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Coretax Digital Tax Administration, Institutional Trust, And Sustainable Compliance Intention Among UMKM Taxpayers: The Moderating Role of Digital Literacy

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ABSTRACT: The launch of Indonesia's Core Tax Administration System (Coretax DJP) in January 2025 represents a watershed moment in the country's tax digitalization trajectory. However, whether this digital transformation genuinely fosters sustainable tax compliance — particularly among UMKM (small and medium enterprise) taxpayers who constitute the most compliance-vulnerable segment — remains empirically unexamined. This study develops and tests a conceptual model that integrates the Technology Acceptance Model (TAM), Institutional Trust Theory, and Sustainable Tax Compliance Framework, examining how perceived usefulness, perceived ease of use, tax knowledge, and perceived data security of the Coretax system shape taxpayers' sustainable compliance intentions, mediated by trust to government and moderated by digital literacy. A Partial Least Squares Structural Equation Modelling (PLS-SEM) approach using SmartPLS 4.0 is employed with a sample of 220 UMKM taxpayers, supplemented by a 2×2 Experimental Vignette Methodology (EVM) to enhance causal validity. Nine hypotheses are formulated. Theoretically, this study is the first to integrate TAM, Institutional Trust Theory, and the Sustainable Tax Compliance Framework in an integrated model specific to Indonesia's digitalized tax context. Methodologically, the EVM design addresses common method bias limitations of conventional survey studies. Findings are expected to inform DJP's policy strategy for achieving sustainable compliance among the UMKM segment through optimized digital taxation platforms.

KEYWORDS: Sustainable Tax Compliance; Technology Acceptance Model; Institutional Trust; Digital Literacy; UMKM; PLS-SEM

INTRODUCTION

The global transformation of tax administration through digitalization represents one of the most significant policy shifts in public finance governance in the twenty-first century. The OECD Tax Administration 3.0 framework (OECD, 2020) envisions a future where taxpayer obligations are seamlessly embedded into digital business processes, reducing compliance burdens while simultaneously improving revenue efficiency for tax authorities. Within this broader international trajectory, Indonesia has undertaken one of its most ambitious digital reforms in public administration: the Core Tax Administration System — commonly referred to as Coretax DJP — officially launched on 1 January 2025.

Coretax DJP represents a systemic overhaul of the Directorate General of Taxes' (DJP) entire operational architecture. Developed at a total investment of approximately IDR 2.5 trillion, the system integrates all tax business processes — taxpayer registration, tax return filing, payment processing, examination, and collection — into a single unified platform. In operational scope and technological ambition, Coretax DJP is the largest public administration digital transformation project in Indonesia's history (DJP, 2024).

However, the rollout of Coretax DJP was not without significant turbulence. From its very first days of operation in January 2025, DJP received tens of thousands of complaints from taxpayers and tax consultants regarding system access failures, synchronization errors, and data inconsistencies. The Indonesian Tax Consultants Association (IKPI) officially recorded more than 12,000 technical complaints within the first month of operation alone (IKPI, 2025). Such teething problems raised a critical academic question that transcends technical troubleshooting: does Coretax DJP genuinely foster sustainable tax compliance, or does the implementation turbulence create new barriers that undermine taxpayer trust and long-term compliance intentions?

This question is particularly urgent for Indonesia's UMKM (Usaha Mikro, Kecil, dan Menengah, or Micro, Small, and Medium Enterprises) segment. UMKM constitute the backbone of Indonesia's economy, contributing approximately 61% of GDP and absorbing 97% of the total workforce (Ministry of Cooperatives and SMEs, 2023). Yet their tax compliance rate remains critically low — the annual tax return filing rate among UMKM taxpayers was below 40% as of 2024 (DJP, 2024) — far below the compliance rates observed among large corporate taxpayers.

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Key drivers of this compliance gap include limited digital literacy, constrained financial resources, and institutional distrust toward the tax authority.

Existing research on digital tax administration and taxpayer behavior, including foundational Indonesian studies by Supheni et al., (2022) on e-filing adoption, tax knowledge, and tax officer service quality, has established important empirical groundwork. Nevertheless, three critical gaps remain unaddressed in the extant literature. First, prior studies applying the Technology Acceptance Model (TAM) to e-taxation have examined adoption intention but have not extended their inquiry to sustainable compliance intention — the sustained and voluntary nature of compliance over time without constant enforcement pressure. Second, the construct of institutional trust — specifically trust toward the tax authority as shaped by taxpayers' experiences with digital systems — has not been integrated with TAM in an empirically tested model for Indonesia's emerging-economy context. Third, digital literacy as a boundary condition moderating the effectiveness of digital tax systems has received theoretical but not empirical attention in the tax compliance domain in Indonesia.

This study seeks to close these gaps by developing and proposing an empirically testable integrated model that connects Coretax system quality perceptions (operationalized through TAM's perceived usefulness and perceived ease of use, supplemented by tax knowledge and perceived data security) to sustainable compliance intentions, mediated by trust to government/DJP, and moderated by taxpayers' digital literacy. The research model is underpinned by three theoretical pillars: the Technology Acceptance Model (Davis, 1989), Institutional Trust Theory (Bélanger & Carter, 2020; Zucker, 1986), and the Sustainable Tax Compliance Framework (Alm, 2019; Kirchler, 2007).

The contribution of this study is threefold. Conceptually, it offers the first integrated theoretical model linking TAM, institutional trust, and sustainable tax compliance in the specific context of Indonesia's Coretax implementation. Contextually, it provides the first empirical examination of sustainable compliance among UMKM taxpayers under the newest tax administration platform in Indonesia. Methodologically, it combines PLS-SEM with a 2×2 Experimental Vignette Methodology (EVM) to strengthen causal inference and mitigate common method bias — a methodological novelty in Indonesian tax compliance research.

LITERATURE REVIEW

2.1 Technology Acceptance Model (TAM) in Tax Digitalization

The Technology Acceptance Model, originally proposed by Davis, (1989), constitutes the most widely applied theoretical framework in research examining individual acceptance of information systems. TAM posits that an individual's behavioral intention to use a technology is fundamentally determined by two cognitive antecedents: Perceived Usefulness (PU) — the degree to which a person believes that using a particular technology will enhance their task performance — and Perceived Ease of Use (PEOU) — the degree to which a person believes that using the technology will be free from effort.

TAM has been extensively applied in e-government and e-taxation research globally. Schaupp & Carter, (2010) demonstrated that PU and PEOU significantly predict e-filing adoption among individual taxpayers in the United States. In Indonesia, Supheni et al., (2022) applied TAM-derived constructs in their study of e-SPT adoption, confirming that taxpayer perceptions of system ease and benefit significantly influence their filing compliance behavior. However, these studies converge on measuring a one-time adoption intention, rather than probing the sustained longitudinal nature of compliance behavior that characterizes sustainable compliance.

In the context of Coretax DJP, PU refers specifically to taxpayers' perception that using Coretax meaningfully reduces the effort and time required for tax return preparation, payment, and record-keeping, thereby making tax compliance more efficient. PEOU refers to the perception that the Coretax interface, navigation, and feature set are intuitive and learnable without excessive cognitive burden. Both constructs are expected to exert direct and indirect (trust-mediated) effects on sustainable compliance intention.

2.2 Institutional Trust Theory and Tax Compliance

Institutional Trust Theory, grounded in the foundational work of Zucker, (1986) and subsequently applied to e-government contexts by Bélanger & Carter, (2020), proposes that trust in an institution is built through two mechanisms: (1) characteristic-based trust, deriving from perceived competence, integrity, and benevolence of the institution; and (2) process-based trust, deriving from consistent and reliable institutional behaviors over time.

In the domain of taxation, Kirchler's (2007) Slippery Slope Framework established that taxpayer compliance is a function of both perceived power of the tax authority (enforcement capacity) and trust in the tax authority (institutional legitimacy). Critically, Kirchler argues that compliance driven primarily by enforcement power is inherently unstable — it collapses when enforcement capacity is perceived to weaken. By contrast, compliance driven by institutional trust produces voluntary and sustainable compliance behavior, constituting the normative ideal of tax administration policy.

In the digital tax administration context, trust to government/DJP is conceptualized here as taxpayers' overall confidence in DJP's competence, fairness, and integrity as manifested in the design, implementation, and governance of the Coretax system. Positive experiences with Coretax — reflected in high PU, PEOU, and perceived data security — are expected to strengthen trust, which in turn translates into sustainable compliance intentions. Negative experiences, such as the technical disruptions during the early Coretax rollout, constitute trust-damaging events that may undermine long-term compliance trajectories.

2.3 Sustainable Tax Compliance Framework

The construct of Sustainable Tax Compliance Intention (SCI) employed in this study extends beyond conventional compliance measures. Whereas traditional tax compliance research has primarily measured binary compliance (paid/filed on time vs. not), sustainable compliance refers to the consistent, voluntary, and long-term intention to fulfill tax obligations accurately and on time, even in the absence of intensive audit or enforcement pressure (Alm, 2019; Braithwaite, 2009).

Kirchler, (2007) distinguishes between enforced compliance (compliance driven by fear of detection and punishment) and voluntary compliance (compliance driven by intrinsic motivation and institutional trust). Only the latter variety can be considered truly sustainable. The

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present study operationalizes SCI as a reflective, multi-dimensional construct measuring: (1) intention to continue compliance consistently regardless of enforcement intensity; (2) accuracy commitment — the intention to report complete and accurate tax data; and (3) proactive compliance — going beyond minimum legal requirements, such as proactive use of e-invoices and real-time data synchronization facilitated by Coretax.

2.4 Digital Literacy as a Moderating Boundary Condition

Van Deursen & Van Dijk, (2014) define digital literacy as the set of skills and competencies required to effectively, critically, and autonomously use digital information systems. In the context of digital public services, digital literacy determines whether a citizen is able to navigate, understand, and confidently use e-government platforms.

Applied to UMKM taxpayers' interaction with Coretax, digital literacy is expected to function as a positive moderator: taxpayers with high digital literacy will derive greater benefit from Coretax's features (amplifying the PU–SCI relationship), experience less anxiety when encountering technical difficulties, and be better positioned to interpret the system's transparency features as trust-building signals. Conversely, taxpayers with low digital literacy may perceive even a well-designed system as burdensome, dampening the compliance benefits that the system is intended to produce.

2.5 Research Gap and Positioning

Synthesizing the literature across these four theoretical streams, this study identifies three specific and unaddressed gaps. First, no published study to date has integrated TAM, Institutional Trust Theory, and the Sustainable Tax Compliance Framework in a single, empirically tested model in any national tax digitalization context, let alone Indonesia's. Second, the Coretax DJP system — launched in 2025 — has received no academic empirical attention. Third, the role of digital literacy as a moderating boundary condition in the TAM-to-sustainable-compliance pathway has not been empirically examined. The present study is therefore positioned as the first to address all three gaps simultaneously, producing novelty at conceptual, contextual, and methodological levels.

RESEARCH MODEL AND HYPOTHESES DEVELOPMENT

3.1 Conceptual Research Model

The conceptual model proposed in this study comprises four independent variables (Perceived Usefulness/PU, Perceived Ease of Use/PEOU, Tax Knowledge/TK, Perceived Data Security/PDS), one mediating variable (Trust to Government-DJP/TG), one dependent variable (Sustainable Compliance Intention/SCI), and one moderating variable (Digital Literacy/DL). The model is grounded in TAM, Institutional Trust Theory, and the Sustainable Tax Compliance Framework, as elaborated in the prior section.

The structural model posits that UMKM taxpayers' perceptions of Coretax DJP quality — reflected through PU, PEOU, TK, and PDS — shape their institutional trust in DJP (TG), which in turn drives their Sustainable Compliance Intention (SCI). Direct effects of PU on SCI are also hypothesized, consistent with the TAM literature. Digital Literacy (DL) moderates the PU → SCI pathway, amplifying the positive effect of system usefulness perceptions on compliance intention for taxpayers with higher digital capabilities.

3.2 Hypotheses

3.2.1 Perceived Usefulness and Trust to Government (H1)

When taxpayers perceive that Coretax genuinely simplifies their tax obligations — reducing preparation time, minimizing errors, and providing clear audit trails — they are likely to interpret the system as evidence of DJP's commitment to taxpayer service quality. In line with Bélanger & Carter, (2020) process-based trust argument, consistently high system utility signals institutional competence and benevolence, thereby strengthening trust. Accordingly:

H1: Perceived Usefulness of Coretax positively and significantly affects Trust to Government/DJP.

3.2.2 Perceived Ease of Use and Trust to Government (H2)

When a digital government service is perceived as effortless to use, citizens attribute this to positive institutional design intentionality — a signal that the government takes citizen experience seriously (Warkentin et al., 2002). Applied to Coretax, PEOU is therefore expected to function as a trust-building signal: ease of navigation and minimal cognitive burden translate into perceptions of DJP as a modern, citizen-centric institution.

H2: Perceived Ease of Use of Coretax positively and significantly affects Trust to Government/DJP.

3.2.3 Tax Knowledge and Trust to Government (H3)

Taxpayers with greater tax knowledge are better equipped to evaluate the fairness and proportionality of tax regulations and administrative processes. Research consistently shows that informed taxpayers maintain higher baseline trust in tax institutions, as their knowledge enables them to assess institutional behavior against legal and procedural standards rather than through anxiety or misunderstanding (Feld & Frey, 2007; Kirchler, 2007).

H3: Tax Knowledge positively and significantly affects Trust to Government/DJP.

3.2.4 Perceived Data Security and Trust to Government (H4)

UMKM taxpayers entrust Coretax with sensitive financial data — including income statements, turnover figures, and bank account information. Perceived data security captures the degree to which taxpayers believe this data is protected from unauthorized access, breach, or misuse. In e-government research, data security is consistently identified as one of the strongest predictors of institutional trust in digital platforms (Bélanger & Carter, 2020; Pavlou, 2003).

H4: Perceived Data Security of Coretax positively and significantly affects Trust to Government/DJP.

3.2.5 Trust to Government and Sustainable Compliance Intention (H5)

Kirchler's (2007) Slippery Slope Framework provides direct theoretical support for H5: voluntary and sustainable compliance is primarily a product of institutional trust, not enforcement power. Taxpayers who trust DJP as a fair, competent, and honest institution are intrinsically motivated to maintain compliance consistently — not merely when tax audits loom, but as a normative behavioral disposition.

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H5: Trust to Government/DJP positively and significantly affects Sustainable Compliance Intention.

3.2.6 Direct Effect of Perceived Usefulness on Sustainable Compliance Intention (H6)

Beyond trust-mediated pathways, PU may also exert a direct effect on SCI. When Coretax significantly reduces the effort and time cost of compliance — effectively eliminating the 'compliance friction' that drives non-compliance among busy UMKM entrepreneurs — it directly increases the likelihood that taxpayers will sustain their compliance behavior over time. This effect may operate independently of trust, through a pure utility calculus.

H6: Perceived Usefulness of Coretax positively and significantly affects Sustainable Compliance Intention.

3.2.7 Mediating Role of Trust to Government (H7 and H8)

Building on the hypothesized antecedents of trust (H1–H4) and trust's effect on compliance (H5), the model further proposes that Trust to Government/DJP serves as a mediating mechanism through which Perceived Usefulness and Perceived Data Security — the two most instrumentally trust-relevant constructs — influence Sustainable Compliance Intention.

H7: Trust to Government/DJP mediates the positive relationship between Perceived Usefulness and Sustainable Compliance Intention.

H8: Trust to Government/DJP mediates the positive relationship between Perceived Data Security and Sustainable Compliance Intention.

3.2.8 Moderating Role of Digital Literacy (H9)

Digital literacy is hypothesized to amplify the positive effect of Coretax's perceived usefulness on sustainable compliance intention. Taxpayers with high digital literacy are better positioned to extract maximum utility from Coretax — navigating advanced features, interpreting real-time tax data, and leveraging automated notifications — thereby translating perceived usefulness into sustained compliance behavior more effectively than digitally limited counterparts.

H9: Digital Literacy positively moderates the relationship between Perceived Usefulness and Sustainable Compliance Intention, such that the positive effect of Perceived Usefulness on Sustainable Compliance Intention is stronger for taxpayers with higher Digital Literacy.

Table 1. Research Hypotheses Summary

Hyp.	Relationship	Description	Theory Basis
H1	PU → TG (+)	Perceived Usefulness of Coretax positively affects Trust to Government	TAM; Bélanger & Carter (2020)
H2	PEOU → TG (+)	Perceived Ease of Use of Coretax positively affects Trust to Government	TAM (Davis, 1989)
H3	TK → TG (+)	Tax Knowledge positively affects Trust to Government/DJP	Kirchler (2007)
H4	PDS → TG (+)	Perceived Data Security positively affects Trust to Government	IT Security Literature
H5	TG → SCI (+)	Trust to Government positively affects Sustainable Compliance Intention	Kirchler (2007); Alm (2019)
H6	PU → SCI (+)	Perceived Usefulness of Coretax positively affects Sustainable Compliance Intention	TAM (Davis, 1989)
H7	TG mediates PU–SCI	Trust to Government mediates the relationship between Perceived Usefulness and Sustainable Compliance Intention	Mediation (Hayes, 2018)
H8	TG mediates PDS–SCI	Trust to Government mediates the relationship between Perceived Data Security and Sustainable Compliance Intention	Mediation (Hayes, 2018)
H9	DL moderates PU–SCI	Digital Literacy moderates the positive relationship between Perceived Usefulness and Sustainable Compliance Intention	Van Deursen & Van Dijk (2014)

RESEARCH METODOLOGY

4.1 Research Design

This study employs a quantitative-explanatory research design, combining two complementary methodological approaches to maximize both internal and external validity. The primary approach is Partial Least Squares Structural Equation Modelling (PLS-SEM), which is well-suited for complex multi-path models with formative and reflective constructs in contexts where population normality cannot be assumed (Hair et al., 2019). The secondary approach is a 2×2 Experimental Vignette Methodology (EVM), which strengthens causal validity by experimentally manipulating key contextual variables and measuring compliance intention responses across randomized vignette conditions (Aguinis & Bradley, 2014).

4.2 Population and Sample

The target population consists of UMKM taxpayers registered with the Directorate General of Taxes (DJP) who have been or are required to use Coretax DJP for tax filing and payment. Given the newly launched nature of Coretax, UMKM taxpayers with existing NPWP (Nomor Pokok Wajib Pajak) registration and reported taxable income under the scope of PP No. 55 Year 2022 (PPh Final for UMKM) across Surabaya and

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surrounding East Java districts are prioritized as the sampling frame, given the region's high UMKM density and DJP East Java's extensive Coretax socialization programs.

Sample size determination follows Hair et al.,'s (2019) PLS-SEM guidelines for ten-times rule and power analysis with minimum 80% statistical power at a 5% significance level. Given a maximum of 7 arrows pointing to any single construct in the inner model, the minimum required sample size is 70 respondents. However, to achieve representativeness and sufficient power for moderation analysis — which requires larger samples to detect interaction effects (Chin et al., 2023) — a target of 220 valid respondents is established. Data will be collected through structured questionnaires distributed via both online (Google Forms) and offline (assisted interview) channels through UMKM community associations, local business chambers (Kamar Dagang dan Industri/KADIN), and KPP Pratama offices.

4.3 Measurement Instrument

All constructs in the model are measured using reflective multi-item scales adapted from validated instruments in the literature, modified for the Coretax-specific context. Items are measured on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). The full instrument comprises 38–42 items across seven constructs. Table 2 presents the construct operationalization and sample items.

Table 2. Construct Operationalization and Sample Indicators

Construct (Role)	Code	Indicators / Items (Sample)
Perceived Usefulness (Independent)	**PU**	PU1–PU6: 'Coretax helps me complete tax obligations more efficiently'; 'Using Coretax improves the quality of my tax reporting'
Perceived Ease of Use (Independent)	**PEOU**	PEOU1–PEOU5: 'Coretax is easy to navigate'; 'It is easy for me to learn the features of Coretax'
Tax Knowledge (Independent)	**TK**	TK1–TK6: 'I understand the tax obligations applicable to my business'; 'I can correctly calculate PPh Final PP 55/2022'
Perceived Data Security (Independent)	**PDS**	PDS1–PDS5: 'I trust that my business data on Coretax is protected from unauthorized access'
Trust to Government/DJP (Mediating)	**TG**	TG1–TG6: 'I trust DJP as a fair and transparent tax institution'; 'DJP demonstrates competency in managing digital tax systems'
Sustainable Compliance Intention (Dependent)	**SCI**	SCI1–SCI6: 'I intend to continuously fulfill my tax obligations through Coretax in the future'; 'Even without strict supervision, I will keep reporting taxes on time'
Digital Literacy (Moderating)	**DL**	DL1–DL5: 'I can independently operate online government service applications'; 'I can evaluate the reliability of digital information related to taxation'

4.4 Experimental Vignette Methodology (EVM)

To supplement the PLS-SEM survey with causal evidence, the study employs a 2×2 between-subjects factorial EVM design. Two factors are manipulated: (1) Coretax Access Condition — High Ease (smooth, accessible interface) vs. Low Ease (technical barriers, error-prone access); and (2) Data Security Condition — High Security (explicit government data protection guarantee) vs. Low Security (no assurance provided). Respondents are randomly assigned to one of four vignette scenarios and asked to rate their sustainable compliance intention based on the described scenario. This factorial design allows isolation of causal effects of system quality and security perceptions on compliance intention while controlling for individual-level confounds.

4.5 Data Analysis

PLS-SEM analysis is conducted using SmartPLS 4.0. The analysis follows a two-stage procedure: (1) Outer model (measurement model) assessment — evaluating indicator reliability (outer loadings > 0.70), construct reliability (Composite Reliability > 0.70; Cronbach's Alpha > 0.70), and convergent and discriminant validity (AVE > 0.50; HTMT < 0.85); and (2) Inner model (structural model) assessment — evaluating path coefficients and their significance via 5,000-sample bootstrapping, coefficient of determination (R^2), predictive relevance (Q^2 via blindfolding), and effect sizes (f^2). Mediation analysis follows Preacher and Hayes (2008) using bias-corrected confidence intervals, with the Variance Accounted For (VAF) statistic used to classify mediation type. Moderation analysis uses the interaction term method with mean-centered variables. EVM data is analyzed using two-way ANOVA in SPSS 26.

Table 3. PLS-SEM Model Fit Criteria and Analysis Benchmarks

Test Type	Indicator	Threshold	SmartPLS 4.0 Tool
Outer Model	Outer Loadings	$\lambda > 0.70$	Outer Loadings Report
Outer Model	AVE	> 0.50	Construct Reliability Report
Outer Model	Composite Reliability	> 0.70	Construct Reliability Report

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Test Type	Indicator	Threshold	SmartPLS 4.0 Tool
Outer Model	Cronbach's Alpha	> 0.70	Construct Reliability Report
Discriminant Validity	HTMT Ratio	< 0.85	HTMT Report
Inner Model	R^2 (SCI)	> 0.25 (moderate)	Path Coefficients
Inner Model	Q^2 (Predictive Relevance)	> 0.00	Blindfolding
Mediation	VAF (Variance Accounted For)	> 20% partial; > 80% full	Indirect Effect Report
Moderation	Interaction Term (PU×DL → SCI)	Significant, $\beta > 0$	Interaction Terms

RESULTS AND DISCUSSION

5.1 Anticipated Patterns of Results

Based on the theoretical model and the extant empirical literature reviewed, the following patterns of results are anticipated. First, H1 and H2 — the effects of PU and PEOU on TG — are expected to be confirmed with moderate-to-strong path coefficients ($\beta > 0.30$), consistent with the e-government trust literature where system quality perceptions are among the strongest predictors of institutional trust (Bélanger & Carter, 2020). This would validate that taxpayers form trust judgments about DJP partly on the basis of their experiences with the Coretax interface itself.

Second, H4 — the effect of PDS on TG — is expected to be the strongest predictor within the model, given that data privacy concerns are particularly acute among UMKM entrepreneurs who fear that digital tax records may expose their businesses to additional scrutiny or reputational risk. This is consistent with Pavlou's (2003) finding that perceived security is the dominant antecedent of trust in digital government services.

Third, H5 — trust to government as a predictor of SCI — is expected to be both statistically significant and substantively meaningful, providing empirical validation for Kirchler's (2007) theoretical argument that sustainable (voluntary) compliance is primarily a trust-dependent phenomenon. The expected positive and significant effect of TG on SCI would suggest that DJP's strategic priority should be trust cultivation — not merely enforcement intensification — as the pathway to sustainable compliance.

Fourth, mediation hypotheses H7 and H8 are expected to reveal partial mediation — consistent with the broader e-government compliance literature in which both direct cognitive effects and trust-mediated pathways contribute independently to behavioral intention. This would indicate that Coretax's role in sustainable compliance operates through two channels: direct cognitive utility effects (taxpayers comply because the system makes compliance easier) and trust-mediated effects (taxpayers comply because an effective system signals DJP's competence and trustworthiness).

Fifth, H9 — the moderating role of digital literacy — is expected to be confirmed, with the moderating effect more pronounced among rural UMKM respondents (where digital literacy variance is higher) than urban respondents. This finding would have direct policy implications for DJP's UMKM compliance promotion strategy: digital literacy programs are not merely a welfare intervention but a strategic prerequisite for maximizing the compliance dividends of Coretax.

5.2 Theoretical Implications

The anticipated findings carry significant theoretical implications. This study would contribute the first empirical evidence that TAM constructs (PU, PEOU) shape institutional trust in a tax authority — a relationship previously theorized but never tested. More significantly, it would demonstrate that the TAM-Trust-Sustainable Compliance pathway is empirically viable, providing a micro-level behavioral mechanism that bridges the digital public administration literature and the tax compliance literature — two streams that have largely evolved independently.

Additionally, the moderating role of digital literacy — if confirmed — would enrich Sustainable Tax Compliance Theory by identifying a key boundary condition: the sustainability of compliance benefits from digital tax administration is conditional on taxpayers' technological capability to leverage the system. This suggests that digital tax systems do not uniformly produce compliance benefits but instead interact with pre-existing human capital differentials, producing compliance inequality between digitally literate and digitally marginal taxpayers.

5.3 Practical and Policy Implications

From a practical standpoint, the findings of this study would offer DJP (Directorate General of Taxes) and the Ministry of Finance actionable, evidence-based guidance on maximizing the return on Coretax's IDR 2.5 trillion investment. If PDS emerges as the dominant predictor of trust and sustainable compliance, DJP should prioritize visible data protection guarantees — including independent cybersecurity certifications, transparent data governance disclosures, and taxpayer data breach notification protocols — as trust-building mechanisms, particularly in Coretax's communication strategy to the UMKM segment.

If the moderation hypothesis is confirmed, the policy implication is that DJP's UMKM compliance programs should integrate digital literacy capacity-building as a co-investment with Coretax socialization. Partnerships with the Ministry of Communication and Information Technology (Kominfo) and local business associations (HIPMI, KADIN) to deliver digital literacy training could function as compliance multipliers — amplifying the compliance effects of Coretax adoption. The cost-effectiveness of such investments can be evaluated against the incremental tax revenue generated from improved UMKM compliance rates.

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CONCLUSION

This study presents a comprehensive conceptual model and methodological framework for examining the effects of Indonesia's Coretax DJP digital tax administration system on sustainable compliance intentions among UMKM taxpayers. Grounded in the integration of three theoretical frameworks — the Technology Acceptance Model, Institutional Trust Theory, and the Sustainable Tax Compliance Framework — the model addresses three critical gaps in the existing literature: the lack of integration between TAM and sustainable compliance constructs in tax research, the absence of empirical studies on Coretax DJP, and the untested moderating role of digital literacy in the Coretax-compliance relationship.

The nine hypotheses proposed in this study anticipate that UMKM taxpayers' perceptions of Coretax's usefulness, ease of use, knowledge of tax obligations, and confidence in data security collectively shape their institutional trust in DJP, which in turn drives sustainable compliance intentions. Digital literacy is expected to function as a positive moderator, amplifying the compliance benefits of Coretax for digitally capable taxpayers. The PLS-SEM methodology, supplemented by 2×2 Experimental Vignette Methodology, provides a methodologically rigorous design that advances beyond the survey-only limitations of most prior Indonesian tax compliance studies.

Theoretically, this study promises to enrich both the e-government trust literature and the tax compliance literature by demonstrating the empirical viability of the TAM-Trust-Sustainable Compliance pathway. Practically, the findings offer DJP and policymakers actionable recommendations for maximizing Coretax's compliance dividends through trust cultivation strategies and targeted digital literacy investment. Future research should extend the model to other taxpayer segments — corporate taxpayers, individual professionals, and foreign enterprises — and longitudinally examine whether Coretax's trust-building effects strengthen or attenuate as the system matures beyond its initial turbulent rollout phase.

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