

THE ROLE OF CORETAX SYSTEM IN INCREASING THE INFLUENCE OF TAX KNOWLEDGE ON THE QUALITY OF VAT PERIOD TAX RETURN INFORMATION THROUGH TAXPAYER COMPLIANCE



Agung Riyanto¹

Universitas PGRI Adi Buana Surabaya, Indonesia
rivantoagung606@gmail.com

Siti Istikhoroh²

Universitas PGRI Adi Buana Surabaya, Indonesia
istikhoroh_siti@unipasby.ac.id

Abstract

The digital transformation of Indonesia's tax administration through the implementation of the Coretax System aims to improve transparency, compliance, and the quality of fiscal information. However, technical limitations and behavioral factors continue to challenge the accuracy of VAT Periodic Tax Return reporting, particularly for corporate taxpayers. This study aims to analyze the effect of tax knowledge on the quality of VAT Periodic Tax Return information, with taxpayer compliance as a mediating variable and the Coretax System examined as a moderating variable. A quantitative explanatory approach was applied using Partial Least Squares Structural Equation Modeling (PLS-SEM). Data were collected through structured questionnaires distributed to 119 corporate taxpayers registered at KPP Pratama Gresik, measured using a five-point Likert scale. The results of validity and reliability testing show that all constructs meet the measurement criteria, with Average Variance Extracted (AVE) values above 0.50 and Cronbach's Alpha values exceeding 0.70. The findings indicate that tax knowledge has a significant positive effect on taxpayer compliance but does not directly influence the quality of VAT Periodic Tax Return information. Taxpayer compliance significantly improves information quality and fully mediates the effect of tax knowledge on information quality. The Coretax System also has a significant direct effect on information quality; however, it does not moderate the relationships between tax knowledge, compliance, and information quality. These results highlight that reliable fiscal information quality depends not only on digital system implementation but also on taxpayer knowledge and compliant behavior, providing important implications for strengthening tax literacy and optimizing digital tax governance in Indonesia.

Keywords: Coretax System, Tax Knowledge, Taxpayer Compliance, Tax Return Information Quality, Value Added Tax (VAT)

INTRODUCTION

The digital transformation of Indonesia's tax administration marks a critical shift in national fiscal management. The Directorate General of Taxes (DGT) has implemented a series of technology based systems such as e-Faktur, e-Billing, e-Filing, and most recently the Coretax System to enhance transparency, accountability, and administrative efficiency (Handoko & Wijayanto, 2019). As an integrated transaction platform, the Coretax System is designed to automate tax reporting and payment processes across multiple tax types, including Value Added Tax (VAT). However, technical flaws in the Coretax System particularly in recording VAT installment payments have generated data inconsistencies that undermine information quality, fiscal policy effectiveness, and taxpayer trust. System failures in detecting or synchronizing VAT installment transactions frequently result in discrepancies between corporate financial statements and VAT Periodic Tax Returns (S. Hidayat & Susanto, 2019; Wibowo & Kusuma, 2018). Such inconsistencies reduce the reliability and credibility of fiscal information, which is a critical input for revenue forecasting, compliance monitoring, and tax supervision. According to Information Quality Theory (Wang & Strong, 1996), low quality information reflects a system's inability to deliver accurate, consistent, and complete data key dimensions required for data-driven policy implementation (Rahman & Hidayat, 2021).

Empirical evidence highlights the severity of this issue. Studies by Duarti & Widodo (2024) and Fitriana & Pratama (2021) report that weaknesses in digital VAT reporting systems may lead to reconciliation errors ranging from 17% to 30%. Given that DGT relies heavily on VAT data to administer restitution, audit selection, and compliance enforcement, declining information quality increases the risk of tax leakage and erodes institutional credibility. Moreover, data mismatches produce behavioral consequences. Approximately 30% of corporate taxpayers report difficulties in recording VAT installment payments due to synchronization and validation problems (Santoso & Hidayat, 2017), leading to administrative uncertainty, higher sanction risk, additional compliance costs, and delayed refunds (Sari & Santosa, 2021). These challenges reveal a persistent gap between system design and field-level implementation, particularly in complex multi-period VAT installment transactions (Kurnia & Almilia, 2018). Theoretically, prior research has largely examined tax digitalization and compliance in general terms, focusing on e-filing adoption or compliance outcomes without explicitly assessing how a specific, integrated platform such as Coretax influences VAT reporting quality (Nugroho & Suryanto, 2018). While existing studies acknowledge the importance of taxpayer knowledge and compliance behavior, limited empirical attention has been given to how system reliability interacts with these behavioral factors to shape information quality. Even well-informed taxpayers may produce inaccurate reports when confronted with unstable or unreliable systems. Consequently, taxpayer compliance is shaped not only by knowledge and awareness, but also by perceived technological reliability and trust in digital infrastructure (Prasetyo & Kurniawan, 2019; Rahman & Hidayat, 2021). From both an academic and practical standpoint, this gap is significant. The success of digital tax reform depends on the interaction between taxpayer knowledge, compliance behavior, and system performance. Understanding this interaction is essential for evaluating whether Coretax functions merely as an administrative tool or as a mechanism capable of reinforcing behavioral compliance. Therefore, this study aims to analyze the effect of taxpayer knowledge on the quality of VAT Periodic Tax Returns, with

taxpayer compliance as a mediating variable and the reliability of the Coretax System as a moderating variable. A quantitative explanatory approach is employed to empirically test these causal relationships and to provide evidence-based recommendations for system optimization and fiscal policy development in Indonesia's ongoing digital tax transformation.

REVIEW OF LITERATURE

Tax Knowledge

Tax knowledge refers to a taxpayer's understanding of applicable tax laws, mechanisms, and procedures, including how to calculate, remit, and report tax obligations (Oktaviana & Kesumaningrum, 2023). In the context of digital systems such as Coretax, tax knowledge also encompasses the taxpayer's ability to correctly operate system features when completing VAT Periodic Tax Returns. Limited understanding of VAT installment mechanisms often results in incorrect data entry or misclassification of transactions, which in turn leads to inaccurate financial and tax information (A. Hidayat & Susanto, 2023). Based on the Theory of Planned Behavior (Ajzen, 1991), compliance behavior is influenced by an individual's knowledge and perceived behavioral control. Therefore, taxpayers with low tax literacy are more prone to making errors in VAT reporting, particularly when recording multi-period installment payments that require inter-period data adjustments. These errors, arising from inadequate tax knowledge, directly compromise the accuracy, completeness, and consistency of data reported in VAT Periodic Tax Returns key dimensions of information quality as defined in information quality theory.

Taxpayer Compliance

Taxpayer compliance is defined as the willingness and ability of taxpayers to fulfill their fiscal obligations in accordance with prevailing regulations without coercion (Kirchler et al., 2008). The Slippery Slope Framework posits that compliance is shaped by the interaction between trust in tax authorities (voluntary compliance) and perceptions of enforcement power (Kirchler, 2007). Applied to digital tax administration systems, this framework suggests that technical reliability plays a critical role in sustaining taxpayer trust, as system failures may weaken perceptions of fairness and institutional competence. In practice, inaccuracies in recording VAT installment payments may reduce compliance levels, particularly when taxpayers perceive that payments already made are not properly recognized by the system (Duarti & Widodo, 2024). Khotmi et al. (2024) found that disruptions in digital VAT reporting systems decrease formal compliance intentions by up to 21%, especially among firms frequently using installment payment schemes. These findings indicate that technical inconsistencies in digital tax systems erode trust in the voluntary compliance pillar of the Slippery Slope Framework, thereby directly influencing taxpayer compliance behavior.

Coretax System Implementation

The Coretax System was developed as an integrated digital platform supporting end-to-end tax administration processes, from registration to reporting and payment (Indrawati &

Lutfia, 2025). One of its key features is real-time integration between financial transactions, VAT calculations, and periodic tax return reporting. However, several studies indicate that the system still faces limitations in recording multi-period installment transactions. Duarti & Widodo (2024) reported that 27% of companies experienced inconsistencies between installment data recorded by banks and that displayed in the Coretax module, resulting in non-compliant tax balances in financial reports. Kustyana et al. (2024) further noted that the system's failure to identify installment status creates mismatches between prepaid tax accounts and VAT liabilities, thereby reducing the quality of fiscal information. Thus, although Coretax is designed to enhance reporting accuracy, its effectiveness depends greatly on system integration and user literacy.

Quality of Financial Information in VAT Periodic Tax Returns

The ultimate outcome of the interaction between taxpayer knowledge, compliance behavior, and the supporting digital system is the quality of financial information produced through tax reporting. In the context of Value Added Tax (VAT), information quality reflects the extent to which VAT Periodic Tax Returns accurately represent a company's fiscal position (Fitriana & Pratama, 2021). Errors in recording VAT installment payments may create discrepancies between tax liabilities and recorded payments, resulting in inconsistencies between VAT returns and financial statements. According to Information Quality Theory (Wang & Strong, 1996), information quality is determined by key dimensions such as accuracy, consistency, and completeness. Within this study, accuracy is threatened by gaps in taxpayer knowledge that lead to incorrect data entry, consistency is disrupted by technical errors within the Coretax System, and completeness is compromised when installment payments are not properly detected or recorded. When the Coretax System fails to recognize VAT installments that have already been paid, the resulting tax data become incomplete and less reliable. Empirical evidence from Kustyana et al. (2024) supports this condition, reporting a 17% increase in data mismatches during the early implementation phase of Coretax in the manufacturing sector, thereby highlighting the substantial risk posed to VAT reporting accuracy.

RESEARCH METHOD

Conceptual Framework

The conceptual framework of this study illustrates the relationship among the research variables, namely the influence of Tax Knowledge (X1) on the Quality of VAT Periodic Tax Return Information (Y2), with Taxpayer Compliance (Y1) serving as a mediating variable. In addition, the Coretax System (X2) is examined as a moderating variable that may strengthen or weaken the relationships between these variables. The interaction among Tax Knowledge, Taxpayer Compliance, the Coretax System, and the Quality of VAT Periodic Tax Return Information is presented in Figure 1.

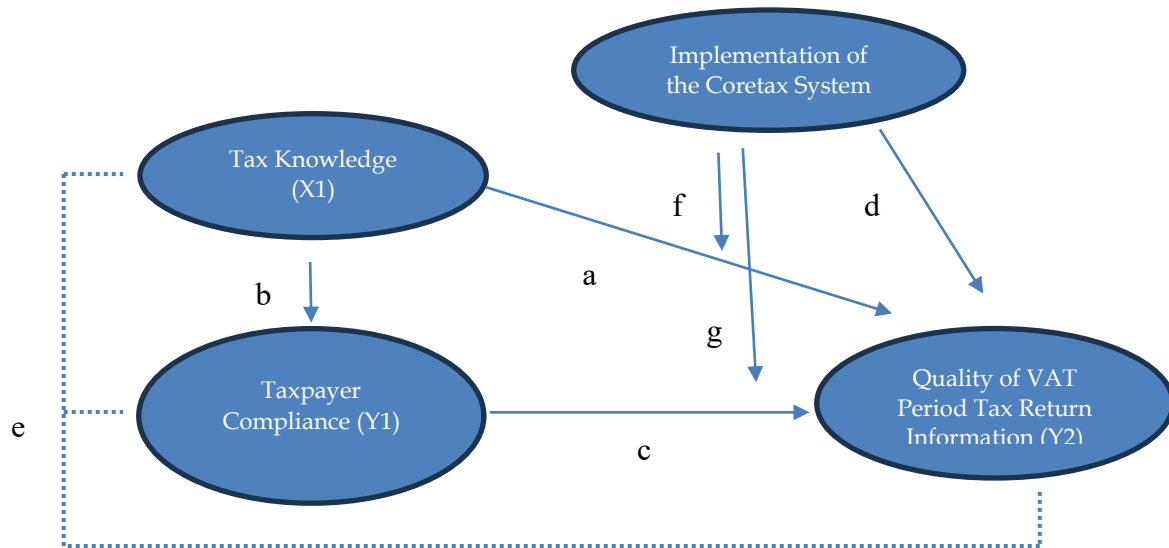


Figure 1.
Conceptual Framework

Figure 1 illustrates the conceptual framework of this study, which examines the effect of Tax Knowledge on the Quality of VAT Periodic Tax Return Information, both directly and indirectly through Taxpayer Compliance as a mediating variable. In addition, the Coretax System is incorporated as a moderating variable that is hypothesized to strengthen or weaken the effect of Tax Knowledge on Taxpayer Compliance, as well as the effect of Taxpayer Compliance on the Quality of VAT Periodic Tax Return Information. In addition, Figure 1 presents the hypotheses developed in this study as follows:

- a. Tax Knowledge has a direct effect on the Quality of VAT Periodic Tax Return Information.
- b. Tax Knowledge has a direct effect on Taxpayer Compliance.
- c. Taxpayer Compliance has a direct effect on the Quality of VAT Periodic Tax Return Information.
- d. The Coretax System has a direct effect on the Quality of VAT Periodic Tax Return Information.
- e. Tax Knowledge has an indirect effect on the Quality of VAT Periodic Tax Return Information through Taxpayer Compliance.
- f. The Coretax System strengthens the relationship between Tax Knowledge and the Quality of VAT Periodic Tax Return Information.
- g. The Coretax System strengthens the relationship between Taxpayer Compliance and the Quality of VAT Periodic Tax Return Information.

Variable Variables and Indicators

Table 1.
Variables and Indicators

No.	Variable Type	Variable Name	Definition	Indicators
1	Dependent Variable (Information Quality) — Y2	Quality of VAT Periodic Tax Return Information	The level of accuracy, completeness, and reliability of information presented in financial reports for tax purposes (Pratiwi & Susilo, 2022).	<ol style="list-style-type: none"> 1. Accuracy of transaction recording 2. Compliance with tax accounting standards (PSAK) 3. Completeness of fiscal disclosures 4. Consistency across reporting periods 5. Understanding of VAT installment payment requirements
2	Independent Variable — X1	Tax Knowledge	The level of taxpayer understanding regarding procedures, regulations, and mechanisms for VAT installment payments (Nugroho & Suryanto, 2018).	<ol style="list-style-type: none"> 1. Understanding the installment application procedure 2. Knowledge of administrative requirements 3. Ability to calculate installment amounts 4. Understanding of late-payment sanctions
3	Mediating Variable — Y1	Taxpayer Compliance	The extent to which taxpayers fulfill their tax obligations in accordance with applicable regulations (Wibowo & Kusuma, 2018).	<ol style="list-style-type: none"> 1. Timeliness in filing tax returns 2. Timeliness in installment payments 3. Completeness of supporting documents

No.	Variable Type	Variable Name	Definition	Indicators
4	Moderating Variable — X2	Coretax System Implementation	The perceived reliability, stability, and functional performance of the Coretax System in supporting VAT installment payment recording and VAT Periodic Tax Return reporting (S. Hidayat & Susanto, 2019).	<ol style="list-style-type: none"> 4. Consistency in reporting 1. Reliability of the Coretax System in recording VAT installment payments accurately 2. Consistency of Coretax data with bank payment and accounting records 3. Stability of the Coretax System during VAT reporting and payment periods 4. Accuracy of Coretax in detecting previously paid VAT installments

Population and Sample

The population of this study consists of all corporate taxpayers registered at KPP Pratama Gresik during the 2024–2025 period. The exact number of taxpayers is not publicly accessible due to confidentiality restrictions imposed by the tax authorities. Therefore, the sample size was determined using a methodological approach rather than population size. This study follows the recommendation of Ferdinand (2002), which suggests that an adequate sample for quantitative research should be 5–10 times the number of indicators in the research model. With 17 indicators in this study, the minimum required sample size is 85 respondents.

To enhance statistical power, ensure model stability, and anticipate potential data loss due to non-responses, a total of 150 respondents was selected. This sample size exceeds the minimum requirement and is consistent with contemporary PLS-SEM guidelines, which emphasize that larger samples improve estimation accuracy, reduce bias, and strengthen the robustness of moderation and mediation analyses (Hair et al., 2019; Hair et al., 2021). The sampling technique employed was purposive sampling, where samples were chosen based on specific criteria relevant to the research objectives (Scott, 2020). The criteria were:

1. Taxpayers from entities using the Coretax System.
2. Taxpayers who have regularly reported VAT Periodic Tax Returns over the last six months.

Using 150 respondents was considered sufficient to produce stable parameter estimates and to meet the validity and reliability requirements for the PLS-SEM-based research model. This sample reflects the empirical characteristics of Coretax users in the Gresik area.

Data Collection Techniques

Data were collected using a structured, closed-ended questionnaire with a five-point Likert scale (1 = strongly disagree to 5 = strongly agree), administered online via Google Forms. Construct validity was assessed using Confirmatory Factor Analysis (CFA) in SmartPLS 4.0, while reliability was evaluated using Cronbach’s Alpha and Composite Reliability (CR). Data collection was conducted in December 2025 with administrative support from KPP Pratama Gresik to ensure the authenticity and validity of responses.

RESULTS AND DISCUSSION

Description of Questionnaire Responses

The data for this study were collected through the distribution of questionnaires to 150 corporate taxpayers registered at KPP Pratama Gresik who are active users of the Coretax System. Of the total questionnaires distributed, 119 respondents were deemed valid for analysis, as they met the criteria for providing accurate and relevant information in accordance with the field of study and practical tax knowledge. All descriptive statistics in this section are based on responses measured using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Data analysis was conducted using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach with SmartPLS 4.0. This method was selected because it is suitable for Likert scale data and accommodates both moderation and mediation variables in the research model. A summary of the responses from the 119 respondents, reflecting their perceptions of the variable statement items, is presented in Tables 2 through 5.

Table 2.
Description of Coretax System Variables

No.	Statement	Total Score	Average Score
1	In my opinion, the Coretax application interface is easy to understand and navigate.	396	3.32
2	I felt that the initial installation and setup process of Coretax went smoothly.	386	3.24
3	The feature for calculating and reporting VAT in Coretax works well and reliably.	394	3.31
4	Coretax helps minimize errors in completing the VAT Periodic Tax Return.	372	3.12
5	The reports produced by Coretax (e.g., withholding receipts, etc.) comply with the formats established by the DGT.	396	3.32
6	Overall, I am efficient in fulfilling my VAT tax obligations because I use Coretax.	393	3.30

Table 2 summarizes respondents' perceptions of the Coretax System variables. The mean scores for all indicators exceed the neutral midpoint of 3.0, indicating a moderately positive perception of system usability and reporting support. Although these values do not reflect strong agreement, such scores are commonly interpreted in tax compliance research as evidence of general acceptance of the system (Hair et al., 2021). The items regarding the reports generated by Coretax in accordance with the DGT format and the ease of understanding the Coretax application interface received the highest score of 3.32. This indicates a generally positive perception of the system's reliability and its contribution to user compliance.

Table 3.
Description of VAT Information Quality Variables

No.	Statement	Total Score	Average Score
1	The data listed in the VAT Periodic Tax Return (e.g., nominal VAT Input and Output) generated by Coretax is accurate.	373	3.13
2	The information in the VAT Periodic Tax Return generated by Coretax is easy for me to understand.	370	3.10
3	Coretax minimizes the risk of errors when preparing the VAT Periodic Tax Return.	369	3.10
4	The VAT Periodic Tax Return produced by Coretax presents complete information according to reporting needs.	370	3.10
5	The information in the VAT Periodic Tax Return is readily available and can be accessed quickly when needed.	372	3.12
6	The VAT Periodic Tax Return generated by Coretax provides relevant information for my business decision-making.	376	3.15

Based on the descriptive analysis in Table 3, all indicators of VAT information quality generated by the Coretax System received an average score above 3.0. The item indicating that the VAT Periodic Tax Return from Coretax provides relevant information for business decision making achieved the highest score of 3.15, reflecting a generally positive user perception of both the usefulness of the information and its relevance for business decisions.

Table 4.
Description of Tax Knowledge Variables

No.	Statement	Total Score	Average Score
1	I understand the basis for the imposition of Value Added Tax (VAT).	405	3.40
2	I know the deadline for submitting the VAT Periodic Tax Return.	400	3.36
3	I understand the concept of Output Tax.	399	3.35
4	I understand the concept of Input Tax.	397	3.33

No.	Statement	Total Score	Average Score
5	I understand the administrative sanctions for late reporting or payment of the VAT Periodic Return.	400	3.36
6	I understand the function of using the Coretax application in the e-Billing process.	399	3.35

Which presents the description of the Tax Knowledge variables, it can be observed that all aspects of tax knowledge measured demonstrate a good level of understanding among respondents, with average scores ranging from 3.33 to 3.40. The item "I understand the basis for imposing Value Added Tax (VAT)" received the highest score of 3.40, indicating that Coretax users possess a solid foundation of tax knowledge. This level of understanding can enhance the effectiveness of the application in enabling accurate and timely fulfillment of tax reporting obligations.

Table 5.
Description of Tax Compliance Variables

No.	Statement	Total Score	Average Score
1	I always submit my VAT Periodic Return on or before the due date.	381	3.20
2	I honestly report all sales transactions (PKP) subject to Output Tax.	381	3.20
3	I honestly report all purchase transactions (PKP) subject to Input Tax.	379	3.18
4	I pay any underpaid VAT on time.	371	3.11

Which presents the description of Tax Compliance variables, it can be observed that respondents' compliance levels vary across the measured indicators, with average scores ranging from 3.11 to 3.20. The highest scores (3.20) Higher scores were observed for timely submission of VAT Periodic Tax Returns and honest reporting of output tax transactions, suggesting stronger compliance in reporting behavior than in payment-related activities. These variations imply that while respondents demonstrate normative awareness of compliance obligations, practical challenges particularly in VAT installment payments remain evident. The implications of these findings are further examined in the discussion section.

Statistical Analysis
Measurement Model

The Measurement Model Analysis (Outer Model) is conducted to assess the validity and reliability of the research instrument. Construct validity evaluates how well the scores reflect the intended variables, and it includes both convergent validity and discriminant validity tests. The model under study comprises four variables: Tax Knowledge (X1 / Independent), Taxpayer Compliance (Y1 / Mediating), Coretax System (X2 / Moderating),

and VAT Information Quality (Y2 / Dependent). The relationships among these variables are depicted in the Structural Model shown in Figure 2.

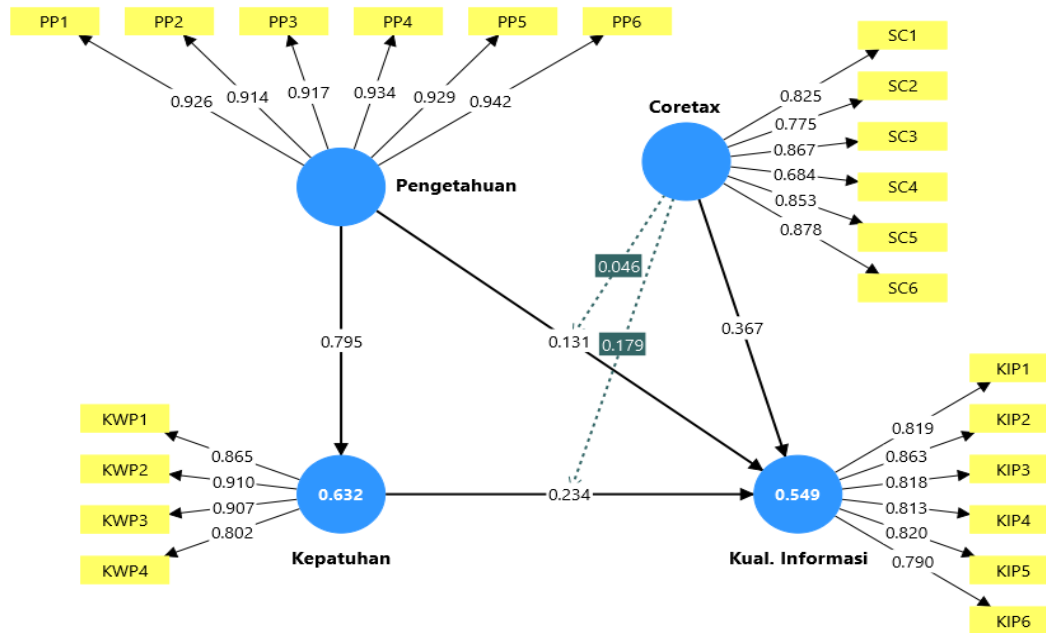


Figure 2.
Structural Model

Figure 2 illustrates that the data analysis was conducted following the conceptual framework (Figure 1), in which Tax Knowledge, as the independent variable, is expected to influence the quality of VAT information. This influence is assessed both directly and indirectly through the mediating role of knowledge management. The results of the measurement model analysis, based on convergent validity values, are presented in Table 7 as follows:

Table 7.
Convergent Validity Test Results

Indicator	Loading Factor
SC; Item 1	0.825
SC; Item 2	0.775
SC; Item 3	0.867
SC; Item 4	0.684
SC; Item 5	0.853
SC; Item 6	0.878
KWP; Item 1	0.865
KWP; Item 2	0.910
KWP; Item 3	0.907

Indicator	Loading Factor
KWP; Item 4	0.802
KIP; Item 1	0.819
KIP; Item 2	0.863
KIP; Item 3	0.818
KIP; Item 4	0.813
KIP; Item 5	0.820
KIP; Item 6	0.790
PP; Item 1	0.926
PP; Item 2	0.914
PP; Item 3	0.917
PP; Item 4	0.934
PP; Item 5	0.929
PP; Item 6	0.942

Source: SmartPLS Test Results

Based on Table 7, all indicator items exhibit loading factor values above the minimum threshold of 0.50, indicating acceptable convergent validity. Loadings in the range of 0.60 – 0.70 were retained, as prior PLS-SEM literature suggests that such values are acceptable in exploratory and applied research, particularly when composite reliability and average variance extracted (AVE) meet the recommended criteria (Hair et al., 2019; Hair et al., 2021). The results of the discriminant validity test are presented in Table 8 below:

Table 8.
Results of Discriminant Validity Testing

Indicator	SC	KWP	KIP	PP	MOD SC - PP	MOD SC - KWP
KIP1	0.462	0.532	0.819	0.379	0.345	0.443
KIP2	0.501	0.552	0.863	0.412	0.426	0.537
KIP3	0.506	0.463	0.818	0.341	0.267	0.392
KIP4	0.511	0.458	0.813	0.408	0.288	0.343
KIP5	0.416	0.433	0.820	0.317	0.334	0.369
KIP6	0.437	0.410	0.790	0.332	0.342	0.404
KWP1	0.307	0.865	0.466	0.690	0.064	0.228
KWP2	0.435	0.910	0.583	0.734	0.194	0.310
KWP3	0.351	0.907	0.520	0.727	0.350	0.424
KWP4	0.266	0.802	0.450	0.614	0.197	0.305
PP1	0.197	0.774	0.428	0.926	0.139	0.166
PP2	0.204	0.707	0.412	0.914	0.180	0.196

Indicator	SC	KWP	KIP	PP	MOD SC - PP	MOD SC - KWP
PP3	0.187	0.705	0.390	0.917	0.176	0.196
PP4	0.228	0.760	0.444	0.934	0.120	0.144
PP5	0.170	0.717	0.357	0.929	0.042	0.126
PP6	0.192	0.754	0.448	0.942	0.171	0.205
SC1	0.825	0.132	0.247	0.016	0.140	0.128
SC2	0.775	0.091	0.206	-0.009	0.044	0.042
SC3	0.867	0.172	0.294	0.033	0.152	0.142
SC4	0.684	0.582	0.768	0.409	0.343	0.474
SC5	0.853	0.184	0.258	0.059	0.139	0.167
SC6	0.878	0.166	0.329	0.030	0.097	0.144
Coretax × Compliance	0.325	0.364	0.508	0.186	0.794	1.000
Coretax × Knowledge	0.254	0.233	0.407	0.149	1.000	0.794

Source: SmartPLS Test Results

Table 8 the results of the discriminant validity assessment indicate that each indicator demonstrates a higher loading on its respective latent construct than on other constructs in the model. This confirms that all constructs are empirically distinct and adequately capture their intended theoretical dimensions. Therefore, the measurement model satisfies the discriminant validity criterion, allowing subsequent structural model analysis to proceed. The results of the reliability test are presented in Table 9.

Table 9.
Reliability Test Results

Variable	Composite Reliability
KIP	0.923
KWP	0.927
PP	0.925
SC	0.973
SC × PP (Moderation)	1.000
SC × KWP (Moderation)	1.000

Source: SmartPLS Test Results (Appendix 6)

Table 9 indicates that all variables have composite reliability values exceeding 0.7, confirming that they are suitable for use as data sources. The moderation constructs exhibit Composite Reliability values of 1.000. This result is expected, as the interaction terms were generated using the product indicator approach in PLS-SEM, where indicators are created by multiplying standardized indicators of the predictor and moderator variables. As these interaction constructs are formed deterministically rather than measured directly, extremely

high reliability values may occur and do not indicate estimation bias or model misspecification (Hair et al., 2019; Hair et al., 2021).

Hypothesis Testing

To test the hypotheses formulated in this study, the SmartPLS statistical model was employed. The explanatory power of the structural model was assessed using the coefficient of determination (R^2) and effect size (f^2). The R^2 values indicate the proportion of variance explained by the exogenous variables in each endogenous construct, while f^2 values assess the relative impact of each predictor on the model. According to Hair et al. (2021), R^2 values of 0.25, 0.50, and 0.75 can be interpreted as weak, moderate, and substantial, respectively, whereas f^2 values of 0.02, 0.15, and 0.35 represent small, medium, and large effects. The results of the analysis are presented in Figure 2 and summarized in Table 10 as follows:

Table 10:

Significance of Structural Model				
	Original Sample (O)/ Path Coefficient	Statistics T (O/STDEV)	P value	Remarks
PP -> KWP	0.795	24.468	0.000	Significant
PP -> KIP	0.131	1.449	0.150	Insignificant
KWP -> KIP	0.234	2.356	0.020	Significant
SC -> KIP	0.367	5.010	0.000	Significant
PP -> KWP -> KIP	0.186	2.337	0.021	Significant
SC x KWP -> KIP	0.179	1.784	0.077	Insignificant
SC x PP -> KIP	0.046	0.500	0.618	Insignificant

Description:

PP (Tax Knowledge), KWP (Taxpayer Compliance), SC (Core Tax System), KIP (Quality of VAT Information)

Table 10 presents the significance of the relationships among variables, which serves as the basis for accepting or rejecting the research hypotheses:

a. Influence of Knowledge on Compliance

The analysis shows that Tax Knowledge has a strong and significant positive effect on Taxpayer Compliance, with a path coefficient of 0.795 and a significance level of 0.000. This confirms the first hypothesis that greater knowledge directly enhances compliance behavior.

b. Influence of Knowledge on Information Quality

The effect of Tax Knowledge on the Quality of Information was found to be insignificant (coefficient 0.131; significance 0.150), indicating that knowledge alone does not directly improve information quality. Therefore, the second hypothesis is rejected.

c. Effect of Compliance on Information Quality

Compliance has a significant positive impact on Information Quality, with a coefficient of 0.234 and a significance value of 0.020. This supports the third hypothesis, confirming that higher compliance contributes to better information quality.

d. Influence of Core Tax System on Information Quality

The Core Tax System significantly improves the Quality of Information (coefficient 0.367; significance 0.000), supporting the fourth hypothesis. This indicates that the Core Tax System is a key factor in enhancing information quality.

e. Mediation of Compliance between Knowledge and Information Quality

The analysis shows that Tax Knowledge indirectly affects Information Quality through Compliance. The mediation coefficient of 0.186 is significant at 0.021, confirming the fifth hypothesis. This demonstrates that Compliance fully mediates the relationship between Knowledge and Information Quality.

f. Moderating Effect of the Coretax System on the Relationship between Tax Knowledge, Taxpayer Compliance, and Information Quality

The moderation analysis indicates that the Coretax System does not significantly moderate the relationship between Tax Knowledge and the Quality of VAT Periodic Tax Return Information, nor the relationship between Taxpayer Compliance and Information Quality. Specifically, the interaction effect between Tax Knowledge and the Coretax System shows a path coefficient of $\beta = -0.04$ with a p-value > 0.05 , indicating an insignificant moderating effect. Similarly, the interaction between Taxpayer Compliance and the Coretax System yields a path coefficient of $\beta = 0.06$ with a p-value > 0.05 , confirming the absence of moderation. These results suggest that the Coretax System does not strengthen or weaken the influence of either taxpayer knowledge or compliance behavior on information quality. Instead, the system operates as an enabling technological infrastructure that directly supports reporting processes rather than functioning as a behavioral amplifier. In other words, while Coretax facilitates technical aspects of VAT reporting, it does not alter how taxpayer knowledge translates into compliance, nor how compliance ultimately affects the quality of reported information.

Discussion of Research Results

Overall, the findings of this study show that the success of tax digitalization is influenced not only by the existence of technological systems, but also by the human element that operates them. This reinforces the relevance of Information Quality Theory (Wang & Strong, 1996), which highlights the interaction between data quality, system design, and user behavior in producing reliable information. Each variable works together in shaping the quality of tax reporting through both behavioral mechanisms and technological support, in line with the conceptual framework developed earlier.

Tax Knowledge and Taxpayer Compliance

The results confirm that tax knowledge plays a central role in shaping taxpayer compliance. A solid understanding of VAT regulations, calculation procedures, and reporting obligations encourages taxpayers to act more cautiously and responsibly in fulfilling their fiscal duties. From a behavioral perspective, this supports the Theory of Planned Behavior (Ajzen, 1991), where knowledge strengthens behavioral beliefs and perceived control,

thereby increasing compliance intentions. Consistent with prior studies, tax literacy emerges not merely as cognitive awareness but as a motivational foundation for compliant behavior.

Effect of Tax Knowledge on the Quality of VAT Period Tax Return Information

However, tax knowledge alone does not automatically translate into high-quality VAT reporting. This finding highlights that knowledge is a necessary but insufficient condition for producing reliable tax information. Without consistent compliance and disciplined reporting behavior, regulatory understanding may remain theoretical and unimplemented. This underscores the importance of behavioral execution in transforming knowledge into tangible reporting outcomes.

Taxpayer Compliance and the Quality of VAT Period Tax Return Information

Taxpayer compliance is shown to be a decisive determinant of information quality. Accurate, timely, and honest reporting directly enhances the reliability, consistency, and completeness of VAT information. The findings reaffirm that even in a digital environment, technology cannot substitute for human integrity and discipline. Compliance remains the primary mechanism through which accurate tax information is generated.

Tax Knowledge and Information Quality through Taxpayer Compliance

The mediation analysis further clarifies the relationship between knowledge and information quality. Tax knowledge improves reporting quality only when it is channeled through compliant behavior. In this sense, compliance functions as a behavioral bridge that connects cognitive understanding with information outcomes. This result emphasizes that tax education policies should not focus solely on increasing knowledge but also on fostering practical compliance through applied training, simulations, and guided system use.

Direct and Moderating Roles of the Coretax System in Information Quality

The Coretax System significantly enhances the quality of VAT Periodic Tax Return information by improving data integration, validation, and consistency. As an integrated digital platform, Coretax reduces technical errors and supports more reliable reporting processes. This confirms its role as a critical infrastructural enabler in Indonesia's tax administration reform. Nevertheless, the moderation analysis shows that Coretax does not strengthen the influence of either tax knowledge or taxpayer compliance on information quality. This indicates that, while the system improves technical accuracy, it does not fundamentally alter taxpayer behavior. In the Indonesian context, where digital transformation is still evolving, this finding suggests that technological reform alone is insufficient to amplify behavioral effects. Coretax functions primarily as an administrative support system rather than a behavioral catalyst. Taken together, these findings imply that the success of Indonesia's Coretax implementation depends on complementary policies that integrate system reliability, taxpayer education, and compliance reinforcement. Without parallel investments in human capacity and behavioral guidance, the full potential of digital tax systems to improve information quality may remain underutilized..

Theoretical Implications

From a theoretical perspective, the findings of this study make a meaningful contribution to the literature on tax accounting and fiscal information systems, particularly within the context of developing countries undergoing digital transformation through the implementation of the Coretax System. The empirical evidence confirms that tax knowledge significantly influences taxpayer compliance and that compliance fully mediates the relationship between tax knowledge and the quality of VAT Periodic Tax Return information.

This finding enriches the understanding of how cognitive factors must be translated into behavioral execution to generate reliable fiscal information. These results further reinforce the Theory of Planned Behavior (Ajzen, 1991), demonstrating that taxpayer compliance is not driven solely by regulatory enforcement or technological facilitation, but also by internalized knowledge and awareness. Tax knowledge functions as a behavioral belief that shapes compliance intentions, while actual compliance behavior serves as the decisive mechanism linking knowledge to reporting outcomes. In addition, the significant direct effect of the Coretax System on information quality provides empirical support for Information Quality Theory (Wang & Strong, 1996). The findings highlight that information quality in digital tax administration is jointly determined by human behavior and system performance. However, the absence of a moderating effect suggests that technology functions primarily as an enabling infrastructure rather than a behavioral catalyst. This refines existing theoretical models by positioning digital tax systems as structural supports that enhance data accuracy without necessarily amplifying behavioral relationships.

Practical Implications

From a practical standpoint, the findings offer important insights for tax authorities, particularly the Directorate General of Taxes (DGT), in optimizing the implementation of the Coretax System. First, the strong role of taxpayer compliance in determining information quality indicates that system modernization must be accompanied by sustained efforts to strengthen compliance behavior. Digital systems alone cannot compensate for weaknesses in reporting discipline or ethical awareness. Second, the mediating role of compliance suggests that taxpayer education programs should move beyond normative explanations of tax regulations toward applied learning approaches. Training initiatives should integrate practical simulations, guided reporting exercises, and hands-on Coretax usage to ensure that tax knowledge is effectively translated into compliant behavior. Third, although Coretax significantly improves information quality, its inability to moderate behavioral relationships indicates the need for complementary institutional mechanisms. These may include responsive helpdesk services, real-time feedback on reporting errors, and targeted assistance for taxpayers facing difficulties with complex VAT features such as installment payments and multi-period reporting. Tax systems are structural supports that enhance data accuracy without necessarily amplifying behavioral. At the policy level, this study suggests that the success of Indonesia's Coretax reform depends on a balanced integration of technological reliability, taxpayer capacity building, and behavioral governance. Policymakers should view digital tax systems not as standalone solutions, but as components of a broader compliance ecosystem. Strengthening system stability while simultaneously investing in taxpayer literacy and compliance reinforcement will be essential to fully realize the potential of digital fiscal administration in improving the quality of tax information.

Acknowledgments

This article is an output of the final project process. Gratitude was also conveyed to 1) the Ministry of Finance of the Republic of Indonesia and the Directorate General of Taxes (DGT), especially KPP Pratama Gresik, for granting research permits, 2) To the academic leadership of PGRI Adi Buana University Surabaya and the Faculty of Economics and Business who provided guidance, encouragement, and constructive feedback during the preparation of research reports and manuscripts, and 3) The author also thanked the reviewers

and editorial board of the journal for their invaluable guidance and evaluation during the manuscript review process.

CONCLUSION

The study concludes that the Coretax System strengthens the impact of tax knowledge on the quality of VAT period tax return information by enhancing taxpayer compliance, demonstrating that digital tax administration plays a crucial mediating role in improving the reliability of fiscal reporting.

REFERENCES

- Ajzen, I. (1991). Theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179–211.
- Duarti, M., & Widodo, T. (2024). Evaluate the impact of the e-tax system on the accuracy of VAT reporting in developing countries. *International Journal of Public Administration in the Digital Age*, 11(2), 45–62. <https://doi.org/10.4018/IJPADA.336102>
- Ferdinand, A. (2002). *Modeling Structural Equations in Management Research*. Publishing Agency of Diponegoro University.
- Fitriana, I., & Pratama, M. (2021). The effect of the quality of the tax information system on the accuracy of tax return reporting. *Journal of Business Information Systems*, 11(1), 67–79.
- Handoko, T., & Wijayanto, H. (2019). Strategy for the development of an AI-based tax system to improve the accuracy of record-keeping. *Journal of Information Systems Technology*, 5(3), 301–315.
- Hidayat, A., & Susanto, P. (2023). Digital tax administration reform and its impact on taxpayer compliance: A case study of CoreTax implementation. *Asian Journal of Accounting Research*, 9(3), 188–203. <https://doi.org/10.1108/AJAR-04-2023-0042>
- Hidayat, S., & Susanto, P. (2019). Evaluation of the performance of the CoreTax system in VAT registration: A case study on manufacturing companies. *Indonesian Tax Journal*, 5(1), 45–58.
- Indrawati, Y., & Lutfia, C. (2025). Administrative Analysis of Article 21 Income Tax Reporting at the Tax Consultant Office in the Era of Core Tax Implementation. 5(3).
- Isbahi, M. B., Zuana, M. M. M., & Toha, M. (2024). The Multi-Social Relation of the Cattle Industry in the Plaosan Subdistrict Animal Market of Magetan Regency. *Malacca: Journal of Management and Business Development*, 1(1), 31–46. <https://doi.org/10.69965/malacca.v1i1.51>
- Khotmi, H., Setiawati, E., & Suparlan, A. (2024). Optimizing VAT compliance through a digital tax system: Evidence from the adoption of CoreTax Indonesia. *Business & Convincing Management*, 10(1), 2305421. <https://doi.org/10.1080/23311975.2024.2305421>
- Kirchler, E. (2007). *Economic Psychology of Tax Behavior*. Cambridge University Press. <https://doi.org/10.1017/CBO9780511628238>
- Kirchler, E., Hoelzl, E., & Wahl, I. (2008). Imposed versus voluntary tax compliance: A “slippery slope” framework. *Journal of Economic Psychology*, 29(2), 210–225. <https://doi.org/10.1016/j.joep.2007.05.004>

- Kurnia, S., & Almilia, L.S. (2018). Integration of accounting and tax information systems: Challenges and solutions. *XXI National Accounting Symposium*.
- Kustyana, N. E., Hadi, R. P., & Widjaya, A. (2024). Data integration and improved accuracy in the CoreTax reporting system: Evidence from Indonesian VAT taxpayers. *Heliyon*, *10*(2), e25287. <https://doi.org/10.1016/j.heliyon.2024.e25287>
- Nugroho, R.A., & Suryanto, T. (2018). Analysis of taxpayer compliance in the face of the modern tax system. *Journal of Accounting and Taxation*, *4*(2), 156–172.
- Oktaviana, R. S., & Kesumaningrum, N. D. (2023). Digitization of taxation and tax knowledge for taxpayer compliance. *Journal of Multiparadigm Accounting*, *14*(2), 211–225.
- Prasetyo, A.D., & Kurniawan, B. (2019). The impact of the implementation of the electronic tax system on corporate taxpayer compliance. *Journal of Economics and Business*, *24*(3), 278–293.
- Pratiwi, S., & Susilo, D. (2022). Integration of accounting and taxation systems: A solution for multi-period transaction recording. *Journal of Multiparadigm Accounting*, *13*(3), 345–360.
- Rahman, F., & Hidayat, A. (2021). Risk analysis of the electronic taxation system on the quality of financial information. *Journal of Management Information Systems*, *9*(2), 210–225.
- Santoso, B., & Hidayat, W. (2017). Factors that affect the quality of information in the electronic tax system. *Journal of Information Systems*, *13*(2), 210–225.
- Sari, D., & Santosa, P. (2021). Analysis of the effectiveness of the tax registration system in Indonesia. *Journal of Accounting and Taxation*, *5*(1), 45–60.
- Sugiyono. (2020). *Quantitative, Qualitative and R&D Research Methodologies*.
- Wang, R.Y., & Strong, D.M. (1996). Beyond accuracy: What data quality means for data consumers. *Journal of Management Information Systems*, *12*(4), 5–33.
- Wibowo, A., & Kusuma, D. (2018). Evaluate the reliability of the CoreTax system in supporting tax reporting. *Journal of Taxation and Accounting*, *6*(1), 78–92.*