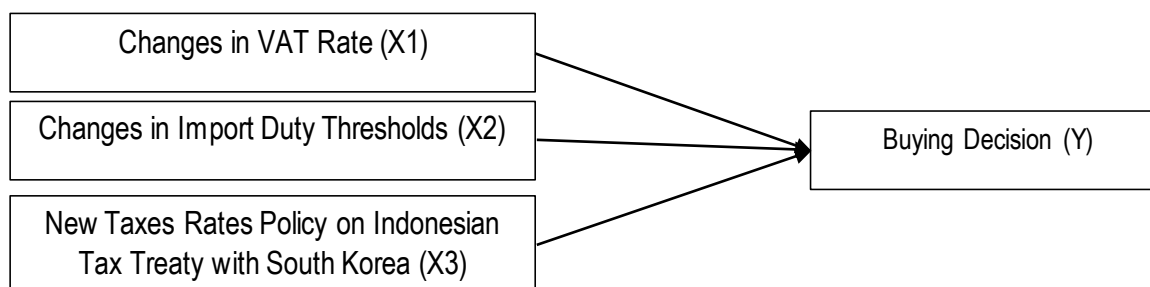


Figure 1. Conceptual Framework

a significant impact on the purchasing decisions of K-Pop merchandise from SM Entertainment among female students at a state university in Jakarta. Similarly, [Andriansyah & Risa \(2016\)](#) analyzed changes in tax rates under the Double Taxation Avoidance Agreement (DTAA) between Indonesia and Qatar. This agreement set dividend and interest taxes at 10%, and royalty and branch profit taxes at 5%, leading to lower import costs for goods and services from Qatar to Indonesia making the prices of those goods or services more affordable. Based on the above explanation, the 3rd hypothesis proposed in this study is as follows:

H₃: Changes in Tax Treaty Rates Between Indonesia and South Korea Negatively Affect K-Pop Fans' Merchandise Purchase Decisions.

METHOD

This research is a quantitative study that uses a survey method. The data collected in this research is quantitative data, with the main data source coming from primary data. The primary data collection process was carried out through direct distribution of questionnaires using the Google Form platform to respondents who met the criteria. In this research, the number of respondents who participated was 105 people. Questionnaire answers were measured using a Likert scale ranging from 1 to 5. The analysis technique used in this research was multiple linear regression analysis assisted by SPSS version 25 software.

The population in this study were K-pop fan students in Padang City with an age range of 17-25 years. Because there is no concrete data regarding the number of K-pop student fans in Padang City, the sample size used in this research was determined using the Lemeshow formula. According to [Riyanto & Hermawan \(2020\)](#), sample calculations using the Lemeshow formula can be applied to calculate the size sample when the total population is unknown or unlimited.

Value Added Tax

According to Minister of Finance Sri Mulyani, VAT is a tax imposed on any increase in the value of goods or services during their circulation from producer to final consumer. VAT is an indirect tax, where the obligation to pay tax is carried out by the trader, not by the final consumer who pays the tax. The indicators that will be used for this variable are knowledge about the increase in VAT rates, the ability to pay taxes, and the VAT rates applied in Indonesia ([Ervana 2019](#)).

Import Duty Threshold

Import duties are taxes imposed on imported goods. On December 26 2019, the government issued new regulations through PMK No. 199/PMK.010/2019 concerning Customs, Excise and Tax Provisions on Imported Shipments. This new regulation regulates the adjustment of the import duty exemption limit for imported goods from USD 75 to USD 3, as well as the normalization of import

duty rates from 27.5% to 37.5%. The indicators that will be used in this variable are the impact of changes in tax rates selling prices and import value ([Ulfa 2022](#)).

Tax Treaty Between Indonesia and South Korea

Law Number 36 of 2008 regulates that domestic taxpayers in Indonesia are subject to tax on income from within and outside the country which has the potential to cause international double taxation. To overcome the impact of double taxation, world countries have developed methods to avoid double taxation, namely the exemption method and the credit method. The indicator used in this variable is the implementation of the new tax rate policy in the tax agreement between Indonesia and South Korea ([Juliansyah 2023](#)).

Purchase Decision

A purchasing decision is a process by which an individual or organizational entity chooses to purchase a product or service from a variety of available options. This process involves assessing needs, preferences, and budgets, as well as external factors such as promotions, branding, and consumer reviews ([Kotler & Keller 2016](#)). The indicators that will be used for this variable are thinking deeply about the decision to buy a product, developing emotional feelings in buying a product, differentiating one product from another brand in the decision to buy a product, and choosing another brand over another brand in the decision to buy a product ([Danniswara et al. 2017](#)).

RESULT AND DISCUSSION

In this research, the characteristics of the respondents are students from various universities in Padang who are K-pop fans. Based on university origin, the majority of respondents came from Andalas University, namely 33%, followed by Padang State University with 20%. In contrast, the smallest

number of respondents came from the Padang Ministry of Health Polytechnic and Mercubaktijaya STIKES, each at only 1%. The age range of respondents was between 18 and 24 years, with the majority being 21 years old (31%), while the 18 and 24-year-olds were the smallest (1% each). In terms of income, most respondents had a monthly income between IDR 0 - IDR 500,000 and IDR 1,500,001 - IDR 2,500,000, respectively 27.6%. Meanwhile, respondents with an income of more than IDR 3,500,000 are a minority group, only 4.8%. All respondents are college students in Padang City who are K-pop fans, so they have a strong attachment to their idols and have certain views regarding decisions in purchasing K-pop merchandise.

The first test of the data is the validity test. The validity test in this study was carried out using the Pearson Correlation technique on the score of each item to the total score. The results of the data validity test show that some data has a calculated r value $> r$ table (r table = 0.361). Therefore, some invalid questions will be excluded from the questionnaire when the questionnaire is distributed. Below the author presents the results of the data validity test in tabular form.

For the reliability test, the test results show that all variables have a Cronbach alpha value > 0.60 , so all measurement variable concepts used in this research have high consistency and reliability (Sugiyono, 2013). Below the author presents the results of the reliability test.

This research uses a normality test with a Normal Probability Plot graph, which shows that the data is spread evenly around the diagonal line and follows its direction, so the regression model is considered to meet the normality assumption. In the multicollinearity test, all variables have a Tolerance value > 0.100 and VIF < 10.00 , which indicates that there are no symptoms of multicollinearity.

Table 1. Validity Test Result

Item Question	R-value	R-table	Information
KP.1	0,746	0,361	Valid
KP.2	0,516	0,361	Valid
KP.3	0,630	0,361	Valid
KP.4	0,707	0,361	Valid
KP.5	0,645	0,361	Valid
KP.6	0,260	0,361	Invalid
KP.7	0,577	0,361	Valid
VAT.1	0,638	0,361	Valid
VAT.2	0,648	0,361	Valid
VAT.3	0,792	0,361	Valid
VAT.4	0,424	0,361	Valid
VAT.5	0,470	0,361	Valid
VAT.6	0,489	0,361	Valid
VAT.7	0,427	0,361	Valid
VAT.8	0,436	0,361	Valid
BI.1	0,789	0,361	Valid
BI.2	0,729	0,361	Valid
BI.3	0,871	0,361	Valid
BI.4	0,825	0,361	Valid
BI.5	0,806	0,361	Valid
BI.6	0,342	0,361	Invalid
TT.1	0,762	0,361	Valid
TT.2	0,762	0,361	Valid
TT.3	0,853	0,361	Valid
TT.4	0,354	0,361	Invalid
TT.5	0,615	0,361	Valid

Source: Author's own processed data

Table 2. Reliability Test Result

Variable	Cronbach's Alpha	Information
VAT Rate Changes	0,665	Reliable
Changes in Import Duty Threshold	0,818	Reliable
Changes in Tax Treaty Rates	0,710	Reliable
Purchasing Decision	0,655	Reliable

Source: Author's own processed data

Apart from that, the results of the heteroscedasticity test using the Spearman Rho test show that the significance value or sig. (2-tailed) is greater than 0.05 for each variable so it

can be concluded that there is no heteroscedasticity problem in this regression model.

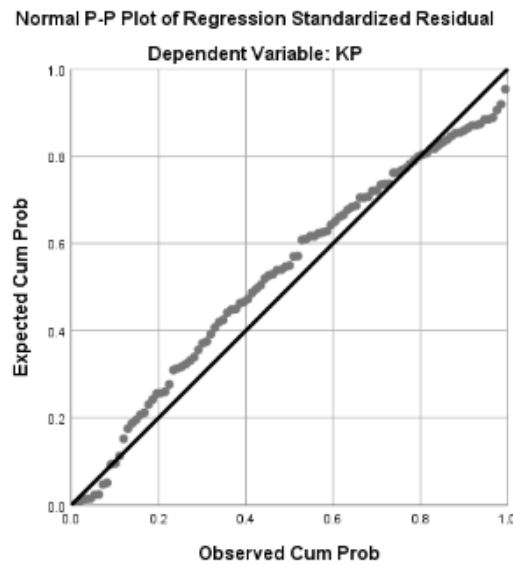


Figure 2. Normality Test Result

Table 3. Multicollinearity Test Result

Variable	Tolerance	VIF
VAT Rate Changes	0,881	1,135
Changes in Import Duty Threshold	0,814	1,229
Changes in Tax Treaty Rates	0,763	1,311

Source: Author's own processed data

Table 4. Heteroskedasticity Test Result

Type	Unstandardized Residual
VAT Rate Changes	0,687
Changes in Import Duty Threshold	0,282
Changes in Tax Treaty Rates	0,459

Source: Author's own processed data

Table 5. Multiple Linear Regression Table

Model	B	Sig.
(Constant)	13,491	0,016
VAT	0,143	0,064
BI	0,462	0,000
TT	-0,212	0,574

Source: Author's own processed data

Multiple linear regression analysis is the next test carried out to evaluate the extent to which the independent variables influence the dependent variable, both simultaneously and

individually. From Table 5, the multiple linear analysis equation can be obtained as follows:

$$Y = 13,491 + 0,143X_1 + 0,462X_2 - 0,212X_3 + e$$

The next test is a test to measure the extent to which the percentage of influence comes from the dependent variable, namely the decision to purchase K-pop merchandise through the coefficient of determination (R-Square) test. The analysis results show that the coefficient of determination (R^2) is 0.180 or 18%, indicating that changes in VAT rates, import duty thresholds, and tax treaty rates only influence 18% of K-pop merchandise purchasing decisions. The remaining 82% is influenced by other factors. Here are the results of the R-Square test in Table 6 below.

This research also carried out the Simultaneous Regression Coefficient Test which is shown in Table 7 and shows that the calculated F value is 8.608 with a probability of 0.000, which is below 0.05, indicating that the regression model is acceptable. This indicates that changes in VAT rates, import duty thresholds, and tax treaty rates simultaneously influence K-pop merchandise purchasing decisions.

In testing the hypothesis in Table 8, the significance values for the VAT (VAT) and tax treaty rate (TT) variables are 0.064 and 0.574 respectively, both of which exceed the significance limit of 0.05. Therefore, hypotheses

H_1 and H_3 are rejected. Meanwhile, even though H_2 shows a significance value of less than 0.05, the results are not in the direction expected from the hypothesis, so H_2 is also rejected. This finding contradicts previous research which indicated that an increase in VAT rates significantly influenced consumer purchasing interest ([Lestari et al. 2023](#)). Apart from that, the results of this research are not in line with the findings of [Juliansyah \(2023\)](#), which showed that changes in tax rates in the agreement between Indonesia and South Korea influenced the decision to purchase K-Pop merchandise by female students in Jakarta. This research also contradicts research by [Frederica et al. \(2023\)](#), who reported that changes to the exemption tariff limits for import duties had no impact on K-Pop fans' interest in purchasing merchandise.

The research results show that H_1 namely changes in VAT rates, does not have a significant influence on students' purchasing decisions for K-pop merchandise. The results of this research are in line with the research results of [Miftahudin & Irawan \(2020\)](#), [Rita & Astuti \(2023\)](#), and [Bangsawan & Alkam \(2023\)](#) which stated that VAT rates do not affect consumers' consumption.

Table 6. Coefficient of Determination

Type	R Square	Adjusted R Square
1	0,204	0,180

Source: Author's own processed data

Table 7. F-Test

Type	F	Sig.
Regression	8,608	.000b

Source: Author's own processed data

Table 8. t-Test

Type	t	Sig.
(Constant)	2,444	0,016
VAT	1,870	0,064
BI	4,129	0,000
TT	-0,564	0,574

Source: Author's own processed data

This means that the increase in VAT rates does not affect purchasing decisions for Taxable Goods and/or Taxable Services, including K-pop merchandise.

This phenomenon is triggered by fanaticism and consumer behavior shown by K-pop fans. Fanatical fans tend to consume everything related to their idols, regardless of price ([Veronica et al. 2019](#)). Even though the VAT rate has increased, this consumer tendency remains stable and does not influence their decision to purchase merchandise. This consumer behavior, which appears indirectly, forms loyalty where fans are willing to spend money on their idols ([Veronica et al. 2019](#)).

The results of this study show that H₂, which examines the impact of changes in the import duty threshold, has a positive influence on students' purchasing decisions for K-pop merchandise. This research found that changes in import duty thresholds can influence purchasing decisions for K-pop merchandise in Padang City. In particular, increasing the import duty threshold apparently reduces purchasing decisions for K-pop merchandise. This finding is consistent with the study of [Qhairunisa, Wardhani, & Vehtasvili \(2023\)](#), which shows that changes in import thresholds after the implementation of PMK 199/PMK.010/2019 influence decisions to purchase imported goods via e-commerce in various categories.

This research is also supported by [Anggraeni & Lestari \(2021\)](#), who found that the USD 3 threshold regulation through e-commerce had a significant impact on interest in buying imported products in Indonesia. Support for the latest customs and excise regulations in Indonesia can reduce interest in purchasing imported goods, including K-pop merchandise. Additionally, this significant influence is influenced by K-pop fans' limited knowledge regarding tax aspects when purchasing merchandise, with their main focus usually being only on obvious additional costs such as import duties. Ignorance of other taxes, such as VAT or royalty taxes, may influence their purchasing

decisions. The implementation of new regulations related to import duties has the potential to influence decisions to purchase K-pop merchandise because policies related to import duties have a greater impact than other taxes that receive less attention ([Faturrazaq & Sukresna 2023](#)).

For H₃, namely changes in Tax Treaty rates between Indonesia and South Korea do not have a significant influence on students' purchasing decisions for K-pop merchandise, which means that even though there are increases and decreases in royalty tax treaty rates between Indonesia and South Korea, they will not influence purchasing decisions for K-pop merchandise. The results of this research are consistent with the findings of [Meilani & Jimmy \(2023\)](#), who revealed that the differences in rates regulated in the tax agreement between Indonesia and Hong Kong & Indonesia and Netherlands, especially related to the rights of beneficial owners such as dividends, interest and royalties, reflect efforts to adjust between the two countries to meet their respective economic interests. However, these tariff changes did not show a significant impact on import and export volumes.

Changes in tax treaty rates have no effect on decisions to purchase K-pop merchandise, because, according to [Juliansyah \(2023\)](#), K-pop fans are generally unaware of these rate changes. Instead, their decisions are often influenced by other factors such as preferences for certain artists or music groups, product quality, and merchandise design. The motivation to support idols or collect items related to their enjoyment of K-pop music also plays an important role. Therefore, changes in the tax agreement rates between Indonesia and South Korea do not have a significant impact on purchasing decisions for K-pop merchandise.

CONCLUSION

This research analyses the factors that influence K-pop fans' purchasing decisions in terms of taxation aspects which are always

changing when deciding to buy K-pop merchandise. Research findings show that the tax aspect that is the main determinant in purchasing K-pop merchandise is import duties due to K-pop fans' limited knowledge regarding tax aspects when purchasing merchandise. Meanwhile, changes in VAT rates and tax treaties do not influence the purchasing decisions of K-pop fans in purchasing their favorite K-pop merchandise.

This research has several limitations. First, this research shows the uneven distribution of respondents in universities in Padang City because some universities are only represented by one respondent each. Second,

primary data collection in this study only used questionnaires without direct interviews, which can cause variations in the interpretation of respondents' answers and reduce the accuracy of the information obtained. Third, there are still too few indicators and questionnaire items used in this research. Considering the existing limitations, the author recommends that future researchers expand the sample to obtain a larger dataset, add data from interviews to obtain additional relevant information and enrich the discussion, and add indicators and questionnaire items to describe variables more completely.

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