

Determination of Taxpayer Compliance through Coretax and Tax Sanctions

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ABSTRACT

The evaluation of taxpayer compliance in this research focuses on the influence of tax sanctions and CoreTax implementation, with tax literacy as an accelerator (moderation). Based on the criteria of taxpayers who understand or operate CoreTax, 138 respondents from several tax offices in Semarang City were selected as samples through a purposive sampling method. Data analysis used the SEM-PLS approach assisted by WarpPLS 8.0 on data collected through a 1-5 Likert scale questionnaire instrument. The results of the analysis show opposing patterns: CoreTax has a significant positive impact, while tax sanctions have a significant negative correlation with taxpayer compliance. Furthermore, tax literacy does not show a significant moderating effect on either independent variable. These results confirm that the adoption and acceptance of digital systems are far more crucial for compliance than the internal literacy aspect of taxpayers.

Keywords: CoreTax; Taxpayer Compliance; Tax Literacy; Tax Sanctions; SEM-PLS

Determinan Kepatuhan Wajib Pajak Ditinjau dari Coretax dan Sanksi Perpajakan

ABSTRAK

Evaluasi terhadap kepatuhan wajib pajak dalam riset ini difokuskan pada pengaruh sanksi pajak dan implementasi CoreTax, dengan menempatkan literasi pajak selaku akselerator (moderasi). Melalui kriteria wajib pajak yang memahami atau mengoperasikan CoreTax, 138 responden di sejumlah KPP Kota Semarang dipilih sebagai sampel lewat metode purposive sampling. Analisis data menggunakan pendekatan SEM-PLS berbantuan WarpPLS 8.0 atas data yang dikumpulkan lewat instrumen kuesioner skala Likert 1-5. Hasil analisis memperlihatkan pola bertolak belakang: CoreTax berdampak positif-signifikan, sedangkan sanksi perpajakan berkorelasi negatif-signifikan terhadap kepatuhan wajib pajak. Lebih lanjut, literasi pajak tidak menunjukkan efek moderasi yang nyata pada kedua variabel independen tersebut. Hasil ini menegaskan bahwa faktor adopsi dan penerimaan sistem digital jauh lebih krusial bagi kepatuhan ketimbang aspek literasi internal wajib pajak.

Kata Kunci CoreTax; Kepatuhan Wajib Pajak; Literasi Pajak; Sanksi Pajak; SEM-PLS

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INTRODUCTION

The largest portion of government revenue is generated through tax collections, contributing more than 70% to total revenue (Suryantara, 2025). However, Indonesia's tax performance still faces various challenges. The World Bank report, "Economic Policy: Estimating VAT and CIT Gaps in Indonesia," reports that Indonesia's tax performance remains poor, as evidenced by a stagnant tax ratio of 9.11–10.38% from 2019–2024, which remains below the average for ASEAN countries (around 18%) and the OECD (30–34%) (Papaconstantinou, 2023). This condition reflects the still low level of taxpayer compliance, which is influenced by various factors such as low tax literacy, negative attitudes towards the government, regulatory complexity, and weak law enforcement (Li et al., 2024).

To improve the effectiveness of tax administration and address existing challenges, the Directorate General of Taxes introduced the Core Tax Administration System (CoreTax) in 2024 (Reformdjp, 2025). CoreTax is a modern, technology-based tax administration system that integrates all tax processes into a single, Commercial Off-the-Shelf (COTS) platform. This system is designed to improve service efficiency, transparency, and third-party data-driven oversight (Darmayasa & Hardika, 2024). This reform aims to replace previous policies such as tax amnesty which were deemed to have failed to increase long-term compliance (Darmayasa & Hardika, 2024).

CoreTax is a very modern tax administration system with various advantages, including (1) integration of all tax processes (silo-based/integrated platform); (2) automation and service efficiency (rule-based decision, self-service portal, real-time processing); (3) improving supervision and compliance (automatic tax risk analysis and being able to manage data from third parties, for example banks, e-commerce, notaries, and others); (4) improving governance and anti-KKN; (5) increased accuracy and transparency (Partinah & Setyowati, 2024). With these various advantages, it is hoped that tax revenue can be increased through improved and efficient performance of the tax apparatus. (Arianty, 2024) emphasized that modernization efforts are more likely to succeed when accompanied by tax structure simplification and appropriate reform measures.

Nevertheless, the initial rollout of CoreTax was hindered by various technical challenges, including system outages, downtime, accessibility problems, and the complexity of system utilization (AbiDeTax Consulting, 2025). These conditions indicate that the successful implementation of CoreTax depends not only on technological readiness but also on taxpayers' acceptance and use of the system. Within the framework of the Technology Acceptance Model (TAM), technology acceptance is influenced by perceived ease of use and perceived usefulness—that is, the extent to which a system is considered easy to use and beneficial to its users (Davis, 1993). When CoreTax is perceived as easy to use and beneficial, taxpayers can complete tax administration processes more simply and efficiently. The digitization of tax administration can also reduce the time, costs, and administrative burden required to fulfill tax obligations (OECD, 2022). Thus, the ease of use and usefulness of CoreTax can foster acceptance and adoption of the system, which in turn makes it easier for taxpayers to fulfill their tax obligations and improves compliance. This relationship indicates that the impact of CoreTax's implementation on taxpayer compliance does not stem solely from

digitization but occurs through the mechanisms of technology acceptance and adoption as described in the Technology Acceptance Model (TAM).

Beyond technological determinants, adherence to tax regulations is shaped by legal enforcement, particularly through the imposition of tax penalties. Based on Deterrence Theory, the existence of strict sanctions can have a deterrent effect and encourage taxpayers to fulfill their obligations (Alm et al., 2023). However, the effectiveness of tax sanctions is contingent upon taxpayers' understanding of tax regulations. In this context, tax literacy emerges as a key factor that may moderate the relationship between tax policy and taxpayer compliance by either strengthening or weakening its effect (Supyan & Nurhasanah, 2024).

Several previous studies have shown that digitalization of taxation has a positive and significant impact on improving taxpayer compliance. Locally, (Aliifah et al., 2025) proving that the electronic reporting system significantly increases taxpayer compliance. Globally, technical reports (Okello et al., 2021) and international literature studies (Purwanto, 2026) also confirm that full-scale digital reform can accelerate bureaucracy, minimize human error, and reduce tax administration gaps through high system transparency. Therefore, optimizing the functionality of a reliable integrated system is directly proportional to compliance, and CoreTax implementation in Indonesia is projected to be a key pillar in optimizing state revenue.

The success of implementing a digital tax system depends not only on technological capabilities but also on taxpayers' ability to understand and utilize it. According to the Technology Acceptance Model (TAM), technology acceptance is influenced by perceptions of the system's ease of use and usefulness (Davis, 1993)(Venkatesh et al., 2016) In the context of CoreTax, tax literacy can determine taxpayers' ability to understand the system's functions, procedures, and benefits; thus, taxpayers with high literacy are better able to use CoreTax effectively and translate that ease of use and those benefits into compliant behavior. Conversely, limited literacy can hinder understanding and use of the system, thereby weakening the impact of CoreTax's implementation on compliance.

Tax literacy can also influence taxpayers' responses to tax penalties. According to Deterrence Theory, compliance is influenced by an understanding of the risks and consequences of violations (Kogler et al., 2013). Taxpayers with high literacy are better able to understand regulations, types of violations, and the consequences of penalties, and are therefore more likely to view penalties as an incentive to fulfill their tax obligations. Conversely, low literacy can limit understanding of the rules and the consequences of sanctions, thereby reducing their effectiveness in promoting compliance. Thus, tax literacy can act as a condition that strengthens or weakens the relationship between the implementation of CoreTax and tax sanctions on compliance (Supyan & Nurhasanah, 2024).

Empirically, (Putri et al., 2025) found that tax literacy has a positive effect on compliance, while (Aini et al., 2025) demonstrated that tax literacy can strengthen the relationship between the digitization of tax services and compliance. These findings support the role of tax literacy in helping taxpayers understand and respond to the tax system and regulations. Therefore, the position of tax literacy as a moderating variable in this study is based on the

interrelationship between the Theory of Attitudes and Motivation and Deterrence Theory, behavioral mechanisms in understanding and utilizing CoreTax as well as responding to penalties, and empirical evidence regarding tax literacy. Based on these relationships, tax literacy is expected to strengthen the influence of CoreTax implementation and tax penalties on taxpayer compliance.

Although global studies have underscored the importance of comprehensive system transformation, most empirical research in Indonesia still focuses on general and partial tax digitalization, such as the use of e-filing and e-billing. Meanwhile, research specifically examining the implementation of CoreTax, the newly implemented core tax administration system in Indonesia, remains relatively limited. Furthermore, previous research has primarily examined the direct impact of tax digitalization and tax sanctions on taxpayer compliance, while studies that consider tax literacy as a moderating variable in this relationship are still scarce. Nonetheless, the effectiveness of digital tax system implementation is shaped not only by the availability of technology but also by taxpayers' understanding and ability to navigate digital tax systems.

Drawing from the aforementioned background, this research seeks to evaluate the impacts of CoreTax deployment and tax penalties on taxpayer compliance, while positioning tax literacy as a moderating factor. This study intends to offer valuable insights across both theoretical and practical domains. On a theoretical level, it enriches the existing tax compliance literature by synthesizing technological, behavioral, and regulatory frameworks into a unified model. From a practical standpoint, the empirical insights are expected to guide the Directorate General of Taxes (DGT) in formulating strategic fiscal policies, specifically in maximizing digital tax systems and elevating public tax awareness.

Taxpayer compliance broadly refers to the extent to which individuals and entities adhere to fiscal laws, encompassing both formal administrative requirements and substantive legal duties (Alm et al., 2023). This compliance reflects a taxpayer's willingness to report and pay taxes accurately, completely, and on time. In addition to regulations, tax compliance is also influenced by taxpayer behavior and internal practices. Research by (Zeina et al., 2025) shows that good financial reporting practices can shape taxpayer compliance behavior. This suggests that compliance is determined not only by policy measures implemented by the government but also by taxpayers' internal characteristics and behaviors. In the modern context, the Directorate General of Taxes continues to modernize the tax system through digitalization of services such as e-filing and e-billing to increase convenience, efficiency, and transparency. These efforts are expected to encourage sustainable improvements in taxpayer compliance (OECD, 2022).

CoreTax is a technology-based core tax administration system developed by the Directorate General of Taxes as part of tax reform in Indonesia. This system brings together all tax administration functions, including registration, reporting, payment, and compliance monitoring, within a single integrated digital platform (Darmayasa & Hardika, 2024). This study focused primarily on CoreTax implementation, specifically taxpayers' assessments of the system's ease of use, usefulness, and reliability. These elements serve as critical determinants of successful system integration, as conceptualized within the Technology

Acceptance Model (TAM), which argues that user adoption hinges primarily on perceived ease of use and utility. Recent research by (Rachdian et al., 2025) shows that CoreTax implementation in Indonesia still elicits a variety of responses from taxpayers, both positive and negative, particularly regarding ease of use and system reliability. This confirms that taxpayers are a key factor in determining the success of digital tax system implementation.

Tax sanctions encompass administrative and criminal penalties that may be imposed on taxpayers as a consequence of non-compliance with tax obligations. These sanctions serve as a law enforcement instrument to encourage compliance and prevent violations (Alm et al., 2023). Based on Deterrence Theory, the existence of firm and consistent sanctions can increase taxpayer compliance due to the perceived risk of violation. Empirical research shows that effective sanction enforcement can increase compliance, especially when taxpayers understand the consequences of violations (Kogler et al., 2013). Thus, the effectiveness of tax sanctions depends not only on their existence but also on taxpayers' understanding of applicable tax regulations.

Tax literacy is the level of taxpayer understanding and knowledge regarding tax rights and obligations, including applicable regulations, procedures, and sanctions. Good tax literacy will encourage taxpayers to fulfill their obligations voluntarily and on time (OECD, 2022). Tax literacy is not only related to understanding tax regulations but also influences taxpayer behavior in carrying out their obligations. In support of this perspective, (Putri et al., 2025) provided evidence that tax literacy exerts a significant positive influence on taxpayer compliance.

The findings indicate that a higher level of tax literacy fosters stronger taxpayer awareness and commitment, thereby increasing the likelihood of fulfilling tax obligations accurately and within the prescribed time frame. This is also supported by research by (Supyan & Nurhasanah, 2024) which confirms that strengthening tax literacy is a crucial determinant in reducing non-compliance rates. Consequently, this study establishes tax literacy as a moderating construct anticipated to alter the intensity and directionality of the links between taxpayer compliance and its predictors: CoreTax implementation and tax sanctions.

Drawing upon the Technology Acceptance Model (TAM), the level of acceptance of a new system is largely determined by perceptions of its ease and usefulness (Davis, 1993). When the system is designed in an integrated manner, it theoretically reduces complex procedures and lowers compliance costs for taxpayers (Allingham & Sandmo, 2005). This reduction in procedural barriers underlies the belief that system updates will have a linear impact on increasing taxpayer awareness.

Digital transformation in tax administration is a key strategy to reduce non-compliance through an integrated system. Empirically, (Aliifah et al., 2025) provided empirical evidence that the digitalization of tax services has a positive and significant effect on taxpayer compliance, particularly by streamlining the tax reporting process. This is reinforced by findings by (Wulandari & Dasman, 2023) which show that technology-based tax system modernization significantly impacts taxpayers' access and time efficiency. Furthermore, analysis by (Lestari & Rahma,

2025) confirms that the consistent integration of advanced administrative systems is a key determinant in encouraging taxpayer compliance.

The diverse evidence of the effectiveness of previous technology updates supports the argument that implementing CoreTax as the latest core system will have similar positive impacts. Based on the alignment of theoretical reasoning and the consistency of empirical results, the following hypothesis is proposed:

H₁: CoreTax implementation has a positive impact on taxpayer compliance.

Based on a behavioral economic perspective rooted in Deterrence Theory or Classical Prevention Theory (Allingham & Sandmo, 2005), a person's compliance with rules is triggered by rational calculations of the logical consequences of violations committed. In the context of taxation, the existence of sanctions functions as an external control instrument that forces taxpayers to act rationally to avoid financial penalties (Becker, 1968). When taxpayers realize that there is a real and strict risk of detection and legal penalties from any act of non-compliance, they will choose to comply in order to minimize the potential for greater economic losses.

Law enforcement through tax sanctions is an important instrument for creating a deterrent effect. Referring to deterrence theory, (Kogler et al., 2013) demonstrated in their study that the threat of punishment and detection of violations have a positive influence on compliance, where individuals will choose to comply to avoid financial losses due to sanctions. Similarly, (Alm et al., 2023) stated that legal certainty and consistency of sanctions significantly contribute to reducing tax evasion. Furthermore, findings from (Rejeki et al., 2019) confirm that firmness in imposing administrative sanctions has been proven to effectively discipline taxpayers' legal actions to remain within the applicable regulatory corridor.

In the context of fair rule enforcement, sanctions are considered a highly effective risk reminder for businesses to remain committed to staying within regulatory boundaries. Based on the theoretical foundation of deterrence theory and the consistently positive results documented in prior research, the following hypothesis is developed:

H₂: Tax sanctions have a positive effect on taxpayer compliance.

According to the Technology Acceptance Model (TAM), technology acceptance is influenced by perceptions of the system's ease of use and usefulness (Davis, 1993). In the context of CoreTax, tax literacy can determine taxpayers' ability to understand the system's procedures, functions, and benefits, thereby enabling them to use it effectively in fulfilling their tax obligations. Taxpayers with high tax literacy will be better able to accept and use CoreTax, allowing the system's benefits in promoting compliance to be maximized.

Thus, tax literacy is not only directly related to compliance but can also strengthen or weaken the relationship between the implementation of CoreTax and taxpayer compliance. Findings by (Purwanti et al., 2025) indicate that an understanding of tax regulations supports the successful use of electronic tax systems, whereas (Aini et al., 2025) found that tax literacy positively moderates the relationship between the digitization of tax services and compliance. Conversely, (Sari & Johan, 2024) show that limited literacy can hinder the use of digital tax applications.

Based on the TAM framework, these mechanisms, and previous empirical findings, tax literacy is expected to strengthen the effect of CoreTax implementation on taxpayer compliance. Therefore, the third hypothesis is formulated as follows:

H₃: Tax literacy is hypothesized to play a moderating role in shaping the connection between CoreTax deployment and taxpayer compliance.

According to Deterrence Theory, tax penalties encourage compliance through the consequences and risks arising from tax violations (Kogler et al., 2013). However, the effectiveness of penalties also depends on taxpayers' ability to understand tax rules and consequences. Taxpayers with high tax literacy will be better able to understand the types of violations, risks, and consequences of penalties, making them more responsive to the imposition of penalties and more motivated to fulfill their tax obligations.

Thus, tax literacy can strengthen or weaken the relationship between tax penalties and taxpayer compliance. (Supyan & Nurhasanah, 2024) show that tax literacy plays a role in shaping compliance behavior when taxpayers face penalties. This is in line with the (OECD, 2022), which emphasizes the importance of taxpayers' understanding of tax rules and consequences. (Kogler et al., 2013) and (Sari & Johan, 2024) also show that the effectiveness of penalty enforcement is related to taxpayers' understanding of tax risks and regulations.

Based on Deterrence Theory, these mechanisms, and previous empirical findings, tax literacy is expected to strengthen the impact of tax penalties on taxpayer compliance. Therefore, the fourth hypothesis is formulated as follows:

H₄: Tax literacy acts as a moderating factor in the relationship linking tax penalties to taxpayer compliance.

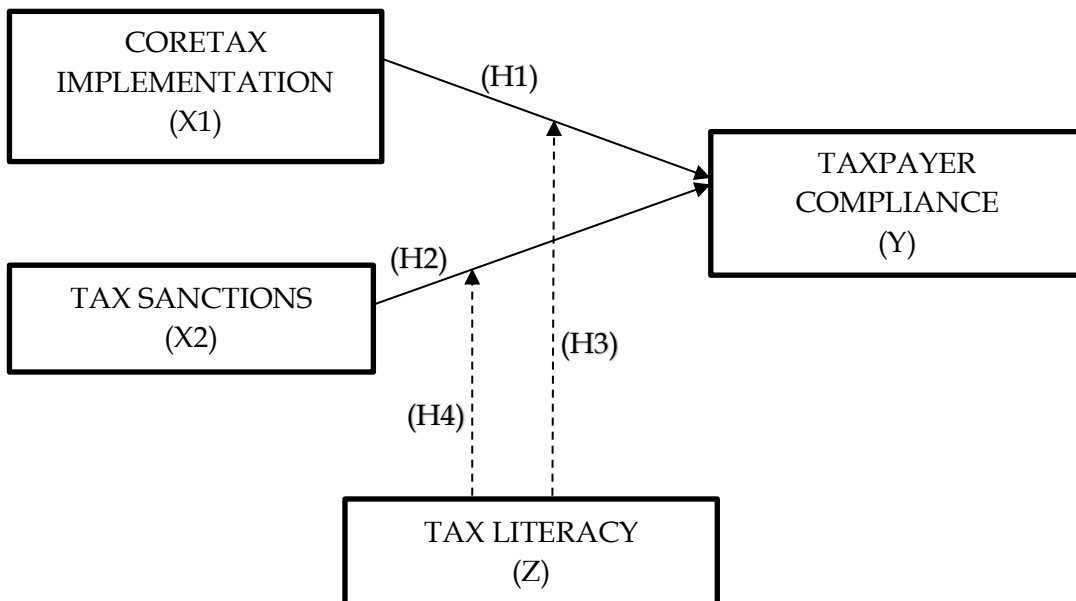


Figure 1. Conceptual Framework

Source: Research Data, 2026

RESEARCH METHODS

Primary data were obtained through questionnaire distribution to taxpayers registered at five tax offices in Semarang: West Semarang, Semarang Madya, Candisari, Gayamsari, and East Semarang. The study utilized a purposive sampling approach to select its respondents based on predefined criteria with eligibility limited to taxpayers who had knowledge of or experience with the CoreTax system, resulting in a sample of 138 participants. To operationalize the constructs, respondents evaluated the questionnaire items using a five-point Likert response format, where 1 denotes strong disagreement and 5 indicates strong agreement. The study incorporated CoreTax implementation and tax sanctions as independent variables, taxpayer compliance as the dependent variable, and tax literacy as a moderating construct. CoreTax implementation is defined as taxpayer perceptions of the digital tax system, encompassing ease of use, usefulness, efficiency, and reliability of the system based on the Technology Acceptance Model framework developed by (Venkatesh et al., 2016). Tax sanctions are a law enforcement instrument to encourage compliance through consequences for violations (OECD, 2022), which is measured based on the taxpayer's perception of firmness, certainty and risk of sanctions according to the Deterrence concept (Kogler et al., 2013). Tax literacy represents the extent to which taxpayers possess sufficient knowledge and understanding of tax laws, regulations, and administrative procedures (OECD, 2022), which is measured through an understanding of regulations, procedures and tax systems and is supported by (Sari & Johan, 2024) which states that tax knowledge influences taxpayer behavior. Meanwhile, taxpayer compliance is generally understood as taxpayers' adherence to tax obligations in a correct and timely manner (Alm et al., 2023), and is measured through compliance with reporting requirements, payment obligations, and the accuracy of tax calculations. To describe the structural relationships among the variables and to test for direct effects and moderating effects in this study, the mathematical model is formulated as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z + \beta_4 (X_1 Z) + \beta_5 (X_2 Z) + \varepsilon \dots\dots\dots (1)$$

Where:

- Y = Taxpayer Compliance
- X₁ = CoreTax Implementation
- X₂ = Tax Sanctions
- Z = Tax Literacy
- X₁Z = Interaction between CoreTax Implementation and Tax Literacy
- X₂Z = Interaction between Tax Sanctions and Tax Literacy
- β₀ = Constant
- β₁-β₅ = Path Coefficients
- ε = Error Term

Hypothesis testing and model evaluation were conducted using the Structural Equation Modeling-Partial Least Squares (SEM-PLS) method implemented in WarpPLS 8.0.

Table 1. Demographic Profile of Respondents

Characteristics	Classification	Number of Respondents	Proportion (%)
Length of Business	< 5 years	61	44,2
	5 – 10 years	49	35,5
	>10 years	28	20,3
Business fields	Food and Beverage	46	33,3
	Retail or Trade	39	28,3
	Services (including Construction, Transportation, Healthcare, etc.)	34	24,6
	Cooperatives	8	5,8
	Others (Information Technology, Workshops, Optical Shops, etc.)	11	8
Form a Business Entity	Individuals or MSMEs without a legal entity	86	62,3
	CV	26	18,8
	PT	18	13
	Cooperatives	8	5,8

Source: Research Data, 2026

RESULTS AND DISCUSSION

Descriptive statistics are used to provide an overview of the characteristics of the data for each research variable. Based on Table 2, taxpayer compliance has the highest mean value of 3.536 with a standard deviation of 0.611. Next, CoreTax implementation has a mean of 3.270 with a standard deviation of 0.736, followed by tax literacy at 3.188 with a standard deviation of 0.662 and tax sanctions at 3.069 with a standard deviation of 0.700. The mean scores for all variables were above the midpoint of the Likert scale – 3 – indicating that, in general, respondents gave predominantly positive ratings for the constructs under study. The standard deviation values indicate variation in responses among respondents, with the greatest variation observed in CoreTax implementation and the smallest in taxpayer compliance.

Table 2. Results of Descriptive Statistical Analysis

Variabel	N	Min.	Max.	Mean.	Std Deviation
CoreTax Implementation	138	1,500	5,000	3,270	0,736
Taxpayer Compliance	138	1,667	5,000	3,536	0,611
Tax Literacy	138	1,000	5,000	3,188	0,662
Tax Sanctions	138	1,000	5,000	3,069	0,700

Source: Research Data, 2026

The evaluation of the measurement model demonstrated that all indicators exhibited loading factors exceeding the recommended 0.60 cutoff, thereby establishing sufficient convergent validity. The statistical criteria for convergent validity were further met, as every construct generated an Average Variance Extracted (AVE) value above the minimum benchmark of 0.50 namely 0.513 for CoreTax implementation, 0.549 for taxpayer compliance, 0.647 for tax sanctions, and 0.739 for tax literacy. Thus, all constructs are declared convergently valid.

Table 3. Outer Loading

Variable	Indicators	Loading Factor	AVE	Conclusion
CORETAX IMPLEMENTATION	IC 1	0,606	0,513	Valid
	IC 2	0,736		Valid
	IC 3	0,781		Valid
	IC 4	0,731		Valid
TAX SANCTIONS	SP 1	0,804	0,647	Valid
	SP 4	0,804		Valid
TAX COMPLIANCE	KP 1	0,793	0,549	Valid
	KP 2	0,803		Valid
	KP 5	0,610		Valid
TAX LITERACY	LP 3	0,859	0,739	Valid
	LP 4	0,859		Valid
TAX LITERACY AND CORETAX IMPLEMENTATION	LP * IC	1	1	Valid
TAX LITERACY AND TAX SANCTIONS	LP * SP	1	1	Valid

Source: Research Data, 2026

The assessment results revealed that each construct achieved a composite reliability value above 0.70, suggesting adequate internal consistency. Although the Cronbach's Alpha value for the tax sanction variable was relatively low, this is still acceptable in the PLS approach because composite reliability is prioritized (Hair et al., 2021).

Table 4. Internal Consistency Evaluation

Construct	CR Value	Cronbach's Alpha
CORETAX IMPLEMENTATION	0,807	0,681
TAX SANCTIONS	0,785	0,453
TAX COMPLIANCE	0,782	0,582
TAX LITERACY	0,850	0,646
LP*IM	1.000	1.000
LP*SP	1.000	1.000

Source: Research Data, 2026

To evaluate discriminant validity across the research constructs, the Fornell-Larcker criterion was utilized. The results indicated that all constructs satisfied this statistical requirement, given that the square root of the AVE for each latent variable was consistently higher than its correlation coefficients with any other constructs (Fornell and Larcker, 1981).

Table 5. Fornell - Larcker

Variabel	IC	KP	LP	SP
IC	0,717	0,213	0,035	0,168
KP	0,213	0,741	0,231	0,031
LP	0,035	0,231	0,859	0,256
SP	0,168	0,031	0,256	0,804

Source: Research Data, 2026

The analysis produced an R² value of 0.141 for the taxpayer compliance construct. This result implies that CoreTax implementation and tax sanctions

contribute to explaining 14.1% of taxpayer compliance behavior, whereas the remaining proportion may be explained by other determinants not examined in this study. Despite its relatively modest magnitude, the value is still considered adequate within the context of social and behavioral studies (Hair et al., 2021). The Q^2 result of 0.141 further confirms that the structural model has predictive capability.

Table 6. Structural Model Quality: R-Square (R^2) and Q-Square (Q^2) Values

Variable	R^2	Q^2
Tax Compliance	0,141	0,141

Source: Research Data, 2026

Based on the model fit evaluation, the APC criterion was fulfilled as indicated by its significant value, whereas the ARS criterion was not statistically significant. The AVIF value was below 3.3, confirming that the model is free from multicollinearity issues. Overall, these results suggest that the proposed model meets the necessary requirements for structural analysis (Kock, 2021).

Table 7. Structural Model Fit Evaluation

Indicator	Mark	Explanation
APC	0,150 ($p=0,017$)	Significant
ARS	0,003 ($p=0,242$)	Not significant
AVIF	1,220	Good

Source: Research Data, 2026

Statistical significance for hypothesis testing was determined via the bootstrapping technique, utilizing a dataset of 138 observations. The results presented in Table 7 indicate that CoreTax implementation has a positive and statistically significant influence on taxpayer compliance ($\beta = 0.167$; $p = 0.022$), providing support for H1. Tax sanctions were found to exert a significant negative effect on taxpayer compliance ($\beta = -0.236$; $p = 0.002$), thereby supporting H2. Meanwhile, tax literacy did not significantly moderate the relationship between CoreTax implementation and taxpayer compliance ($\beta = 0.114$; $p = 0.085$), indicating that H3 was not supported. H4 was consequently rejected as tax literacy did not statistically moderate the relationship connecting tax sanctions to compliance behavior ($\beta = 0.085$; $p = 0.155$).

Table 8. Hypothesis Test Results

Variable	β	P-Value	Explanation
CORETAX IMPLEMENTATION	0,167	0,022	Supported
TAX SANCTIONS	-0,236	0,002	Not Supported
TAX LITERACY* CORETAX IMPLEMENTATION	0,114	0,085	Not Supported
TAX LITERACY * TAX SANCTIONS	0,085	0,155	Not Supported

Source: Research Data, 2026

This research examines the impact of CoreTax implementation and tax penalties on taxpayer compliance, utilizing tax literacy as a moderating variable. Findings indicate that the deployment of CoreTax positively and significantly impacts taxpayer compliance. This suggests that a streamlined, efficient, and dependable digital tax infrastructure fosters greater public trust and adherence to tax regulations. Supporting the premises of the Technology Acceptance Model (TAM), these findings confirm that user friendliness and functional utility serve as

vital determinants in shaping an individual's decision to accept and utilize a system (Venkatesh et al., 2016). In addition, digitalization of taxation also contributes to increasing transparency and quality of services, thereby encouraging voluntary compliance of taxpayers (OECD, 2022).

The test results show that tax penalties have a significant negative effect on taxpayer compliance ($\beta = -0.236$; $p = 0.002$). Although this relationship is statistically significant, the direction of the coefficient is opposite to the hypothesized relationship, so H2 is not supported. This finding is inconsistent with the predictions of Deterrence Theory, which posits sanctions as a tool to increase compliance through consequences for violations (Kogler et al., 2013). However, these results do not necessarily imply that Deterrence Theory is invalid; rather, they suggest that the effectiveness of sanctions in promoting compliance may depend on the context of their application. In the context of CoreTax implementation, the application of sanctions—perceived as pressure or a burden—without being balanced by an understanding of and trust in the tax system may elicit psychological responses that do not support voluntary compliance (Hakam et al., 2024). This condition aligns with the “slippery slope” framework, which emphasizes that compliance is influenced not only by the authority's power through the enforcement of sanctions but also by taxpayers' trust in the tax authority (Kirchler et al., 2008). Thus, the negative effect found in this study is more appropriately understood as a finding inconsistent with the positive predictions of Deterrence Theory in the context of this research, rather than as a rejection of the theory as a whole.

Furthermore, this research investigates how tax literacy serves as a moderating variable within the relationships linking taxpayer compliance to both CoreTax implementation and tax sanctions. The results showed that tax literacy was unable to significantly moderate the relationship. Consequently, this indicates that inadequate tax literacy prevents it from functioning as an effective catalyst to strengthen the positive effects of CoreTax or tax sanctions on compliance. This condition is thought to be influenced by differences in understanding, limited access to information, and the complexity of using the new digital system, which still requires a long adaptation process for taxpayers (Bornman & Ramutumbu, 2019) (Purwanti et al., 2025). Therefore, increasing compliance not only requires digitalization and legal sanctions, but must be balanced with comprehensive quality education (Kirchler et al., 2008) (Supyan & Nurhasanah, 2024).

Hence, this study reveals that boosting compliance is not solely a matter of technological systems and regulatory policies. Instead, it relies heavily on the taxpayers' baseline readiness and their actual socioeconomic conditions (Paleka & Vitezić, 2023). Therefore, efforts to improve compliance need to consider a more comprehensive approach, not only focusing on digitalizing the system and strictly enforcing legal sanctions, but also must be balanced by improving the quality of continuous education and providing humane tax services (Mas'Ud et al., 2019).

CONCLUSION

Evidence from this study reveals contrasting outcomes: CoreTax implementation plays a vital and positive role in driving taxpayer compliance, whereas tax sanctions exert a significantly negative impact. These results indicate that

digitalization of the tax system can improve taxpayer compliance, while a sanctions-based approach is not fully effective because it can cause pressure on taxpayers. Furthermore, tax literacy has not been proven to moderate the effect of CoreTax implementation or tax sanctions on taxpayer compliance. Nevertheless, tax literacy remains important to improve through ongoing tax education to support voluntary taxpayer awareness and compliance.

Given that this study is constrained by its specific respondent sample and variable selection, future research should broaden this scope by incorporating additional determinants that may affect taxpayer compliance. Ultimately, these insights are anticipated to enrich academic literature and offer a robust framework for designing more strategic tax regulations.

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