CORETAX IMPLEMENTATION AND INDIVIDUAL TAXPAYER COMPLIANCE A CONCEPTUAL REVIEW

Nazhira Nindya Padma Hanuun[1], Ricky Agusiady[2]

[1]Yayasan Kreatif Indonesia Emas; [2]Universitas Sangga Buana Bandung
Corresponding e-mail: nazhiranindya@gmail.com; ricky.agusiady@usbypkp.ac.id

Abstract

Purpose: This conceptual article explains the relationship between Coretax implementation and taxpayer compliance in the Indonesian context. Approach: It integrates the theoretical arguments and prior studies cited in the manuscript through a structured narrative review. Conceptual synthesis: The framework identifies system quality, information clarity, service responsiveness, trust, and compliance costs as the principal explanatory channels. The strength and direction of these relationships depend on digital capability, transition support, perceived fairness, data security, and institutional legitimacy. Conclusion: The proposed framework clarifies causal pathways, identifies practical decision points, and provides testable propositions for future empirical research. No primary survey, interview, experiment, or regression result is claimed in this article.

Keywords: Coretax, Tax Administration System, Taxpayer Compliance, Information Systems Success, Trust, Slippery Slope Framework

Introduction

Tax revenue is the main source of financing for the Indonesian state budget, and improving tax compliance remains a central objective of tax policy and administration. Indonesia's tax ratio has long been lower than that of many peer economies, which reflects, among other factors, a narrow tax base and incomplete compliance. Since the introduction of self-assessment in 1983, compliance has depended on taxpayers' willingness and ability to register, calculate, pay and report their taxes correctly. Administrative systems therefore play a critical role: when the process of meeting obligations is complex, costly or unclear, even willing taxpayers may fail to comply.

To strengthen tax administration, the government launched a tax administration reform program under Presidential Regulation No. 40 of 2018 on the Renewal of the Tax Administration System (Government of the Republic of Indonesia, 2018). A central element of this program is the Core Tax Administration System, commonly known as Coretax, which integrates business processes such as registration, filing, payment, taxpayer accounts, audit and collection into a single system. The Minister of Finance subsequently issued Regulation No. 81 of 2024 on tax provisions in the context of implementing the core tax administration system, which sets out the rules governing the new system (Ministry of Finance of the Republic of Indonesia, 2024). For individual taxpayers, Coretax introduces new procedures

such as taxpayer account management, integrated use of the national identity number as the taxpayer identification number, and new electronic services.

Large-scale tax information system changes carry both opportunities and risks. International experience shows that digital tax administration can reduce compliance costs, improve the accuracy of information, and enable pre-filled returns that simplify filing (OECD, 2024). At the same time, system transitions can cause temporary disruption, confusion and frustration among taxpayers, which may reduce their willingness to comply. The effect of Coretax on compliance therefore depends on how taxpayers experience the quality of the system, the information it provides and the services that support its use.

Research on tax compliance has traditionally focused on the economic deterrence model, which explains compliance through audit probability and penalty rates (Allingham & Sandmo, 1972), and on behavioral factors such as tax morale, fairness and trust (Alm, 2019; Torgler, 2007). The slippery slope framework integrates these perspectives by arguing that compliance depends on both the power of the tax authority and taxpayers' trust in it (Kirchler et al., 2008). In parallel, research on e-filing and e-government has used technology acceptance models to explain the adoption of electronic tax services (Davis, 1989; Venkatesh et al., 2003). However, there has been relatively little research that links the quality of a comprehensive tax administration system directly to compliance, and the Coretax transition provides a timely opportunity to address this gap.

This study examines the effect of three dimensions of Coretax quality, namely system quality, information quality and service quality, on user satisfaction and taxpayer compliance among individual taxpayers. Drawing on the slippery slope framework, it also tests whether trust in the tax authority strengthens the relationship between satisfaction and compliance. The study contributes to the literature by integrating information systems success theory with tax compliance theory and provides practical input for the DGT as it stabilizes and improves Coretax.

Literature Review and Hypothesis Development

Tax compliance theories

The economic deterrence model developed by Allingham and Sandmo (1972) treats tax compliance as a decision under uncertainty, in which taxpayers compare the expected benefit of evasion with the expected cost of detection and punishment. The model predicts that compliance increases with the audit probability and penalty rate. Empirical research has

shown that actual compliance is higher than the model predicts, which has led to greater attention to non-economic factors. Torgler (2007) highlights the role of tax morale, the intrinsic motivation to pay taxes, while Alm (2019) reviews evidence that social norms, fairness, trust and the quality of government services also influence compliance. Slemrod (2019) emphasizes that the design of the tax administration, including information reporting and third-party data, plays an important role in compliance.

Kirchler (2007) and Kirchler et al. (2008) proposed the slippery slope framework, which distinguishes enforced compliance, driven by the power of the authority, from voluntary compliance, driven by trust in the authority. Trust arises when taxpayers perceive the authority as competent, fair and service-oriented. From this perspective, a tax administration system that is easy to use, provides accurate information and is supported by responsive services can increase trust and voluntary compliance.

Information systems success model

DeLone and McLean (2003) proposed an updated information systems success model with six dimensions: system quality, information quality, service quality, use or intention to use, user satisfaction, and net benefits. System quality refers to the technical characteristics of the system, such as reliability, response time, ease of use and flexibility. Information quality refers to the accuracy, completeness, timeliness and relevance of the information produced by the system. Service quality refers to the support provided to users, such as help desks, guidance and responsiveness. The model proposes that these quality dimensions influence user satisfaction and use, which in turn produce net benefits.

In the context of a tax administration system, user satisfaction reflects the extent to which taxpayers are satisfied with their experience of using the system to fulfil their tax obligations. The net benefit for taxpayers can be understood as the ease of complying, and for the tax authority as improved compliance. This study therefore treats taxpayer compliance as a net benefit of the Coretax system.

Technology acceptance

Technology acceptance models provide a complementary perspective. Davis (1989) showed that perceived usefulness and perceived ease of use shape attitudes and intentions toward information technology. Venkatesh et al. (2003) integrated eight models into the unified theory of acceptance and use of technology, emphasizing performance expectancy, effort expectancy, social influence and facilitating conditions. While Coretax is mandatory for

taxpayers, meaning that adoption is not voluntary, perceptions of ease of use and usefulness still influence how taxpayers experience the system and whether they are satisfied with it. These perceptions are captured in this study primarily through the system quality construct.

Hypotheses

System quality is expected to increase satisfaction because a reliable, responsive and easy-to-use system reduces the effort and frustration associated with meeting tax obligations. Information quality is expected to increase satisfaction because accurate and complete information, such as pre-filled data and clear taxpayer account statements, helps taxpayers understand their obligations. Service quality is expected to increase satisfaction because taxpayers who encounter difficulties need timely and competent support (DeLone & McLean, 2003).

H1: System quality has a positive effect on taxpayer satisfaction with Coretax.

H2: Information quality has a positive effect on taxpayer satisfaction with Coretax.

H3: Service quality has a positive effect on taxpayer satisfaction with Coretax.

Satisfied taxpayers are more likely to perceive the tax authority as competent and service-oriented, which increases voluntary compliance (Kirchler et al., 2008). A satisfying experience also reduces the psychological and time costs of compliance.

H4: Taxpayer satisfaction with Coretax has a positive effect on taxpayer compliance.

Trust in the tax authority is expected to have a direct effect on compliance, and also to strengthen the effect of satisfaction on compliance. Taxpayers who trust the tax authority are more likely to translate a positive system experience into compliant behavior, because they believe that the authority will use their taxes appropriately and treat them fairly (Kirchler et al., 2008; Alm, 2019).

H5: Trust in the tax authority has a positive effect on taxpayer compliance.

H6: Trust in the tax authority strengthens the positive effect of taxpayer satisfaction on compliance.

Table 1. Summary of hypotheses

Hypothesis	Path	Theoretical basis
H1	System quality → Satisfaction	DeLone and McLean (2003)
H2	Information quality → Satisfaction	DeLone and McLean (2003)
H3	Service quality → Satisfaction	DeLone and McLean (2003)

H4	Satisfaction → Compliance	Kirchler et al. (2008)
H5	Trust → Compliance	Kirchler et al. (2008)
H6	Trust × Satisfaction → Compliance	Slippery slope framework

Research gap and conceptual framework

Previous research on electronic tax services has typically examined voluntary adoption of individual services such as e-filing, applying technology acceptance models (Davis, 1989; Venkatesh et al., 2003). Coretax differs in two respects: its use is mandatory, and it integrates the entire taxpayer journey rather than a single service. When use is mandatory, adoption intention becomes less informative, and the relevant question shifts to how the quality of the system shapes satisfaction and subsequent behavior (DeLone & McLean, 2003). The conceptual framework of this study therefore combines the quality dimensions of the information systems success model with the trust dimension of the slippery slope framework (Kirchler et al., 2008). System, information and service quality are treated as antecedents of satisfaction; satisfaction and trust are treated as antecedents of compliance; and trust is also treated as a condition that determines how strongly a positive system experience translates into compliant behavior.

Conceptual Review Method

This article uses a structured narrative review to integrate the literature already identified in the manuscript. Sources are interpreted according to their contribution to the relationship between Coretax implementation and taxpayer compliance, the mechanisms they propose, and the conditions under which those mechanisms may strengthen, weaken, or change direction. The review does not present itself as a systematic review or meta-analysis, and it does not generate new numerical estimates. Instead, it organizes established concepts into an explicit framework that can guide later empirical testing.

Conceptual Synthesis

The synthesis indicates that Coretax implementation and taxpayer compliance should not be treated as a single direct relationship. The first layer consists of system quality, information clarity, service responsiveness, trust, and compliance costs. These channels explain how an institutional, technological, managerial, or behavioral change is translated into an economic or organizational outcome. They also show why apparently similar actors may respond differently to the same intervention.

The second layer consists of boundary conditions: digital capability, transition support, perceived fairness, data security, and institutional legitimacy. These conditions shape

exposure, capability, incentives, and the capacity to respond. Accordingly, the conceptual model predicts conditional rather than universal effects. Future research should measure the mediating mechanisms separately and test interactions with the identified boundary conditions instead of relying only on a single aggregate association.

Conceptual Propositions

Proposition 1. The relationship between Coretax implementation and taxpayer compliance operates through the combined influence of system quality, information clarity, service responsiveness, trust, and compliance costs.

Proposition 2. The magnitude and direction of the relationship vary according to digital capability, transition support, perceived fairness, data security, and institutional legitimacy.

Proposition 3. Outcomes are more sustainable when organizational capability, stakeholder trust, and governance safeguards develop together rather than independently.

Practical and Research Implications

For practitioners and policymakers, the framework suggests that interventions concerning Coretax implementation and taxpayer compliance should be designed as coordinated packages. Technology or formal policy alone is unlikely to produce consistent results without capability development, credible communication, monitoring, and accessible support. For researchers, the framework provides a transparent basis for selecting constructs, specifying mediators and moderators, and comparing different Indonesian regions or organizational settings.

Conclusion

This article reframes Coretax implementation and taxpayer compliance as a conditional process rather than a simple one-directional effect. The conceptual contribution is the integration of system quality, information clarity, service responsiveness, trust, and compliance costs with the boundary conditions of digital capability, transition support, perceived fairness, data security, and institutional legitimacy. The framework offers testable propositions while avoiding unsupported empirical claims. Future studies can evaluate the propositions using verified survey, administrative, qualitative, or longitudinal evidence.

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