





Amnesty theory and practice study on income and political effectiveness

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ARTICLE INFO	ABSTRACT	 Check for updates
<p>Article history: Received 18 July 2024 Accepted 20 August 2024 Publication 10 October 2024</p> <hr/> <p>Corresponding with authors; Amri Amrulloh </p> <hr/> <p>Keyword: Tax amnesty, tax compliance, legal certainty, digital transformation, policy effectiveness</p>	<p>Purpose – This research explores the effectiveness of the tax amnesty policy in Indonesia by assessing its effect on tax revenue, taxpayer compliance and administrative efficiency.</p> <p>Design/methodology/approach – A qualitative descriptive approach using in-depth interviews of tax administrators, policy experts who have knowledge of, experience with and/or have an understanding of the tax amnesty program and taxpayers enrolled in the tax amnesty program raising investigatory and policy implications.</p> <p>Findings – The findings suggest that tax amnesty programs will yield additional revenues in the very short term, but their success also hinges on effective enforcement mechanisms, the legal environment and informing the taxpayer. Concerns over legal uncertainty and perceived inequities resulted in mixed compliance outcomes, articulated by many taxpayers. This study indicates potential for improved voluntary compliance within tax amnesty framework through the use of AI-led tax monitoring, blockchain-enabled compliance verification, and tough post-amnesty deterrence mechanisms.</p> <p>Originality/value – This research provides such a comprehensive assessment of tax amnesty policies in a developing economy context and novel policy suggestions derived from its findings. The study provides a solution-oriented trajectory for tax compliance and administrative efficiency within the context of digital transformation and regulatory reforms.</p> <p>Research Implications – It is recommended that policymakers avoid black-box thinking and rather pursue a balanced range of measures such as tax incentives, legal certainty, and digital monitoring channels so that tax amnesty programs can ultimately serve the objective of revenue sustainability and long-term compliance.</p>	

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1. Introduction

Notably, taxes are one important tool for funding the economic development of Indonesia sectors covered include infrastructure, education, health, as well as social security (Bird 2018; Bird et al. 2020; Tanzi and Zee 2000). Nevertheless, the level of tax compliance in Indonesia remains much lower, thus affecting the nation’s reliance on the other sources of revenue (Amir, Asafu-Adjaye, and Ducpham 2013; Inasius 2019). In response to this issue, the government has issued various tax amnesty programme, including the last one in 2022, in the hope to improve compliance and widen tax base (Amidu, Togormey, and Naab 2024; Shevlin, Thornock, and Williams 2017). Perhaps though the effectiveness and the

long-term impact of this has been the subject of debate among academics and practitioners (Cochran-Smith 2001; Sandberg et al. 2009). Studies have shown tax amnesty programmes in the short term increase tax awareness, but in the long term they do not change the behaviour of taxpayers who do not comply with the tax rules (Adhariani, Hajawiyah, and Rini 2024; Hajawiyah et al. 2021). Furthermore, frequent implementation of the programme can gradually undermine tax morale and raise perceptions of inequity among compliant taxpayers (Everest-Phillips 2010; Prichard 2010). Hence, it is critical to know the circumstances and policy design that could optimise the gains from the tax amnesty without undermining the integrity of the tax system (Innes 2014; Wenzel 2007).



The difficulties of tax amnesty implementation in Indonesia include legal uncertainty, lack of transparency, and weakness of tax administration infrastructure (Febriyanti et al. 2024). Indonesia's tax-to-GDP ratio is relatively low compared to other Southeast Asian countries, like Vietnam and the Philippines (Laiprakobsup 2019; Triatmanto, Bawono, and Wahyuni 2023). It questions the ability of the tax amnesty policy to yield a sustained increase in tax compliance and revenue (Chan et al. 2023; Gangl and Torgler 2020; LUITEL and SOBEL 2007). Moreover, tax amnesty programmes are thought to negatively impact economic fairness, rewarding non-compliant taxpayers and punishing those that have complied (Scheuer and Slemrod 2021; Vandenberg 2019). Moreover, the tax amnesty programme may undermine law enforcement on corruption and money-laundering, as the reports on financial data, provided by law under the programme, remain outside the access of law enforcement (Mast, Benson, and Rasmussen 1999; Solaiman 2018). Thus, it is necessary to conduct a thorough assessment of the design and implementation of the tax amnesty so that the goals of enhancing tax compliance and revenue may be effectively realized without adverse side effects (Bayer, Oberhofer, and Winner 2015; Shahryar 2021).

On paper, it is argued that because tax amnesty offers incentives to report previously undisclosed assets, it is a theoretical tool for improving tax compliance (Andreoni et al., 1998; Alm et al., 2012). Nevertheless, the literature indicates repeated tax amnesties may drain tax morale and generate perceptions of lack of fairness among compliant taxpayers (Dulleck et al. 2016; Frecknall-Hughes et al. 2023). According to the "Slippery Slope" theory, both taxpayers' trust in the government and the perception of the government's power have a significant effect on tax compliance (Gangl et al. 2020; Kirchler, Hoelzl, and Wahl 2008). In this context, a tax amnesty may enhance trust if it is seen as a government effort to improve the tax system (Alm & Torgler, 2011; Luttmer & Singhal, 2014). On the other hand, if it is seen as a sign of weakness by law enforcement, compliance may decrease (Feld & Frey, 2018; Langenmayr, 2017). So it is critically important to identify what conditions and what specific aspects of policy design can maximize the benefits of tax amnesty while minimizing any potential negative impacts on the integrity of the tax system (Besley & Persson, 2021).

Studies examining the effectiveness of tax amnesty policy in Indonesia have yielded mixed results (Setiawan & Susanto, 2023; IMF, 2020). However, the evidence of programme effectiveness is mixed, with some studies

showing that tax revenues have increased in the short-term and the tax base has broadened (Beer et al., 2023; Slemrod, 2019). However, various other studies report that this benefit does not last in time and produces inequity among taxpayers (Torgler, 2016; Pomeranz & Vila-Belda, 2019). Moreover, the repeated adoption of tax amnesty programmes could generate moral hazard, in which tax non-compliance may prevail as non-compliant taxpayers come to believe that they could avoid paying taxes by waiting for the next tax amnesty programme to be offered (Fuest & Riedel, 2019; Johannesen & Zucman, 2021). To address this gap in the existing literature, this study seeks to analyse the long-term impact of the tax amnesty policy on compliance and tax revenue in Indonesia and the factors that contribute to its effectiveness (Brockmeyer et al., 2020; Langenmayr, 2017).

This research is focused on the short-term and long-term probative effectiveness of the tax amnesty policy in the context of tax revenue. In addition, it aims to outline the main challenges that may hinder its extrapolation, namely economic gaps, issues related to compliance and transparency, and the risk of moral hazard. This research provides a thorough examination of these factors contributing to the development of more effective and sustainable tax policy framework with suggestions focused on helping to design strategies by policymakers aimed at promoting fiscal integrity and taxpayer trust.

2. Critical Review

2.1 Effects of tax amnesty on revenue in the short run and compliance in the long run

Tax amnesties are extensively known to raise short-term tax revenues, by inducing previously non-complying taxpayers to declare hidden and undisclosed assets and settle tax liabilities (Langenmayr, 2017; Alm & Martinez-Vazquez, 2018). However, their long-term effectiveness in promoting tax compliance continues to be a matter of debate. Tax amnesty programs can garner initial fiscal response, but do not change behavior over time (Slemrod, 2019; OECD, 2021). In fact, empirical studies from the tax behavior literature support the idea that compliance is driven more by enforcement, trust in the tax bureaucracy, and perceptions of fairness than by transitory relief measures (Torgler, 2016; Baer & Le Borgne, 2020). In fact, repeated tax amnesties may discourage compliance due to the expectation that future amnesties will grant delinquent taxpayers to escape penalties (Marchesi, 2020). As a result, tax amnesty programs do tend to increase revenue in the

short term, but their impact on longer term tax compliance is ambiguous and highly contextual.

2.2 Tax Amnesty as a Factor in Economic Inequality

Others criticized tax amnesty as strengthening economic inequality because wealthier actors and corporations that used to evade paying taxes, benefited disproportionately (Feld & Frey, 2018; Beer, Kasper, & Kirchler, 2019). Tax amnesties are seen as unfair to compliant taxpayers who fulfill their duties because they reward non-compliance without rewarding compliance (Dover, 2020; Slemrod, 2019). If taxpayers believe that the injustice in the system is high, the voluntary compliance might erode (Langenmayr, 2017; Alm et al., 2020), in particular taxation, because non-compliance would be rewarded. Such empirical data indicate that tax amnesties do fail to redistribute a population's wealth in a fair fashion, benefiting high (and in some cases) ultra-high-income individuals who can interest tax advisory firms and other greater consulting to minimize their liability (Mascagni, 2021). As such, tax amnesties will entrench the existing economic inequalities instead of paving the way for a fairer tax regime.

2.3 Legal uncertainty, transparency and management impact on the effectiveness of tax amnesties

Baer & Le Borgne, 2020; OECD, 2021: 1) Legal clarity, transparency and efficiency of tax administration are key factors for the success of tax amnesty policies. However, many tax amnesty programs are afflicted by frail institutional architectures that induce uncertainty regarding prospective enforcement, contributing to heterogeneous implementations (Beer et al., 2019; Torgler, 2016). Without precise rules and adequate supervisory measures, loopholes are also created that tax evaders could take advantage of, contradicting the essential aims of amnesty schemes (Dover 2020; Alm et al. 2020). Moreover, the lack of transparency regarding tax amnesty practices erodes public trust in the tax system because taxpayers are unsure if the properties declared by previous taxpayers are properly controlled and taxed in future periods (Langenmayr, 2017; Feld & Frey, 2018). Tax compliance and revenue-raising tools could easily end up as ineffective without strong legal frameworks and administrative capacity to support them.

2.4 Impact of the tax amnesty on moral hazard

One major downside feature of tax amnesties is the emergence of moral hazard as non-compliant taxpayers expect new amnesties, thus postponing compliance (Slemrod, 2019; Marchesi, 2020). Empirical evidence shows that repeat amnesties promote tax evasion rather

than discourage it, as tax-payers anticipate being forgiven for non-compliance thanks to occasional government (Baer & Le Borgne, 2020; OECD, 2021). After a tax amnesty, taxpayers often - deliberately - avoid fulfilling their tax obligations anticipating opportunities for amnesty (Beer et al. 2019; Feld & Frey 2018) when tax authorities are not firmly committed to enforcing taxes strictly after an amnesty. This cycle leads to a loss of credibility of tax enforcement and less effectiveness of amnesties as a long-term mechanism to increase compliance (Torgler, 2016; Alm et al., 2020). Thus, tax amnestations without strict post amnesty compliance requirements might promote a culture of tax non-compliance and a clientele of opportunistic taxpayers.

2.5 The impact of tax amnesties on trust in the tax system

Based on data up to October 2023, we focus on tax amnesties, which may continue to undermine trust in the tax system and its authorities (Dover, 2020; Baer & Le Borgne, 2020). Taxpayers lose confidence in the fairness of the system when tax amnesties benefit tax evaders and provide no incentive for compliant taxpayers (Feld & Frey, 2018; OECD, 2021). Studies show that amnesties tend to create scepticism about government enforcement of tax laws, which can lead to lower voluntary compliance (Beer et al., 2019; Langenmayr, 2017). Moreover, the secrecy surrounding the use of tax amnesty revenues may exacerbate public distrust if they are not effectively used for public services (Mascagni, 2021; Alm et al., 2020). Tax amnesties, especially in the absence of measures to restore taxpayers' trust, may undermine the tax system as a whole rather than improve it.

H1: Tax amnesties effectively increase short-term revenues but have little effect on long-term compliance.

H2: It creates economic injustice by rewarding non-compliant taxpayers at the expense of compliant ones.

H3: Legal uncertainty, lack of transparency and weak administration reduce the effectiveness of the policy.

H4: It encourages moral hazard, as taxpayers may delay compliance in anticipation of future amnesties.

H5: Tax amnesties undermine public confidence in the tax system, raising concerns about fairness and transparency.

3. Methods innovation

3.1 Research design

The qualitative descriptive method is used in this study to explain the implementation of the tax amnesty policy in Indonesia, particularly what the impact on state revenue, taxpayer compliance, and the administrative aspects. A

qualitative design is especially fitting for policy evaluation, as it allows for an intensive investigation of regulatory frameworks, institutional mechanisms, and taxpayer perceptions (Yin, 2018). This study adopts a mixed-methods approach, using literature reviews, case studies and expert interviews to derive comprehensive understanding of tax amnesty outcomes. This aligns with Alm and Martinez-Vazquez (2021), as well as a few other studies of relevance, on the importance of qualitative inquiry in tax policy analysis. Moreover, the analysis is triangulated against various datasets, including publicly available government reports, international financial institutions, and academic research, to avoid selection bias in the findings and increase their robustness and credibility.

3.2 Research object and sample

This research is based on the tax amnesty policy in Indonesia conducted from 2020 to 2024 in the Directorate General of Taxes (DJP). It examines state regulations, compliance mechanisms, and enforcement strategies during this time. The sample is made of primary and secondary data source. We draw on primary data obtained from our own in-depth interviews with tax officials, policymakers, consultants, and taxpayers participating in the amnesty program. The sampling employed is a purposive one, whereby we select those who have firsthand experience and expertise with the implementation of tax amnesty (Creswell & Poth, 2017). This study uses secondary data, including reports from the DJP, the Indonesian Ministry of Finance, and international organizations such as the OECD, IMF, and World Bank, as well as relevant academic journal articles and legal documents.

3.3 Variable instruments

Tax amnesty policies are generally assessed for their effects on tax revenue, taxpayer compliance, and administrative efficiency. These dimensions, in the context of Indonesia, are critical in informing on the immediate financial utility and future sustainability of such policies. It utilizes official financial reports from DJP to assess the impact on tax revenues by comparing tax collection data before and after the policy was implemented. Previous research shows that tax amnesties can lead to a spike in revenue but there is little evidence that they contribute to long-term fiscal sustainability (Slemrod, 2019). The second major feature, taxpayer compliance behavior, is concerned with taxpayer survey responses and compliance trends, especially addressing whether amnesty participants abide by the law in future

periods after the program has concluded (Andreoni et al., 2020). Chances are that the denial of tax amnesty would lead to a perception of government as a rational actor which would not currently be in the best interests of the people of this country (Alm & Martinez-Vazquez, 2021). The third dimension, administrative effectiveness, is measured using expert interviews and policy evaluation reports, emphasizing tax enforcement efficiency and regulatory transparency (Bird & Zolt, 2022). Weak enforcement mechanisms, legal ambiguity, and transparency deficiencies can severely reduce the effectiveness of the policy, limiting its potential to achieve sustainable tax compliance. In order to investigate these nuances, this study employs a structured interview guide to gather qualitative data from relevant stakeholders such as tax officials, consultants, and policymakers. Taxpayer surveys also use Likert-scale and open-ended questions to gauge attitudes towards compliance, perceptions of enforcement, and the more significant effect of the policy. A combination of methods not only enables a holistic assessment of Indonesia's tax amnesty program, but also contributes towards important knowledge for future fiscal policy initiatives.

3.4 Data analysis

This article employs thematic analysis of qualitative data to uncover themes relevant to tax amnesty effectiveness (Braun & Clarke, 2021). It employs content analysis on regulatory documents and financial reports for the evaluation of the legal and economic implications of data usage. The analysis employs descriptive statistics to assess trends in tax collection pre- and post-amnesty (OECD, 2023). Data is triangulated across sources to ensure the findings align with diverse perspectives and empirical evidence to enhance reliability. That method of analysis is consistent with the generally accepted frameworks for evaluating tax policies (Slemrod, 2019), and the results yield important insights into both compliance trends and their effects on overall revenues in the short and long terms.

4. Results and Discussion

The results of the study concerning the three dimensions of the tax amnesty policy, namely, the effects on tax revenue, taxpayer compliance behavior and the effectiveness of administration are summarized herein. The results are based on financial statements of official taxes, surveys of taxpayers, and interviews with experts, analyzed via qualitative and quantitative methods.



4.1 Effect of tax Amnesty on tax revenue

Tax revenue grew considerably in the first year after the amnesty, as shown in Table 3, at least in those amounts that taxpayers voluntarily declared in advance that had until then remained disguised. The growth rate decreased in the next years, this means the initial revenue increase could not be sustained average years. This suggests that previous work (Slemrod, 2019) arguing that tax amnesties yield only short lived revenue gains and not taxpayer population character change in favor of efficiency holds. A

striking observation has been that the rate of repatriation of offshore assets is very low despite the incentives offered in those through the amnesty programme. This implies that, although tax amnesty policies may help to improve fiscal liquidity, they do not necessarily have an impact on capital reintegration in the long run and therefore possess limited overall economic impact. This finding is in line with earlier research by Alm and Martinez-Vazquez (2021), indicating that without a robust post-amnesty enforcement tool, the initial property windfall is inversely density dependent.

Table 3. Before and after amnesty tax revenues

Year	Total Tax Revenue (in Trillions IDR)	Revenue Growth (%)	Amnesty Contributions (%)
2015	1,285	-	-
2016	1,539	+19.8%	12.6%
2017	1,771	+15.1%	8.2%
2018	1,867	+5.4%	3.9%
2019	1,932	+3.5%	1.7%

4.2 Compliance behaviour of taxpayers

There are mixed consequences of tax amnesty policy implementation on taxpayer compliance behavior. Survey data shows 78% of taxpayers responding in the 2004 initial survey indicated that they would be willing to comply with future tax obligations as they arose, but only 46% of taxpayers who responded to a follow-up survey maintained full compliance in future years. This pattern is consistent with the theory of strategic defiance (Andreoni et al., 2020), which posits that taxpayers expect future amnesties and respond by not fully complying, expecting future forgiveness.

Table 4 shows compliance rates indicating that SMEs took most of the benefits from the amnesty although they have performed better on compliance rates long after the

end of the amnesty view. The implication for economic fairness is that compliant taxpayers now view the policy as unduly generous for previously non-compliant entities (Hasegawa et al., 2021). Interviews with tax officials point to two major reasons for low compliance rates after the end of amnesty: (1) inconsistent enforcement of tax laws and (2) perceived disparity in tax treatment. Some taxpayers who took advantage of the amnesty were later able to exploit loopholes to avoid full disclosure, respondents noted, indicating weaknesses in audit and monitoring mechanisms. Implementation of a stronger regulatory framework along with digital tracking systems is the way forward for ensuring tax compliance even beyond the amnesty period to cover the allegations addressed.

Table 4. Tax Compliance Before and Post-Amnesty

Category	Pre-Amnesty Compliance (%)	Immediate Post-Amnesty Compliance (%)	Long-Term Compliance (3+ Years) (%)
Large Corporations	52%	89%	47%
High-Net-Worth Individuals	41%	82%	39%
SMEs	72%	91%	63%

Source; Author 2025

4.3 Administrative efficiency and challenges

The republic of the tax amnesty policy such as administrative efficiency, legal certainty, and

transparency days that are the most significant challenges in its implementation. Legal uncertainty: Regular changes to post-amnesty regulations have led to confusion and distrust among taxpayers⁶ One of the major concerns that



came out of the expert interviews was legal uncertainty. Many participants worried about the long-term treatment of disclosed assets, whether these are retrospectively taxed or whether these assets will lead to future legal systems. This is consistent with Bird and Zolt (2022), who suggest that taxpayer confidence is undermined by policy inconsistencies and this deters taxpayers from voluntarily disclosing, whereby individuals and businesses become extremely reserved to participate in forthcoming amnesty programs in light of ambiguous legal protection. Moreover, doubts about the confidentiality of declared assets further intensify non-compliance risks, as taxpayers harbor uncertainties over whether the information they disclose may be employed against them at a later date. Such legal uncertainty underscores the pressing need for a stable and transparent regulatory environment, one in which policies, at least, will not change after the amnesty period ends.

A second key challenge is the poor enforcement arm that hampers the capacity of the government to monitor taxpayer behavior after amnesty. The lack of integrated digital taxing system, has made compliance monitoring very inefficient which has led to non-compliant tax payers reclaiming tax evasion office with little risk of detection. To enforce compliance with the recently revived rules, experts recommend employing AI-based compliance monitoring and ensure real-time visibility on financial movements, thus reducing scope for post-amnesty non-compliance. Moreover, perceived lack of transparency in enforcement has caused public trust to erode, especially in light of allegations that tax amnesty disproportionately benefits the wealthier and corporate interests. Many taxpayers think that enforcement agencies put more effort into small business and middle-income earners, and are weak on large-scale tax evaders, which only discourages voluntary compliance further. Slemrod and Yitzhaki (2020) highlight the fact that a nonperception of fairness is key to ensue compliance, blaming taxpayers for tax avoidance when they think that the system benefits only some groups. To address these challenges, the government should consider **robust reforms of the tax administration across multiple dimensions, including but not limited to legal certainty, enforcement quality, and digital transformation, in order to realize policy goals fairly and sustainably pass the success with a narrowly focused tax compliance regime.**

4.4 Risk of Public Perception and Moral Hazard

Taxpayers start to postpone compliance because of the nature of the amnesty policy moral hazard. According to the survey results, 61% of non-compliant taxpayers are

convinced that another amnesty program will be established in the future, which further drives their tax avoidance decision today. This is consistent with research by Langenmayr (2017), who determined that repeated instances of tax amnesties weaken long-term incentives towards compliance, leading to a state of expectation-based non-compliance. Moreover, qualitative comments suggest that tax amnesties also undermine public trust in fairness in taxation. There was frustration among many compliant taxpayers, who say that amnesty programs reward tax dodgers at the expense of compliant taxpayers. This perception can undermine social norms related to tax compliance and create difficulties for governments to maintain high voluntary compliance rates over time (Feld & Frey, 2018). To avoid such risks, governments must establish robust post-amnesty enforcement measures so that compliant taxpayers do not believe that amnesties can become a cycle of avoiding their due obligations. Furthermore, initiatives that incentivize continued compliance via tax benefits would help re-establish the illusion of fairness, and could also enhance tax morale among the average man and woman.

4.5 Policy recommendations and implications for the future

Shortcomings in savings Seize the opportunity to seize the opportunity is that tax amnesty policy should have been sustainable and profitable, to ensure continuous and robust law enforcement, increased legal certainty and technological improvement. Our new book outlines a variety of important policy recommendations, the most important of which is improving post-amnesty enforcement, particularly through the use of AI-powered tax monitoring systems that allow real-time identification of bad behavior. Tax authorities can combat tax evasion using machine learning algorithms and predictive analytics to detect potential offenders, identify unreported assets, and deter tax evaders from repeating their offenses. Moreover, higher penalties for repeat violators act as a considerable deterrent, preventing taxpayers from seeing amnesties as a means for tax evasion with weak repercussions. Such an approach reflects the latest research (Bird & Zolt, 2022), which indicates that tighter enforcement measures along with digital transformation greatly enhance the efficiency of tax collection.

4.6 Discussion

Findings from this study offer insight into the tax amnesty policy in terms of its consequences on tax revenue, taxpayer compliance behavior, and administrative effectiveness. Although the tax amnesty program generated significant short-term revenue, its



long-term sustainability was not clear. The findings suggest that initial results were quite promising with a 19.8% tax revenue growth rate during the first year of the program, but the growth rate fell down in years after, indicating that the programme acted more as a temporary fiscal boost rather than as a sustainable instrument to stimulate revenue growth. This is consistent with prior studies such as those by Alm and Martinez-Vazquez (2021), that assert while tax amnesty programs can grant governments immediate liquidity, they tend not to engender long-term revenue trends unless associated with future strong enforcement policies once the tax amnesty period ends. The reduction in revenue growth after the amnesty period further supports the results presented in Slemrod (2019), which emphasizes the ephemeral nature of tax amnesties: they generate spikes in collection, not fundamental changes in the capacity to collect taxes.

One key component of this research is checking on taxpayer behavior after an amnesty. Although there was increased compliance in the early years, the survey data indicated ongoing nonresponse with respect to long-term tax compliance, especially at the level of large corporations and high-net-worth individuals. Among these groups, the compliance rate fell from 89% just after the amnesty to 47% within three years, suggesting that taxpayers use amnesties as a temporary reprieve from the prospect of penalty (but immediately relapse to non-compliance when enforcement pressure is relaxed). These results support the hypothesis of strategic non compliance proposed by Andreoni et al. (2020), who theorizes taxpayers respond dynamically to opportunities for future amnesty in a self-interested manner, and thus pay income tax based on expected future clemency. This is consistent with Langenmayr (2017), who argues that this damages compliance incentives because reoffending taxpayers defer tax payments to be eligible for future amnesty programs. So, tax amnesty could provide a temporary source of revenues, but at the expense of creating a habit of tax evasion that becomes cyclical, and undermines medium- to long-term compliance.

Moreover, effective administration is key to the success of tax amnesty programs. This study identified three main challenges to implementing the policy: legal uncertainty, weak enforcement mechanisms, and perceived lack of transparency. Legal uncertainty seen in constant policy changes and vague post-amnesty guidelines has been one of the biggest obstacles to long-term compliance. Most taxpayers are afraid of the vague legal status of disclosed assets, and this uncertainty leads to some people refusing

to fully disclose their wealth. A carefully constructed regulatory framework thus also serves to enhance voluntary compliance (Bird and Zolt 2022), who argue that without stable legal commitments taxpayers' trust is undermined (and so taxpayer willingness to voluntarily comply). Moreover, having weak sets of enforcement mechanisms, the government could not effectively track the behavior of taxpayers after the amnesty period, partly because of the lack of an integrated digital tax monitoring machine. This is consistent with Slemrod and Yitzhaki (2020), who concluded that tax policies are effective only in the long run if it is impossible to avoid tax payment because tax payers expect a high probability of being detected. Advanced digital tracking and AI-powered tax monitoring are essential for authorities to monitor compliance after any amnesty—which means programmes like this not only risk missing their targets but are also only effective if they're accompanied by comprehensive external enforcement factors.

The issue of moral hazard risk from tax amnesty is the other important issue that was found in this study. The reason was that 61% of the non-compliant taxpayers responded to a survey, saying they expected another amnesty program in the future, so they postponed compliance. This result reinforces the findings of Feld and Frey (2018), who posited that expectations regarding future amnesties lessen the urgency of compliance, thus weakening the tax system in its entirety. The effects of public perception is another important element that determines compliance behavior. The existence of a tax amnesty for tax evaders made honest taxpayers feel as they were not being treated equally, because the government offered a way out of paying taxes to the dishonest people. Hasegawa et al. (2021) found that perceived fairness was a significant factor in influencing voluntary compliance, with taxpayers who believe the system unduly favors non-taxpayers more likely not to pay. Overall, these findings indicate that a tax amnesty can give short-term revenue boosts, but its long-term effects may prove harmful if it breaks down the tax morale and tax-institutional trust.

Thereby, taxation amnesties must be geared towards a comprehensive policy that combines strict enforcement with cutting-edge technology and incentives based on behavioral patterns of taxpayers. To this end, post-amnesty enforcement needs to be greatly increased: taxpayers who enter the program need to be audited and penalized heavily if they get out of line again. As highlighted in Langenmayr (2017), only stringent audits if

a previous amnesty agreement is violated will promote future tax compliance. Second, tax administration should be a priority area for digital transformation, where AI-based compliance monitoring can be incorporated, and blockchain technology can help improve transparency and tracking. Research by Alm et al. (2020) attests that the adoption of digital technology in tax systems is getting better detection efficiencies and reduces the space for evasion, which strengthens the position of the technological responses to tax avoidance. Third, to ensure public trust and fairness, governments should provide tax incentives for stable compliance, such as lower tax rates or prizes for taxpayers who have a high level of stable compliance over several years. This would move us from punitive enforcement to proactive encouragement, with a view to developing a sustainable culture of voluntary tax compliance.

5. Conclusion

The analysis presented in this study reveals the various dimensions of tax amnesty policies — their effects not only on tax revenue but also on the behavioral response of taxpayers and the efficiency of tax administration. Tax amnesties may boost short-term revenue and support parsing hidden voluntary disclosures, but the effectiveness of such programs in the long run relies on consistent efforts at legal enforcement, legal certainty, and digital transformation. Findings indicate that taxpayer trust is influenced by the effectiveness of legal frameworks and perceived fairness of enforcement, underlining the necessity for transparent and consistent tax policies. Furthermore, innovations such as AI-assisted compliance monitoring and blockchain-enabled tax administration can advance tracking efficiency and mitigate fraud potential. Instead, tax amnesties should be articulated with the broader context of tax bills to ensure that they don't simply create fiscal room followed by tax cuts which merely alleviate a snapshot form of fiscal inefficiency while being alleviated by tax amnesty policies.

Limitations

Though comprehensive, there are limitations to this study that need to be considered when interpreting its findings. To start with, the focus on survey data and expert interviews creates a risk for

response biases, since taxpayers might not honestly report their motivations or their compliance behaviour. Second, the study focuses mainly on short-term effects and additional studies are required to investigate the long-term effects of tax amnesty on compliance trajectories. Furthermore, considerable differences in tax policies and enforcement strategies between countries make it difficult to generalize the findings beyond the particular jurisdiction in which they were obtained. Future studies should attempt to use longitudinal data and comparative designs to provide a more holistic view about tax amnesty to be examined, considering diverse economic and legal environments.

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Credit authorship contribution statement

Nisrochah Djazuli: Conceptualization, Methodology, Formal Analysis, Writing – Original Draft, Supervision.

Nur Laili Azizah: Data collection, Investigation, Writing – Review & Editing.

Revida Alfi Renata: Data Analysis, Visualization, Writing – Original Draft.

Nindya Gisa Putri: Literature Review, Validation, Writing – Review & Editing.

Monna Fadhilah Shidqiyah: Project Administration, Data Curation, Writing – Original Draft.

Amri Amrulloh: Software, Data Processing, Writing – Review & Editing.

Declaration of competing interest

The authors declare no competing financial interests or personal relationships that could have appeared to influence the work reported in this paper..

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