

DIGITAL TAX SYSTEMS AND COMPLIANCE: THE IMPLEMENTATION OF CORETAX

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Abstract: *The direction of this research is to analyze whether Coretax implementation affects individual taxpayer compliance and whether tax reporting efficiency mediates this relationship. Coretax, introduced as part of Indonesia's digital tax reform in 2025, is expected to strengthen tax administration and improve taxpayer compliance. However, empirical evidence of its effectiveness remains limited because of its recent implementation. This research used the collection of 189 individual taxpayers registered with the Soreang Tax Office (KPP Soreang), Bandung Regency, West Java analyze with quantitative explanatory approaches. Purposive sampling method utilizes for selecting the respondents and were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results imply that taxpayer compliance does not impact significantly from Coretax implementation. However, Coretax implementation strongly influenced tax reporting efficiency which improves taxpayer compliance also. Furthermore, rather than direct system adoption, improved compliance results from greater reporting efficiency since mediation role of tax reporting efficiency in Coretax implementation and taxpayer compliance is confirmed. Contribution to the tax digitization literature by providing one of the first empirical assessments of Coretax implementation in Indonesia and demonstrating the mediating role of tax reporting efficiency in taxpayer compliance done by this research. Practical implications, such as strengthening tax administration reform by improving system efficiency, service quality, and taxpayers digital literacy also offered by this research.*

Keywords: Coretax, Taxpayer Compliance, Tax Reporting Efficiency

INTRODUCTION

Funding for development in Indonesia mainly comes from state revenue, which largely consists of tax revenue ([Gnangnon 2022](#); [Sari & Qibthiyah 2022](#)). Despite that, taxpayer compliance remains as key measures for tax systems effectiveness ([Slemrod 2019](#)). In Indonesia, voluntary compliance is discouraged by several structural barriers; such as administrative complexity, inefficient reporting, and high compliance costs; which in turn

discourage taxpayers willingness to fulfill their tax obligations ([Slemrod 2019](#); [Torgler 2007](#)).

Current conditions highlight the urgency of tax administration reformation to improve efficiency and service quality. In response, on January 1, 2025, Coretax system, which is part of the Core Tax Administration System Renewal Project (PSIAP), launched by the Directorate General of Taxes. As a digital system, Coretax was designed as an integrated platform that combines registration, reporting, payment, and

supervision which is supported by automation and real-time validation. Reporting efficiency improvement, reducing compliance costs, and strengthening voluntary compliance are expected from implementation of Coretax ([Direktorat Jenderal Pajak 2024](#)). However, since the system is still relatively new, the empirical evidence of its influence on taxpayer behavior remains limited.

Technology Acceptance Model explains that individuals are more likely to accept and use technology when they perceive it as useful and easy to use ([Davis 1989](#); [King & He 2006](#); [Mandasari 2024](#); [Venkatesh & Bala 2008](#); [Venkatesh & Davis 2000](#)) which theoretically will impact the Coretax as a system too. In digital tax administration, simplification of tax procedures and provision of tangible benefits, such as greater efficiency, accuracy, and transparency in fulfilling taxpayer obligations need to be done in Coretax system to make taxpayer more likely adapted it. Critical determinants, such as the system's perceived ease of use and usefulness, becoming more important to ensure technology acceptance in taxpayers that have varying levels of technological knowledge and experience.

By enabling taxpayers to complete tax-related procedures more quickly, accurately, and with less administrative effort, Coretax implementation is expected to improve tax reporting efficiency ([Desnia & Dewi 2025](#); [Purnomo et al. 2025](#)). Financial, administrative, and psychological burdens that are linked with tax compliance are expected to reduce with greater reporting efficiency. Compliance Cost Theory, which implied that encouragement of voluntary tax compliance can be coming from lower compliance costs so taxpayers can fulfill their obligations with fewer resources and less complexity, ([Bruce-Twum 2023](#); [Sandford 1995](#); [Tran-Nam et al. 2023](#)) supported this argument. With that, reduction in compliance costs is supposed to happen with tax administration digitalization effort in Coretax implementation since it will be easier for taxpayers to do their tax

obligations. Taxpayer compliance also improves significantly following improves administrative efficiency from digitalization, as shown in previous studies ([Eddy et al. 2023](#); [Rohmiatun et al. 2025](#)).

Alongside of more efficient operational of tax, tax administration quality can also improve by Coretax since it is strengthening transparency, enhancing service delivery, and supports more effective monitoring of tax activities ([OECD 2025](#)). Taxpayers confidence in the fairness and credibility of the tax system, alongside with facilitation of tax administration can be done following this improvement. This view is aligned with Compliance Theory, which emphasizes that taxpayer compliance is shaped by psychological and social factors, particularly trust in tax authorities, together with economic considerations ([Devos 2014](#)). Similarly, the Slippery Slope Framework argues that sustainable tax compliance requires a balance between the authority's power to enforce tax regulations and taxpayers' trust in the tax authority ([Kirchler et al. 2008](#); [Brata & Riandoko 2020](#)). Therefore, adoption of Coretax is expected to positively influence taxpayer compliance following improvement in efficiency, reduce in compliance costs, strengthening transparency, and increasing trust in tax authorities.

Several studies have shown that e-filing and e-billing, as forms of tax digitalization, can improve efficiency and compliance ([Eddy et al. 2023](#); [Rohmiatun et al. 2025](#)). However, most studies still focus on fragmented systems. Therefore, the effectiveness of Coretax as an integrated system for improving compliance through tax reporting efficiency remains a research gap explored in this study. Based on this gap, direction of this research sets to analyze tax reporting efficiency can be mediated Coretax implementation and taxpayer compliance interaction among individual taxpayers at KPP Soreang, Bandung Regency. An area with a diverse individual taxpayer base is suitable for investigating the effects of Coretax

implementation on tax reporting efficiency and taxpayer compliance, and Tax Office (KPP) Soreang meets this criterion. This study was conducted at Tax Office (KPP) Soreang because taxpayer compliance remains a highly relevant issue at this office. Based on data from Tax Office (KPP) Soreang in 2025, the number of individual taxpayers reached 538,504. However, taxpayer compliance remained relatively low, as only 1.18% of taxpayers made tax payments and 0.13% submitted tax reports. These low percentages indicate that individual taxpayer compliance remains a significant challenge at Tax Office (KPP) Soreang. Therefore, Tax Office (KPP) Soreang was considered an appropriate research setting for examining the factors influencing individual taxpayer compliance. Based on that, development of digital taxation literature and serve as a policy reference for strengthening modern tax administration expected to be made by this research.

Coretax and Tax Reporting Efficiency

Technology Acceptance Model (TAM), which explains that perceive as useful and easy to use are key factors for individuals to use technology effectively, used as first hypothesis basis ([Davis 1989](#)). As a new tax administration system, several tax-related processes, including tax reporting and payment, are integrated into Coretax. Taxpayers are expected to fulfill their tax obligations more efficiently since Coretax has integrated features and user-friendly design.

This relationship is further supported by Compliance Cost Theory, which suggests that technology adoption can reduce taxpayers' compliance costs, including time, financial, and administrative costs ([Sandford 1995](#)). Simplification of administrative procedures from Coretax implementation will reduce the compliance burden borne by taxpayers and this expect to improve tax reporting efficiency.

[Desnia and Dewi \(2025\)](#) found acceleration in tax reporting, improvement in data accuracy, reducing the need for corrections, and increased the efficiency of time,

costs, and human resources in the reporting process after Coretax implementation. [Silalahi and Haryati \(2025\)](#) stated that Coretax allows taxpayers to report all types of taxes through one integrated platform and result in reporting efficiency improvement, system integration, and data transparency. [Duarti \(2025\)](#) found that despite greater technological literacy still needed by users, Coretax implementation improve tax reporting efficiency following data integration and automation that simplified the reporting process. [Abdillah et al. \(2025\)](#) affirmed that Coretax offers time savings, lower administrative burden, and fewer input errors which improve efficiency and supports accurate and timely reporting. Improvement of tax reporting efficiency in terms of process speed, accuracy, smoothness, resource use, and certainty after Coretax implementation will result in tax reporting efficiency improvement, as indicated by these studies.

H₁: Coretax implementation significantly improves tax reporting efficiency.

Coretax and Individual Taxpayer Compliance

Technology adoption can be more prevalent to do by users if they perceive as useful and easy to use, as stated in Technology Acceptance Model ([Davis 1989](#)). As an integrated tax administration system, Coretax is expected to simplify tax-related processes and improve taxpayers' ability to fulfill their tax obligations. Therefore, Coretax implementation is expected to enhance taxpayer compliance.

Compliance Theory posits that taxpayer adherence is influenced by enforcement measures, including monitoring and fines, as well as service quality and the ease of fulfilling tax obligations ([Devos 2014](#)). Encouragement of individual taxpayers to comply more readily with tax regulations can be made with integrated tax administration system, such as Coretax, which is designed to simplify administrative procedures and improve tax service quality.

[Aprilani and Astuti \(2025\)](#) reported that the individual taxpayer compliance at KPP

Pratama Surakarta enhanced with effective implementation of Coretax. [Purnomo et al. \(2025\)](#) confirmed the positive Coretax implementation impact to taxpayer compliance following simplification of tax reporting procedures. Coretax-based digital services also motivate taxpayers to fulfill their obligations by making better service digital quality, as stated by [Gunafi \(2025\)](#) after observing increase taxpayer compliance in DKI Jakarta following Coretax-based digital services implementation. To explain how adoption of information technology will enhance the taxpayer behaviour and taxpayer compliance, [Indrawan \(2024\)](#) used TAM theory. Collectively, these studies suggest that Coretax implementation can enhance taxpayer compliance by improving reporting convenience and service quality.

H₂: Coretax implementation significantly improves individual taxpayer compliance.

Tax Reporting Efficiency and Individual Taxpayer Compliance

The third hypothesis of this study is grounded in Compliance Cost Theory, which suggests that reducing compliance costs, including time, financial, and administrative costs, can enhance taxpayer compliance ([Sandford, 1995](#)). In digital taxation, compliance costs will be reduced following more easy, quick, and accurate tax obligations fulfillment that driven by tax reporting efficiency. When the tax reporting process is more efficient, taxpayers are more likely to fulfill their responsibilities. Thus, taxpayer compliance is expected to increase if tax reporting becomes more efficient.

[Indrawan \(2024\)](#) reported that tax digitalization and taxpayer compliance increased following the use of digital tax reporting tools such as e-Filing and e-Billing, which confirmed tax efficiency moderating role in that interaction. [Syadat \(2024\)](#) stated that digitalizing the reporting system affects individual taxpayer compliance by making the process more efficient, faster, easier, and more

flexible. [Lannai \(2024\)](#) exhibit that taxpayer compliance improve significantly with increase effectiveness of the E-Filing system. These studies indicate that an efficient tax reporting process can improve individual taxpayer compliance.

H₃: Tax reporting efficiency significantly improves individual taxpayer compliance.

Tax Reporting Efficiency Mediates Coretax Implementation and Individual Taxpayer Compliance

TAM suggests that when technologies perceive as useful and easy to use, users can perform their activities more effectively ([Davis 1989b](#)), whereas Compliance Cost Theory argues that administrative efficiency can reduce taxpayers' compliance costs ([Sandford 1995](#)). In digital taxation, streamlining tax administration procedures by Coretax is expected to improve tax reporting efficiency. Greater reporting efficiency may subsequently enhance taxpayer compliance by reducing the compliance costs borne by taxpayers. Therefore, Coretax implementation and taxpayer compliance interaction are expected to be mediated by tax reporting efficiency.

[Purnomo et al. \(2025\)](#) stated that automation features and data integration are the main reasons Coretax implementation can improve taxpayer compliance. [Purnomo et al. \(2025\)](#) findings that more efficient tax administration systems, including digital systems improvement, will enhance taxpayer compliance also supported by [Harahap and Situngkir \(2023\)](#). Further demonstration from [Indrawan \(2024\)](#) strengthen tax reporting efficiency as a key mechanism for tax digitalization to positively influence taxpayer compliance. Improvement of tax reporting efficiency through data integration and process automation are happening after Coretax implementation, as shown in several studies. Taxpayer compliance, particularly among individual taxpayers, also enhanced with

increased tax reporting efficiency. From that interaction, Coretax implementation impact on individual taxpayer compliance get mediated by tax reporting efficiency, proposed by this research.

H₄: Impact of Coretax implementation on individual taxpayer compliance mediated by tax reporting efficiency.

METHOD

Investigation of the causal relationships among Coretax implementation, tax reporting efficiency, and individual taxpayer compliance are done by employing an explanatory quantitative approach. Active individual taxpayers registered with the Tax Office (KPP) Soreang, Bandung Regency and had used the Coretax system for tax administration and reporting made the population research. 146,769 active individual taxpayers comprised the total research population following the 2025 administrative data provided by Tax Office (KPP) Soreang. Minimum sample required are 100 samples which come from calculation using the Slovin formula with a 10% margin of error. Since the population is known and relatively heterogeneous, Slovin formula is seen as proper practical method for estimating sample size.

Three criteria consisting of: (1) already used Coretax within the previous six months, (2) filling in their taxes independently, and (3) completing the full questionnaire are utilized to purposively select the respondent. Adequate evaluation of Coretax implementation requires respondents to have prior experience with it first. Familiarity with the system's features and develop perceptions of its usefulness, ease of use, and reporting efficiency considered to be done after respondents used it for six months of. Self-employed individuals and traders overwhelm the proportion of salaried employees in research samples. Provision of reliable assessments of Coretax implementation, tax reporting efficiency, and taxpayer compliance expected from these respondents since they interact more frequently with the tax

administration system. Prior empirical research and established theories adapted in questionnaire item to maintain measurement instruments remain valid and reliable ([Hidayat et al. 2025](#)). Questionnaire options ranging from strongly disagree (1) to strongly agree (5) incorporating five-point Likert scale ([Susanto & Fiorita, 2023](#)). Measurement of varying levels agreement with statements representing the constructs under research widely used this scale. Perceptions of Coretax implementation, tax reporting efficiency, and taxpayer compliance measured using the application of this scale. Questionnaires in Google Forms distributed from August to December 2025 using WhatsApp messaging application.

After the data collection period ended, 189 valid questionnaires were successfully collected. Since final sample substantially exceeded the Slovin formula calculation of minimum sample size of 100 respondents, representation of target population deemed sufficient with the final sample. Following that, estimation of population characteristics and supporting the robustness of the subsequent PLS-SEM analysis deems adequate with the samples. Since, [Hair et al. \(2022\)](#) suggest that PLS-SEM is appropriate for studies with relatively small to moderate samples and does not require a large sample, the minimum sample requirements are met.

Cortex implementation, tax reporting efficiency, and individual taxpayer compliance are three latent variables that are investigated in this research. Technology Acceptance Model ([Davis 1989](#)), Compliance Cost Theory ([Sandford 1995](#)), and the Slippery Slope Framework ([Kirchler et al. 2008](#)) constructs are used to develop questionnaire items. Reflection of the Cortex system characteristics also contextualize in questionnaire item. As Cortex is a newly implemented integrated tax administration system in Indonesia and empirical research examining its effects on taxpayer behavior remain limited, this adaptation was necessary to do.

The operationalization of the research variables is presented in Table 1. Each construct was developed based on established theories and prior empirical studies to ensure conceptual validity and measurement reliability. The Coretax Implementation variable was operationalized using the Technology Acceptance Model (TAM) and Information System Success Model, encompassing three dimensions: perceived ease of use, perceived usefulness, and system quality and trust. These dimensions reflect taxpayers' perceptions regarding the usability, usefulness, and technical quality of the Coretax system in supporting tax administration.

The Tax Reporting Efficiency variable was conceptualized based on Compliance Cost Theory and OECD guidelines. This construct consists of four dimensions, namely time

efficiency, accuracy and error reduction, process simplicity, and compliance cost reduction. These dimensions evaluate the extent to which Coretax enables taxpayers to complete tax reporting more quickly, accurately, conveniently, and with lower administrative burdens.

Meanwhile, Individual Taxpayer Compliance was operationalized using Compliance Theory and the Slippery Slope Framework. This variable comprises four dimensions, namely formal compliance, material compliance, behavioral compliance, and deterrence and trust. These dimensions measure taxpayers' compliance behavior in fulfilling tax obligations accurately, on time, and in accordance with prevailing tax regulations, while also considering the role of monitoring mechanisms and transparency in encouraging voluntary compliance.

Table 1. Operationalization of Research Variables

Variable	Operational Definition	Dimension	Indicator	Source
Coretax Implementation (X)	Taxpayers' perceptions of the ease of use, usefulness, and quality of the Coretax system in supporting tax reporting	Perceived Ease of Use: This dimension measures the extent to which taxpayers perceive Coretax as easy to understand and use in tax reporting activities.	1. Ease of understanding the system (X ₁)	Davis (1989) Venkatesh & Davis (2000)
			2. Ease of system navigation (X ₂)	
			3. System interaction is not confusing (X ₃)	
		Perceived Usefulness: This dimension assesses the benefits perceived by taxpayers after using Coretax	4. Improves reporting efficiency (X ₄)	Delone & McLean (2003)
			5. Provides real benefits (X ₅)	
			6. Does not bring meaningful change (reverse) (X ₆)	

Variable	Operational Definition	Dimension	Indicator	Source
Tax Reporting Efficiency (M)	The level of ease, speed, accuracy, and burden reduction in the tax reporting process using Coretax	System Quality & Trust: This dimension measures the technical quality of the system and the level of users' trust in Coretax.	7. System stability (X ₇) 8. Accuracy of data processing (X ₈) 9. Certainty of report recording (X ₉)	Sandford (1995) , OECD (2011)
		Time Efficiency: This dimension measures Coretax's ability to accelerate the tax reporting process.	1. Reporting takes less time (M ₁) 2. Reporting can be completed in one session (M ₂)	
		Accuracy & Error Reduction: This dimension evaluates the system's ability to minimize reporting errors. Process Simplicity: This dimension measures the perceived ease of tax reporting procedures.	3. Automatic error detection (M ₃) 4. Minimal corrections after reporting (M ₄) 5. Minimal technical barriers (M ₅) 6. Reporting is confusing (M ₆) (reverse)	
Taxpayer Compliance (Y)	Taxpayer behavior in fulfilling tax obligations on time, accurately, and in	Compliance Cost Reduction: This dimension measures Coretax's ability to reduce administrative burdens.	7. Reduces administrative burden (M ₇) 8. The process is more practical (M ₈)	Devos (2014) Kirchler et al. (2008)
		Formal Compliance: This dimension measures compliance with administrative tax obligations.	1. Timely reporting (Y ₁) 2. Does not delay reporting (Y ₂)	

Variable	Operational Definition	Dimension	Indicator	Source
	accordance with regulations			
		Material Compliance: This dimension measures the accuracy and correctness of the information reported by taxpayers.	3. Data match the documents (Y ₃) 4. Follows reporting procedures (Y ₄)	Allingham & Sandmo (1972)
		Behavioral Compliance: This dimension measures taxpayers' intention and motivation to comply with tax obligations.	5. Intention to use Coretax (Y ₅) 6. Motivation to comply (Y ₆)	Kirchler et al. (2008)
		Deterrence & Trust: This dimension evaluates how monitoring and transparency mechanisms encourage taxpayer compliance.	7. Monitoring increases caution (Y ₇) 8. Transparency improves compliance (Y ₈)	

As shown in Table 1, each research variable was measured using multiple indicators adapted from well-established theories and previous empirical studies. This operationalization ensures that each construct is represented comprehensively and is suitable for examining the relationships among Coretax implementation, tax reporting efficiency, and individual taxpayer compliance through PLS-SEM analysis

Partial Least Squares Structural Equation Modeling (PLS-SEM) performed in this research by the SmartPLS program. PLS-SEM

can test complex relationships among latent variables that cannot be observed directly ([Hair et al. 2022](#)), which is suitable for this research nature. Nevertheless, interaction among interdependent variables using relatively small samples are possible to be analyzed with SEM-PLS. Reliability and validity tests choose to assessed data quality. Cronbach's Alpha, which measures instrument reliability, and Average Variance Extracted (AVE) value, which measures convergent validity, utilized to ensure all research instrument was valid and consistent.

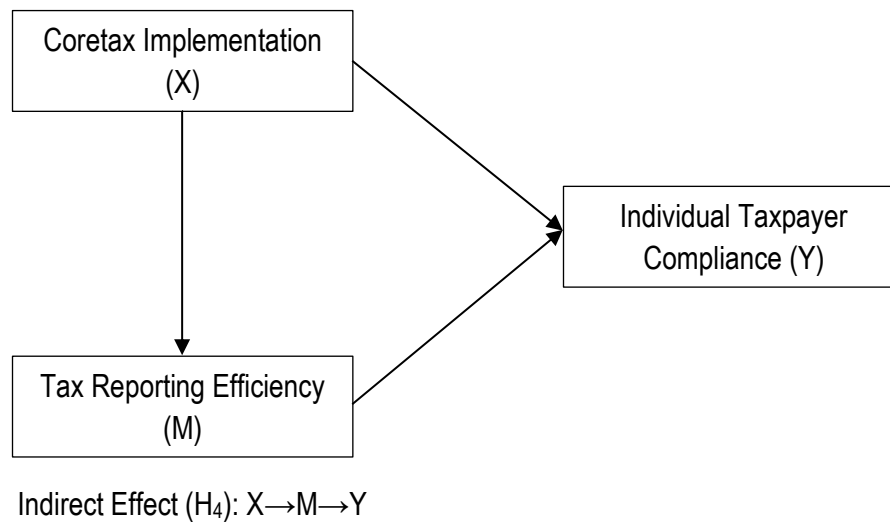


Figure 1. Research Model

RESULTS AND DISCUSSION

Test Results

Coretax implementation, tax reporting efficiency, and individual taxpayer compliance interaction are visualized in research model in Figure 1. Current condition which comprises of Coretax was only implemented in early 2025 and empirical testing remains limited become the basis of research model. Despite using descriptive qualitative approach, the model refers to the study by [Purnomo et al. \(2025\)](#).

Tax reporting efficiency and taxpayer compliance impacted by Coretax implementation, while tax reporting efficiency mediates this relationship are conceptually proposed in this model. Furthermore, empirical confirmation of the proposed relationships and a foundation for further investigation are provided in this research test results.

The demographic characteristics presented in Table 2 provide an overview of the respondents participating in this study and demonstrate their suitability for evaluating Coretax implementation, tax reporting efficiency, and individual taxpayer compliance

Research criteria are met by 189 respondent that utilized in this research. Most respondents were male (70.9%), while female respondents accounted for 29.1%. The largest age group was 35-45 years old (38.1%), followed by those aged 46-55 years (25.0%), 56-65 years (20.6%), 24-34 years (13.3%), and 66-78 years (3.2%).

Respondents had adequate experience with Coretax and were therefore suitable for evaluating its implementation and relationships with tax reporting efficiency and individual taxpayer compliance. Based on occupation, employees constituted the largest proportion (37.0%), followed by traders (31.7%), self-employed taxpayers (28.0%), and respondents in other occupations (3.2%). All respondents had used the Coretax system, and most (93.7%) had used it for more than three months. These results indicate that the research sample was suitable for evaluating tax reporting efficiency and individual taxpayer compliance.

Table 2. Characteristics of Research Respondent

	Frequency	Percent
Gender		
Male	134	70.9
Female	55	29.1
Age		
24-34 years old	25	13.3
35-45 years old	72	38.1
46-55 years old	47	25
56-65 years old	39	20.6
66-78 years old	6	3.2
Occupation		
Self-employed	53	28
Trader	60	31.7
Employee	70	37
Others	6	3.2
Coretax Use		
Yes	189	100
Length of Coretax Use		
More than 3 months	177	93.7

To provide an initial understanding of the research data, descriptive statistics were calculated for all latent variables. The descriptive analysis presents the central tendency and variability of each construct, thereby offering a preliminary overview of respondents' perceptions before evaluating the measurement and structural models. The results are summarized in Table 3.

Among the main research variables, Coretax Implementation (X), with mean score of 28.24 and a standard deviation of 3.40, was generally perceived positively although

respondents' perceptions varied. Respondents generally perceived an improvement in Tax reporting Efficiency (M) after using Coretax, as shown by a mean score of 24.77 and a standard deviation of 1.48. Individual Taxpayer Compliance (Y) among respondents was relatively high and consistent, since it had the highest mean score of 34.23 and a standard deviation of 1.21.

From the descriptive statistics results, Coretax role to support tax reporting efficiency perceived positively by taxpayers and strengthening individual taxpayer compliance.

Table 3. Descriptive Statistics

	N	Min	Max	Mean	Std.Dev
Variable X	189	20.00	37.00	28.2434	3.40276
Variable M	189	18.00	30.00	24.7672	1.48352
Variable Y	189	31.00	37.00	34.2328	1.21111

Examination of each variable outer loading value conducted to test their convergent validity. Several indicators of the Individual Taxpayer Compliance variable, namely Y₁, Y₂, Y₅, and Y₇, had outer loading values below the recommended minimum threshold and could not adequately represent the construct. Therefore, these indicators were removed from the research model. Removing indicators with low loading values is methodologically common in PLS-SEM analysis because it can improve the quality of the measurement model. According to [Ghozali \(2023\)](#), construct validity may be reduced if indicators with loading values below 0.50 are retained. In addition, [Hair et al. \(2022\)](#) state that eliminating indicators with loading values ranging from 0.40 to 0.70 can improve the overall Average Variance Extracted (AVE) and Composite Reliability (CR) values. After the indicators were removed, most remaining

indicators had values above 0.70, while several had values ranging from 0.50 to 0.70 and remained acceptable for exploratory research (Table 4). Thus, all retained indicators were considered valid because they met the minimum thresholds recommended by [Ghozali \(2023\)](#) and [Hair et al. \(2022\)](#).

Reliability then assed with Cronbach's Alpha and Composite Reliability (CR), while AVE was used to assess convergent validity. As shown in Table 4, Cronbach's Alpha values above 0.70 and AVE values above 0.50 observed in all constructs. The CR values were 0.909 for Coretax Implementation, 0.911 for Tax Reporting Efficiency, and 0.821 for Individual Taxpayer Compliance (Table 5). These results demonstrate adequate reliability, convergent validity, and internal consistency for all constructs ([Hair et al. 2022](#)).

Table 4. Results from Validity and Reliability Test

Variables	Outer Loading Value	Cronbach's Alpha	AVE	Summary
Coretax Implementation 1	0.587	0.895	0.53	Proven to be valid and reliable
Coretax Implementation 2	0.628			Proven to be valid and reliable
Coretax Implementation 3	0.799			Proven to be valid and reliable
Coretax Implementation 4	0.806			Proven to be valid and reliable
Coretax Implementation 5	0.792			Proven to be valid and reliable
Coretax Implementation 6	0.798			Proven to be valid and reliable
Coretax Implementation 7	0.738			Proven to be valid and reliable
Coretax Implementation 8	0.710			Proven to be valid and reliable
Coretax Implementation 9	0.658			Proven to be valid and reliable

Variables	Outer Loading Value	Cronbach's Alpha	AVE	Summary
Tax Reporting Efficiency 1	0.891	0.893	0.566	Proven to be valid and reliable
Tax Reporting Efficiency 2	0.741			Proven to be valid and reliable
Tax Reporting Efficiency 3	0.754			Proven to be valid and reliable
Tax Reporting Efficiency 4	0.709			Proven to be valid and reliable
Tax Reporting Efficiency 5	0.673			Proven to be valid and reliable
Tax Reporting Efficiency 6	0.712			Proven to be valid and reliable
Tax Reporting Efficiency 7	0.632			Proven to be valid and reliable
Tax Reporting Efficiency 8	0.867			Proven to be valid and reliable
Individual Taxpayer Compliance 3	0.564	0.782	0.54	Proven to be valid and reliable
Individual Taxpayer Compliance 4	0.708			Proven to be valid and reliable
Individual Taxpayer Compliance 6	0.884			Proven to be valid and reliable
Individual Taxpayer Compliance 8	0.746			Proven to be valid and reliable

Table 5. Composite Reliability

Variables	Composite Reliability
Coretax Implementation	0.909
Tax Reporting Efficiency	0.911
Individual Taxpayer Compliance	0.821

Discriminant validity tested using Heterotrait-Monotrait Ratio (HTMT). All HTMT values among the constructs were below the threshold of 0.90. The value was 0.726 between Coretax Implementation and Tax Reporting Efficiency, 0.494 between Tax Reporting Efficiency and Individual Taxpayer Compliance, and 0.375 between Coretax Implementation and

Individual Taxpayer Compliance (Table 6). These results indicate that the constructs had adequate discriminant validity ([Hair et al. 2022](#)). Since the reliability and validity criteria were satisfied, the structural model was considered suitable for hypothesis testing and further analysis.

Table 6. HTMT Values

	Tax Reporting Efficiency	Coretax Implementation	Individual Taxpayer Compliance
Tax Reporting Efficiency			
Coretax Implementation	0.726		
Individual Taxpayer Compliance	0.494	0.375	

Table 7. Results of Hypothesis Testing

Hypothesis	Original Sample	T-Statistic Value	P-Values	Summary
H ₁	0.779	39.043	0.000	accepted
H ₂	-0.036	0.349	0.727	rejected
H ₃	0.677	8.050	0.000	accepted
H ₄	0.527	7.787	0.000	accepted

The PLS-SEM results for hypothesis testing are presented in Table 7. As recommended for PLS-SEM analysis, the structural model was evaluated using path coefficients, significance values, coefficients of determination (R-Squared), and effect sizes (F-Squared) (Hair et al., 2022). Of the four proposed hypotheses, three were accepted and one was rejected. H₁ was accepted because Coretax implementation had a positive and significant effect on tax reporting efficiency ($\beta = 0.779$; T-Statistic Value = 39.043; $p < 0.05$). H₃ was also accepted because individual taxpayer compliance significantly improve by tax reporting efficiency ($\beta = 0.677$; T-Statistic Value = 8.050; $p < 0.05$). However, H₂ was rejected because Coretax implementation had no significant direct effect on individual taxpayer compliance ($\beta = -0.036$; T-Statistic Value = 0.349; $p > 0.05$). The mediation test also showed that tax reporting efficiency mediated the effect of Coretax implementation on individual taxpayer

compliance, supporting H₄ ($\beta = 0.527$; T-Statistic Value = 7.787; $p < 0.05$). These findings indicate full mediation because Coretax affects taxpayer compliance through improved tax reporting efficiency rather than through a significant direct effect.

Table 8 shows that Coretax implementation explained 60.5% of the variance in tax reporting efficiency (Adjusted R-Squared = 0.605), placing the model's explanatory power in the strong category. Meanwhile, Coretax implementation and tax reporting efficiency joint explanatory power can be placed in the moderate category since they explained 41.6% of the variance in individual taxpayer compliance (Adjusted R-Squared = 0.416). These results indicate that the research model had adequate explanatory power, particularly for tax reporting efficiency as the mediating variable

Table 8. R-Squared Values

	R-Squared	Adjusted R-Squared
Tax Reporting Efficiency	0.607	0.605
Individual Taxpayer Compliance	0.422	0.416

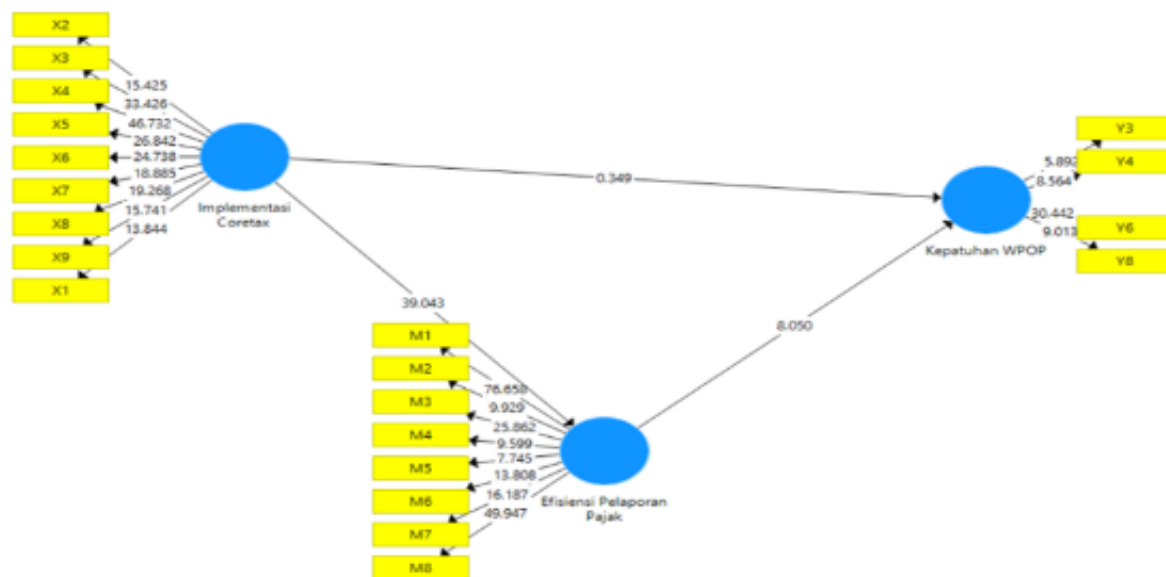


Figure 2. Inner Model

Table 9. F-Squared Values

	Coretax Implementation	Tax Reporting Efficiency	Individual Taxpayer Compliance
Coretax Implementation		1.542	0.001
Tax Reporting Efficiency			0.312
Individual Taxpayer Compliance			

Furthermore, the effect size values (F-Squared) strengthen these findings (Table 9). Coretax implementation had a very large effect on tax reporting efficiency ($f^2 = 1.542$), but its direct effect on individual taxpayer compliance was negligible ($f^2 = 0.001$). In addition, tax reporting efficiency had a moderate effect on individual taxpayer compliance ($f^2 = 0.312$). [Hair et al. \(2022\)](#) classify effect sizes as small (0.02), moderate (0.15), and large (0.35). These results confirm that tax reporting efficiency serves as the mechanism through which Coretax implementation affects individual taxpayer compliance. Therefore, the structural model indicates that Coretax implementation does not directly improve individual taxpayer compliance but does so through greater tax reporting efficiency.

Discussion

1. Tax reporting efficiency improved significantly following Coretax implementation. Reduce in reporting time and administrative work can be done since its integration and automation features streamline tax administration procedures. Practical and easy-to-use technology can improve user performance and efficiency is suggested by Technology Acceptance Model (TAM) ([Davis 1989](#)), which supported the findings. This finding is consistent with previous studies that also identified improvement in reporting efficiency after Coretax implementation ([Abdillah et al. 2025](#); [Desnia & Dewi 2025](#)).

2. Individual taxpayer compliance was not significantly affected by Coretax adoption. This finding implies that immediate changes of taxpayer compliance behavior is not observed after new digital system implementation. Adjustment to new system is needed by taxpayers before improvements in compliance become apparent. Compared to direct technical adoption, effect of Coretax implementation on taxpayer compliance may be more evident through intermediary factors.
3. Significant improvement in individual taxpayer compliance observed in its interaction with tax reporting efficiency. Compliance Cost Theory supported these results following encouragement of voluntary taxpayer compliance after streamlining procedures that lower compliance costs ([Sandford 1995](#)). Faster, easier, and less burdensome reporting will encourage taxpayers to adhere to tax regulations. This result is consistent with earlier studies that found significant impact to taxpayer compliance from increase reporting effectiveness ([Eddy et al. 2023](#); [Rohmiatun et al. 2025](#)).
4. From mediation analysis, tax reporting efficiency observed mediated the individual taxpayer compliance interaction with Coretax implementation. Increase in reporting efficiency after Coretax implementation improved compliance indirectly. TAM and Compliance Cost Theory supported this result since it indicates that reduction in administrative complexity and improvement in reporting performance after technology implementation can strengthen compliance. Consequently, taxpayer compliance primarily influences by Coretax through tax reporting efficiency.

Despite direct improvement in taxpayer compliance not observed after Coretax implementation, indirect improvements are seen following the improvement in tax reporting efficiency. Enhancement of tax digitalization benefit and voluntary compliance can be done optimizing Coretax, improving system usability, and strengthening taxpayers' digital literacy is emphasized in this research.

CONCLUSION

Investigation on taxpayer compliance impact from Coretax implementation and considered the mediating role of tax reporting efficiency in this interaction done in this research. Improvement in tax reporting efficiency after Coretax implementation observed in the PLS-SEM analysis of 189 individual taxpayers registered with the Tax Office (KPP) Soreang, Bandung Regency, West Java. Despite that, direct improvement of individual taxpayer compliance from Coretax adoption are not observed. Mediation role of tax reporting efficiency in Coretax implementation and taxpayer compliance interaction also successfully prove from the analysis result.

Research results imply that determination of Coretax's success in improving taxpayer compliance cannot be solely done with implementing a digital tax administration system alone. Simpler procedures, less administrative work, faster reporting, and greater accuracy are the tangible benefits that need to be experienced by taxpayers to increase their compliance. Therefore, individual taxpayer compliance can be promoted by Coretax that improves tax reporting efficiency.

Empirical evidence from this research proves that tax reporting efficiency can act as mediating variable within an integrated tax administration system and enhance the tax digitalization literature. Compared to fragmented digital tax services, such as e-Filing and e-Billing, that have become main focus in earlier research, comprehensive digital tax services that shown in this research need to be improved

administrative efficiency before effectively influence taxpayer behaviour.

Tax reporting efficiency as key mediating variable in early stage of Coretax adoption is the focus on this research. Perception-based questionnaire data relied on research analysis. Provision of more comprehensive explanations is encouraged for future research by using longitudinal methods and examining other factors, such as digital literacy, trust in tax authorities, tax morale, and service quality to capture long-term effects of Coretax on taxpayer compliance.

Implications for public policy, theory, and practice are offered from this research. Combination of Technology Acceptance Model (TAM), Compliance Cost Theory, Compliance Theory, and the Slippery Slope Framework confirm theoretical enhancement for tax digitalization literature. Taxpayer compliance improvement cannot solely be done by technology use. Administrative efficiency instead, which is a benefit from technology adoption, more prominent to influence compliance behaviour.

Research findings practically asserted that system acceptance cannot solely be used for measuring Coretax implementation effectiveness. Improvement in system usability, reliability, accessibility, and service quality need to be given greater attention. Simplification in

administrative and reporting process alongside reducing errors are a digital solution to achieve higher taxpayer compliance. Strategic priorities need to be set to make more user-oriented design and continuous system improvement.

From a policy perspective, taxpayer assistance programs to adapt with Coretax, such as digital literacy initiatives, and technical support services should be prioritized by Directorate General of Taxes (DGT). Benefit from the system can be felt by taxpayers if essential pillars, including continuous system optimization, infrastructure improvement, and responsive helpdesk services are in there. Reduce compliance costs and administrative burdens also need to be policy maker focus to strengthen taxpayer compliance.

This research concludes that long-term success of tax digitalization initiatives also indicates by ability of tax digitalization to create a more efficient, user-friendly, and reliable tax administration environment alongside with technological innovation.

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