

The Impact of the Digitization of Tax Services on the Level of Voluntary Compliance Among Millennial Taxpayers

Pelinta Tarigan*, Gatot Nazir Ahmad, Susi Indriyani

Universitas Negeri Jakarta, Indonesia

Email: tgsukses20@gmail.com*

Keywords:

Digitization of tax services, digital literacy, ease of use of coretax, voluntary compliance of millennial generation taxpayers.

Abstract

This research examines the impact of digitization of tax services, digital literacy, and the ease of use of Coretax on the voluntary compliance of millennial taxpayers in Indonesia. The study aims to analyze the direct effects of digitization of tax services, digital literacy, and ease of use of Coretax on voluntary tax compliance, and to identify which factors most significantly influence millennial taxpayers' compliance behavior. This research uses a quantitative approach with a survey of millennials who have used digital tax services. Data were collected using a Likert scale questionnaire and analyzed using Partial Least Squares (SEM-PLS) structural equation modeling analyzed. The results showed that the digitization of tax services had a positive and significant impact on voluntary tax compliance ($\beta = 0.435$; $p < 0.05$). Digital competence ($\beta = 0.357$; $p > 0.05$) and ease of use of coretax ($\beta = -0.245$; $p > 0.05$), on the other hand, showed no significant impact. An R^2 value of 0.328 means that the model can explain the 32.8% variance in voluntary tax compliance. The results of the study show that the success of digital tax reform depends more on the quality of digital services offered than on the digital literacy component for users and the perceived ease of use of the system. This research provides important insights for the Directorate General of Taxation to optimize the implementation and development of Coretax and digital tax services.

INTRODUCTION

The development of information and communication technology (ICT) has evolved from an analog system to a global digital ecosystem (OECD, 2025). This transformation, driven by innovations such as ultra-fast connections, cloud computing, and artificial intelligence, is fundamentally changing the way people interact, work, and manage information on a daily basis. The rapid development of digital technology has led to significant changes, including in the tax system (Susanto & Ardini, 2022). Digital transformation is one of the government's steps to improve the quality, effectiveness, efficiency, and transparency of public services (Directorate General of Taxation, 2025). This involves not only the introduction of new technologies but also the fundamental redesign of operational processes, company culture, and business models to be more adaptive, efficient, and innovative. Digitalization is essential to improve the efficiency of public services by reducing bureaucratic barriers, saving time and money, and minimizing fraud (Venkatesh et al., 2021; Zahro & Machdar, 2024).

A series of studies previously conducted by Dewi and Darma (2024) Digitization of tax administration has a positive impact on tax compliance, as it simplifies the administrative process and reduces tax compliance costs. Similar results. achieved Also Rosyid et al. (2024)

found that the digital transformation of tax administration increases the effectiveness of supervision while encouraging voluntary tax compliance. Santioso and Daryatno (2025) further show that the modernization of the digital tax administration system has a significant impact on tax compliance. The studies confirm that high-quality digital services strengthen trust in tax authorities and thus drive tax compliance (Purwanti & Furqon, 2025).

In the field of taxation, the state tax authority continues to modernize its tax administration system based on the latest Coretax system through various digital services such as electronic filing, electronic invoices, and electronic registration. Coretax is part of a tax reform program that aims to integrate the entire service-oriented tax system into a more modern and integrated digital system. The introduction of Coretax is intended to make it easier and faster for taxpayers to fulfill their tax obligations starting from tax registration, reporting, payment and auditing. This system is also a strategic step by the government to improve the quality of tax services in the digital era (General Tax Service, 2025).

Research on the implementation of the Coretax administration system is still relatively limited. Ilyas et al. (2025) included the first study to examine the implementation of Coretax and found that the system has the potential to increase the effectiveness of tax administration and encourage tax compliance. However, the study mainly focuses on the administrative aspect and does not directly examine tax behavior.

Coretax's digital services tax is increasingly important, especially given the changing behavior of the younger generation who are heavily dependent on digital technology (Ajzen, 2020; Davis, 2021). Millennials and Generation Z prefer convenient, fast, and reliable online services. Therefore, the implementation of a digital tax system such as Coretax has the potential to significantly simplify and streamline tax compliance. From the perspective of technology acceptance, a study by Sulistyorini and Dasman (2023) using the Technology Acceptance Model (TAM) approach shows that the ease of use and perceived benefits of the digital tax system affect the intention to use tax technology, which ultimately increases tax honesty.

Several systematic literature reviews, for example by Pratama et al. (2025), Sitio et al. (2025), and Fauziah et al. (2025), concluded that the digitalization of the tax system in general has a positive impact on tax compliance. However, there are still research gaps regarding the integration of the variables of digitization of tax services, digital literacy, and the ease of use of the Coretax system into a comprehensive research model. Research on the implementation of Coretax as a modern tax administration system is still very limited. In addition, there are still a lack of studies that analyze the impact of digitization of tax services, digital literacy, and the ease of use of coretax on the voluntary compliance of millennial generation taxpayers.

This study aims to examine the impact of digitization of tax services, digital literacy, and the ease of use of Coretax on the voluntary compliance of millennial taxpayers. Specifically, this research seeks to analyze the direct effects of digitization of tax services, digital literacy, and ease of use of Coretax on voluntary tax compliance, and to identify which factors most significantly influence millennial taxpayers' compliance behavior. This research offers both theoretical and practical benefits. Theoretically, it extends the application of the Technology Acceptance Model (TAM) to the context of digital tax services in Indonesia, enriches the literature on tax compliance behavior among millennials, and addresses the research gap regarding Coretax implementation. Practically, it provides valuable insights for the Directorate General of Taxation in optimizing Coretax implementation, prioritizing service quality

enhancement, and developing tax education programs to improve voluntary compliance among millennial taxpayers.

METHOD

Types and approaches of research

This research used a quantitative approach with a survey method. This approach was chosen because this study aims to analyze the digitization of tax services, digital literacy, and the ease of use of Coretax on the voluntary compliance of millennial generation taxpayers. Data were collected by distributing questionnaires to individuals who met the study inclusion criteria.

Population and sample

The surveyed population consists of millennials who have used digital tax services. The data collection methodology is based on selective sampling or targeted sampling based on specific criteria (e.g., whether they have used digital tax services or the Coretax app to meet their tax obligations).

Technical data collection

Data was collected using questionnaires distributed through Google Forms. The questionnaire used a 5-point Likert scale to measure respondents' approval of all relevant statements regarding the digitization of tax services, digital literacy, ease of use of Coretax, and voluntary compliance of millennial taxpayers.

Variable Research

Independent Variable (X)

1. Digitization of Tax Services (1)

Digital service tax is a tax administration system that uses digital technology to improve the effectiveness, efficiency, and quality of service taxation.

Index:

1. Convenient access service
2. Fast service
3. Efficient management
4. Transparency system
5. Digital service integration

2. Digital Literacy (x2)

Digital literacy competencies refer to the ability of individuals to understand, apply, and use digital technology effectively.

Index:

1. Ability to use technology
2. Understanding digital information
3. Access to online services
4. Digital user safety
5. Adaptability to new technologies

3. Coretax Ease of Use (X3)

The level of ease of use of the Coretax application required to meet tax obligations.

Index:

1. The system is easy to understand.
2. Display, application, ease of use

3. The reporting process is simple.
4. Flexible use
5. Efficient use of time

4. Voluntary Compliance of millennial (Y) taxpayers

Voluntary tax compliance and payment means being aware of one's tax obligations without external coercion and the awareness to pay taxes.

Index:

1. Correct tax return letter
2. Correct tax payment
3. Tax compliance and management
4. Taxes that meet the obligation to raise awareness
5. Compliance with tax regulations

Measurement scale

This study uses a 5-point Likert scale, as follows:

1. I strongly disagree.
2. I disagree
3. Neutral
4. Agree
5. I fully agree.

Data analysis methods

The method of modeling structural equations with partial least squares (SEM-PLS) is used (Hair et al., 2022). The SEM-PLS method was chosen using SmartPLS software because it allows simultaneous analysis of causal relationships between latent constructs and is suitable for predictive research as well as theoretical model development (Darono & Panggabean, 2026; Pawitri & Anggara, 2025). The analysis is carried out in two steps: evaluation of the measurement model (*external model*) and evaluation of the structural model (*inner model*).

Regression equation model

Model regress:

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + e$$

Information:

1. Y = Voluntary compliance of taxpayers (KP)
2. X₁ = Digitization of tax services (DPP)
3. X₂ = Digital literacy (LD)
4. X₃ = Ease of use coretax (KPC)
5. a = constant
6. b = regression coefficient
7. e = error

Hypothesis testing

Based on the results of the measurement model test, the entire construct has met the criteria of convergent reliability and validity. Cronbach's Alpha values for the variables X₁, X₂, X₃, and Y were 0.909; 0.915; 0.951; and 0.937, respectively. This value is above the minimum limit of 0.70, thus indicating that the indicators in each construct have excellent internal consistency.

Table 1. Descriptive Analysis Results

Variabel	Cronbach's Alpha	rho_A	Composite Reliability	AVE
X1	0,909	0,937	0,927	0,647
X2	0,915	0,922	0,934	0,703
X2	0,915	0,922	0,934	0,703
Y	0,937	0,942	0,951	0,762

Source: Processed using SmartPLS bootstrapping from primary data (2026)

The results show:

1. X1 = 0,647
2. X2 = 0,703
3. X3 = 0,803
4. Y = 0.762

The results of the measurement model test (outer model) stated that all data met the criteria of convergent reliability and validity. Cronbach's Alpha values range from 0.909 to 0.951, while Composite Reliability values range from 0.927 to 0.961. All of these values are above the minimum limit of 0.70, which means that the research instrument has an excellent level of internal consistency. In addition, the Average Variance Extracted (AVE) value for each construct is in the range of 0.647–0.803, exceeding the minimum limit of 0.50. Thus, it can be concluded that the entire research construct has met the requirements of convergent validity and reliability, making it suitable for structural model testing (inner model) and hypothesis testing

Instrument Validity Test

To ensure that the instrument is valid and reliable, a validity test is performed on latent variables. If it has a standardized loading factor (SLF) greater than 0.50, the result is good and acceptable (see **Table 2**)

Table 2. Instrument Validity Test Results (Standardized Loading Factors)

Indicator	Standard Loading	Results
X1: Digitization of Tax Services (DPP)		
DPP1	0.853	Saw
DPP2	0.825	Saw
DPP3	0.821	Saw
DPP4	0.875	Saw
DPP5	0.881	Saw
DPP6	0.692	Saw
DPP7	0.656	Saw
X2: Digital Literacy (LD)		
LD1	0.855	Saw
LD2	0.915	Saw
LD3	0.853	Saw
LD4	0.876	Saw
LD5	0.685	Saw
LD6	0.829	Saw
X3: Coretax Ease of Use (KPC)		

Indicator	Standard Loading	Results
KPC1	0.913	Saw
KPC2	0.893	Saw
KPC3	0.930	Saw
KPC4	0.916	Saw
KPC5	0.904	Saw
KPC6	0.814	Saw
Y: Taxpayer Voluntary Compliance (KP)		
KP1	0.845	Saw
KP2	0.880	Saw
KP3	0.907	Saw
KP4	0.791	Saw
KP5	0.898	Saw
KP6	0.912	Saw

Source: Processed using SmartPLS bootstrapping from primary data (2026)

Discriminant Validity test results

Table 3. Discriminant Validity (Fornell-Larcker Criterion)

Discriminant Validity				
	X.2	X.3	X1	Y
X.2	0.838			
X.3	0.794	0.896		
X1	0.741	0.658	0.805	
Y	0.518	0.370	0.575	0.804

Source: Processed using SmartPLS bootstrapping from primary data (2026)

The Diagonal number (0.838, 0.896, 0.805, 0.804) is the square root value of the AVE of each variable.

The results of the research on the discriminant validity test can be declared passed, because the diagonal value of each variable is greater than the correlation value of the variable with other variables in the same column or row. This means that all variables in the study are correct and do not overlap with each other.

Structural Model Test Results

Table of hypothesis test results

Table 4. Hypothesis Test Results (Direct Effects)

Hypothesis	Relationships	Path coefficient	Statistics T	p-value	Verdict
	between variables				
H1	X1 → Y	0,435	3.186	0,002	Accepted
H2	X2 → Y	0,357	1.879	0,061	Rejected
H3	X3 → Y	-0,245	1.387	0,166	Rejected

Source: Processed using SmartPLS bootstrapping from primary data (2026)

- A. Digitization of tax services (X1) has a positive and significant effect on the voluntary compliance of millennial generation (Y) taxpayers with a coefficient ($\beta = 0.435$; $p = 0.002$).
- B. Digital Literacy (X2) had a positive but not significant effect on voluntary compliance of millennial (Y) taxpayers with a coefficient ($\beta = 0.357$; $p = 0.061$).
- C. The ease of use of coretax (X3) had a negative and insignificant effect on the voluntary compliance of millennial generation taxpayers (Y) with a coefficient ($\beta = -0.245$; $p = 0.166$).

D. Nilai R Square :

E. $R^2 = 0.328$

F. Corrected $R^2 = 0.291$

This means that a third independent variable could explain 32.8% variation in voluntary tax compliance, while 67.2% was influenced by other factors outside the research model.

Hypothesis testing was carried out using bootstrapping in SmartPLS with the criteria of p value < 0.05 and statistical $t > 1.96$. The results show that the influence of digitization of tax services is positive and significant on voluntary compliance with compulsory taxes. Digital literacy and the ease of use of coretax have no effect on the voluntary compliance of millennial generation taxpayers.

RESULTS AND DISCUSSIONS

The impact of digitization of tax services on taxpayers' voluntary compliance

The results of the study show that the digitalization of tax services has a positive and significant impact on the voluntary compliance of millennial taxpayers. This shows that improving the quality of digital tax services can encourage taxpayers to meet their tax obligations voluntarily and without pressure or coercion from tax authorities.

These results support the Technology Acceptance Model (TAM) perspective, which states that the use of technology with real benefits increases user acceptance of the system (Asqolani & Priyono, 2025). The findings of this study also strengthen the view that the digital transformation of the Directorate General of Taxation has improved the quality of interaction between taxpayers and tax authorities, thereby contributing to improving tax compliance.

The impact of digital literacy on voluntary tax honesty

The results of the study show that digital literacy has a positive effect on the voluntary compliance of millennial taxpayers. Although the direction of the correlation leads to a positive effect, this influence is not statistically strong enough (Dewi & Darma, 2024; Wulandari et al., 2025).

These findings suggest that taxpayers' ability to use digital technology does not necessarily lead to greater tax compliance (Shaikh, 2025). Digital competence only indicates a person's ability to access, understand, and use technology; It does not automatically increase tax awareness or willingness to meet tax obligations.

The results of this study show that improving digital literacy competencies must go hand in hand with better tax education so that taxpayers' technology skills can be translated into actual tax compliance behavior.

The effect of the ease of use of coretax on voluntary compliance of millennial taxpayers

The results of the study show that the ease of use of coretax does not have a significant impact on voluntary tax compliance. Although the path coefficient shows a negative trend, it is not statistically significant. The difficulty of this adjustment can be explained by the fact that

the implementation of the coretax system is still relatively new, and some taxpayers are still getting used to the new tax administration system. During this transition phase, users often face technical constraints, workflow changes, and need to familiarize themselves with new procedures, which means that the perception of ease of use has not fully evolved. The results of the study highlight that the successful implementation of Coretax does not only depend on the technical aspects of the system, but also requires intensive education, user support, increased system stability, and improved tax education to ensure that taxpayers can fully take advantage of the advantages of the system.

CONCLUSION

This study showed that taxes on digital services have a positive and significant impact on the voluntary tax compliance of millennials. However, it cannot be proven that digital literacy and ease of use have a significant impact on tax compliance. The results show that the success of digital tax reform depends more on the quality of the digital services taxed than on factors such as individuals' digital skills or their perception of the ease of use of the system. Based on these findings, several recommendations are proposed. For the Directorate General of Taxation, it is recommended to prioritize digital service quality through system stability, user-friendly interfaces, and responsive customer support, while building taxpayer trust through reliable and transparent services rather than relying solely on digital literacy or perceived ease of use. Intensive tax education programs should complement digital literacy initiatives, emphasizing both system usage and the benefits of compliance. For future researchers, it is recommended to expand the scope by including behavioral factors such as tax awareness and trust in authorities, conduct longitudinal studies to capture behavioral changes over time, and undertake comparative studies across generations (Millennials, Gen Z, Gen X) to inform targeted service strategies.

REFERENCES

- Ajzen, I. (2020). Theory of planned behavior: Frequently asked questions. *Human Behavior and Emerging Technologies*, 2(4), 314–324. <https://doi.org/10.1002/hbe2.195>
- Asqolani, & Priyono, A. P. (2025). Technology readiness and acceptance predict the digital adoption of tax auditors. *Research: Journal of Economics, Accounting, and Business Applications*, 7(2). <https://doi.org/10.37641/research.v7i2.2684>
- Darono, A., & Panggabean, T. (2026). From compliance to application: A theory development study on the technology implementation gap in tax administration. *Journal of Risk and Financial Management*, 19(4), Article 237. <https://doi.org/10.3390/jrfm19040237>
- Davis, F. D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS Quarterly*, 13(3), 319–340.
- Dewi, N. P. D., & Darma, G. S. (2024). Tax digitalization and tax honesty. *Dinasti International Journal of Economics, Finance & Accounting*, 5(2), 112–124. <https://doi.org/10.38035/dijefa.v5i2.2408>
- Direktorat Jenderal Pajak. (2025). *Coretax tax administration system: Tax administration transformation in Indonesia*. Direktorat Jenderal Pajak.
- Fauziah, H., Fitriana, F., & Santoso, R. A. (2025). Digital transformation of tax administration: A literature review based on Scopus-indexed articles. *Costing: Journal of Economics, Business and Accounting*. <https://doi.org/10.31539/avqkqc54>
- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2022). *A primer on partial least*

- squares structural equation modeling (PLS-SEM)* (3rd ed.). Sage Publications.
- Ilyas, H. T., Devano, S., & Herdianti, S. (2025). The influence of tax planning and the implementation of the Coretax administration system on tax compliance. *Eduvest: Journal of Universal Studies*, 5(3). <https://doi.org/10.59188/eduvest.v5i3.44798>
- Pawitri, N. M. P., & Anggara, I. W. G. W. P. (2025). System quality and acceptance of Coretax users in Indonesia: A study using a PLS-SEM-based technology acceptance model. *E-Jurnal Akuntansi*, 35(8). <https://doi.org/10.24843/EJA.2025.v35.i08.p25>
- Pratama, B., Hidayat, R., & Mukhtaruddin. (2025). Digital transformation of the tax administration system and its impact on tax honesty: A systematic literature review. *Journal of Business Economics, Management and Accounting*, 6(1). <https://doi.org/10.47709/jebma.v6i1.8114>
- Purwanti, E., & Furqon, K. (2025). Understanding tax honesty in the digital era. *Journal of Taxation and Public Finance*, 4(2). <https://doi.org/10.15575/jpkp.v4i2.51296>
- Rosyid, M. A., Pangesti, I., Hasanah, N., & Mastutik, S. (2024). The impact of digitalization on tax compliance and law enforcement in Indonesia. *Mendapo: Journal of Administrative Law*, 5(3). <https://doi.org/10.22437/mendapo.v5i3.32242>
- Santioso, L., & Daryatno, A. B. (2025). The influence of tax digitalization, tax awareness, and modernization of the administrative system on tax honesty. *International Journal of Application on Economics, Business and Accounting*, 3(2), 682–695. <https://doi.org/10.24912/ijaeb.v3i2.682-695>
- Shaikh, S. (2025). Innovation and oversight in the balance: AI in the U.S. Treasury Department and the IRS—A survey. *Public Finance and Digital Governance Review*.
- Sitio, M. P., Hendarto, D. T., Hudi, N., Sunarsih, U., & Mais, R. G. (2025). Digital tax analysis to improve tax compliance: A systematic literature review. *Syntax Literate: Jurnal Ilmiah Indonesia*, 10(12). <https://doi.org/10.36418/syntax-literate.v10i12.63261>
- Sulistiyorini, D., & Dasman, S. (2023). Tax honesty: The role of the technology acceptance model in the context of digitization of the tax system and internet literacy. *East Asian Journal of Multidisciplinary Research*, 2(6). <https://doi.org/10.55927/eajmr.v2i6.4653>
- Venkatesh, V., Morris, M. G., Davis, G. B., & Davis, F. D. (2003). User acceptance of information technology: Toward a unified view. *MIS Quarterly*, 27(3), 425–478.
- Wulandari, W., Djaddang, S., & Suratno. (2025). Tax honesty in the digital age: A systematic review combining behavioral, technological, and institutional perspectives. *International Journal of Current Science Research and Review*, 8(12). <https://doi.org/10.47191/IJCSRR/V8-i12-58>
- Zahro, A. F., & Machdar, N. M. (2024). Determinants of tax honesty: Digitalization, tax awareness, and knowledge. *Journal of Economics and Accounting Research*, 3(1). <https://doi.org/10.54066/jrea-itb.v3i1.2819>