

## THE EFFECT OF TAX LITERACY AND CORETAX DIGITALIZATION PERCEPTION ON FINAL INCOME TAX COMPLIANCE INTENTIONS OF MSMEs

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### Abstract

*This study examines the influence of tax literacy and perceptions of administrative digitalization through Coretax on the tax compliance intentions of Micro, Small, and Medium Enterprises (MSMEs) in the Jakarta and Depok regions, Indonesia. This study uses a quantitative approach with a survey method. The analysis technique used is multiple linear regression with the help of SPSS version 26 software. The results show that tax literacy and perceptions of administrative digitalization through Coretax have a positive and significant effect on tax compliance intentions. The digitalization perception variable has a coefficient of 0.514 ( $p < 0.01$ ), while tax literacy has a coefficient of 0.308 ( $p < 0.05$ ), so both are proven to increase the compliance intentions of informal sector MSMEs in the 0.5% Final Income Tax scheme. The final regression model has an Adjusted R<sup>2</sup> Square value of 0.450, which means that 45% of the variation in tax compliance intentions can be explained by tax literacy, perceptions of administrative digitalization through Coretax, and the control variables used. This research is expected to be a policy basis for the government and the Directorate General of Taxes in expanding the socialization of tax literacy and optimizing the use of Coretax, especially for MSMEs, to encourage sustainable tax compliance.*

**Keywords:** Final Income Tax for MSMEs, Tax Literacy, Digitalization of Administration, Tax Compliance, Coretax

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## 1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) in the informal sector play a pivotal role in Indonesia's economy by absorbing labor, sustaining local livelihoods, and providing flexible sources of economic activity. Despite their importance, the fiscal contribution of this sector often falls short of its economic potential. The inherent characteristics of informal businesses—such as limited transaction record-keeping, a predominance of cash-based transactions, small operational scale, and restricted access to formal services—make the consistent and accurate fulfillment of tax obligations particularly challenging. These conditions pose significant obstacles to efforts aimed at enhancing fair and sustainable tax revenue.

To reduce administrative barriers and encourage compliance, the government has implemented simplification policies such as the 0.5% Final Income Tax (PPH Final) scheme, which is designed to lower reporting and payment burdens for MSMEs with certain turnover thresholds. At the same time, the Directorate General of Taxes (DGT) has advanced administrative modernization through digitalization. A key initiative in this effort is the development of Coretax, an integrated tax administration system intended to streamline taxpayer registration, reporting, payment, and supervision through a standardized and automated digital platform.

However, digital transformation does not automatically lead to higher compliance. The successful adoption of Coretax depends on two main aspects. First is tax literacy among business actors—the cognitive ability to understand regulations, calculate tax liabilities, and recognize the benefits of taxation—which determines the extent to which taxpayers can utilize administrative facilities effectively. Second is the perception of administrative digitalization, namely assessments of the system's usefulness, ease of access, reliability, and security, which influence taxpayers' attitudes and intentions to use new digital services. Without adequate literacy and positive perceptions, technology risks being underutilized or even generating resistance.

Conceptually, the relationship between tax literacy, perceptions of digitalization, and compliance intention can be explained through several theoretical frameworks. The Theory of Planned Behavior highlights perceived behavioral control and attitudes as key determinants of intention; tax literacy enhances perceived behavioral control, while favorable perceptions of digital systems foster supportive attitudes toward technology adoption. Responsive Regulation Theory emphasizes that adaptive, trust-based regulatory approaches

are more effective in promoting voluntary compliance, whereas Social Exchange Theory suggests that taxpayers are more likely to reciprocate fair and beneficial services with compliant behavior.

The context of the 0.5% Final Income Tax scheme adds a practical dimension to this analysis. While the scheme simplifies fiscal obligations, its effectiveness in improving compliance depends on MSMEs' ability to understand the rules and utilize available reporting mechanisms. In practice, many informal sector actors lack adequate transaction records, stable internet access, or the digital skills required to interact with systems such as Coretax. Moreover, the quality of socialization efforts, user interface design, and the availability of technical support further shape perceptions and readiness for adoption.

Based on these conditions, this study focuses on the tax compliance intentions of informal sector MSMEs operating under the 0.5% Final Income Tax scheme by examining the roles of tax literacy and perceptions of administrative digitalization through Coretax as key determinants. The main research question is: to what extent do tax literacy and perceptions of Coretax influence compliance intentions, both partially and simultaneously? Sub-questions include identifying which aspects of tax literacy are most decisive for compliance intention, which dimensions of Coretax perception exert the strongest influence, and whether the combination of these two factors explains variations in compliance intention more effectively than each factor individually.

The objective of this study is to provide empirical evidence that can inform practical policy recommendations, including the development of targeted tax education programs for informal MSMEs, improvements in the design and accessibility of Coretax, and the formulation of responsive outreach and technical support strategies. Ultimately, this research aims to bridge the gap between tax administration reforms and the operational realities of informal MSMEs, enabling tax digitalization to foster greater voluntary compliance without imposing undue burdens on small business operators.

### **Tax Literacy**

Tax literacy is a branch of financial literacy (Mouckova and Vitex, 2018; Cvrlje, 2015). Literacy can generally be interpreted literally as the ability to identify, understand, interpret, create, communicate, and perform calculations using textual materials associated with various contexts (UNESCO (2012) in Cvrlje (2015)). Using this paradigm, the definition of tax literacy aligns with the opinion of Bhusan and Medury (2013) in Cvrlje (2015), namely the knowledge that individuals should possess in order to effectively manage issues that may

arise from their personal tax aspects. Departing from this definition, it is necessary to interpret the essence of the level of tax knowledge in order to understand tax literacy holistically.

Oladipupo and Obazee (2013), in Albab and Suwardi (2021), define tax knowledge as the level of taxpayer awareness or sensitivity toward tax regulations. Ramadhanty (2018), in Albab and Suwardi (2021), deduced that tax knowledge stems from the process of maturing taxpayer behavior acquired through learning and teaching efforts. Since tax literacy is closely related to tax knowledge, tax literacy can be explained as a taxpayer's knowledge in managing personal tax aspects effectively based on the taxpayer's awareness of tax regulations acquired through learning and teaching efforts. According to Nichita et al. (2019), tax literacy among MSMEs encompasses knowledge of tax types, reporting procedures, tax payment and/or remittance mechanisms, as well as potential tax incentives.

Nichita et al. (2019) further emphasize that taxpayers' understanding of tax regulations is a critical determinant of tax compliance. However, tax regulations are often complex, making them difficult for taxpayers to fully comprehend. Consequently, adequate tax literacy is essential to enhance tax knowledge and to foster greater tax compliance.

### **Coretax Administration System (CTAS)**

The Coretax Administration System (CTAS) constitutes the centerpiece of Indonesia's ongoing tax system reforms, integrating information technology, enhancing human resource governance, and modernizing business processes within the taxation sector (Darmayasa & Hardika, 2024). The exercise of taxpayers' rights and the fulfillment of tax obligations through CTAS are governed by Minister of Finance Regulation Number 81 of 2024 on Tax Provisions for the Implementation of the Core Tax Administration System (PMK 81/2024). The regulatory groundwork for the development of CTAS was previously established through Presidential Regulation Number 40 of 2018 concerning the Renewal of the Tax Administration System (Perpres 40/2018). The enactment of PMK 81/2024, which came into effect on January 1, 2025, represents a major transformation in tax administration business processes, which are now digitized and centralized through an integrated taxpayer portal.

According to Darmayasa and Hardika (2024), one of the principal objectives of CTAS implementation is to enhance tax compliance. However, the digitalization of tax administration does not automatically result in higher compliance, as it faces several challenges. These challenges include: (i) the

readiness of policymakers to adopt and manage digital technologies (Bassey et al., 2022); (ii) frequent changes in tax policies that require continuous system adjustments (Arianty, 2024); (iii) vulnerability to cybersecurity threats (Arianty, 2024); (iv) limitations in human resource capacity (Arianty, 2024); and (v) potential resistance from both taxpayers and tax authorities to regulatory and technological changes (Arianty, 2024).

### **Tax Compliance**

Tax compliance refers to an entity's efforts to fulfill its tax obligations, which are influenced not only by legal enforcement mechanisms but also by perceptions of fairness, trust in public institutions, and the reputation of tax authorities (Arie & Kamaruzzaman, 2025). Earlier literature by James and Alley (2002, as cited in Rahayu et al., 2025) defines tax compliance as taxpayers' adherence to tax regulations, encompassing the accuracy of tax reporting and the timeliness of tax payments in accordance with applicable laws.

To achieve tax compliance, tax literacy is particularly essential for Micro, Small, and Medium Enterprises (MSMEs), as it enables taxpayers to avoid sanctions and to exercise their tax rights, which may reduce their overall financial burden (Kumalaningrum et al., 2023, as cited in Rahayu et al., 2025). Accordingly, improving tax literacy not only enhances formal compliance but also plays a critical role in strengthening voluntary compliance among MSME taxpayers.

### **Micro, Small, and Medium Enterprises (MSMEs)**

Micro, Small, and Medium Enterprises (MSMEs) are defined as independent productive businesses operated by individuals or business entities that are neither subsidiaries nor branches of large enterprises. Under Law Number 20 of 2008, MSMEs are classified based on net asset ownership ranging from IDR 50 million to IDR 10 billion, excluding land and buildings, and annual turnover between IDR 300 million and IDR 50 billion (Prasetyo, 2025). Previous studies indicate that MSMEs account for the majority of economic activities in Indonesia and play a substantial role in national economic development, contributing approximately 60 percent to the country's economic output (Saragih, Harahap, & Nurlaila, 2023).

The informal MSME sector typically operates with simple administrative systems. As a result, low levels of tax literacy and unfavorable perceptions of digital tax administration through Coretax may hinder taxpayers' compliance intentions. This relationship positions MSMEs as the primary subject of this study's dependent variable, namely tax compliance intention, where the legal

definition underscores resource constraints that may intensify challenges related to digital adoption.

### **Final Income Tax for MSMEs**

The Final Income Tax for Micro, Small, and Medium Enterprises (MSMEs) is a simplified taxation scheme that imposes a rate of 0.5 percent on annual gross turnover of up to IDR 4.8 billion. This scheme applies to individual taxpayers and MSME entities in accordance with Government Regulation Number 55 of 2022, which replaced Government Regulation Number 23 of 2018. The policy is intended to temporarily reduce administrative burdens for taxpayers within specific turnover thresholds while simultaneously encouraging higher levels of tax compliance (Safrina, Soehartono, & Setiawan Noor, 2018).

Under this regulation, the tax is calculated directly based on monthly gross turnover and is applicable for a maximum period of seven years for individual taxpayers and four years for certain business entities. After this period, taxpayers are given the option to transition to the standard income tax rates stipulated under Article 17 of the Income Tax Law. This mechanism is designed to support the gradual formalization of informal MSMEs by introducing them to the tax system through a simplified and predictable tax regime.

The simplicity of the 0.5 percent Final Income Tax (PPh) scheme is particularly relevant in the context of tax literacy and perceptions of digital tax administration through the Coretax system. These factors significantly influence how informal sector MSMEs understand, access, and fulfill their tax obligations. Accordingly, the Final Income Tax scheme functions not only as a tax collection instrument but also as a strategic policy tool to promote tax compliance, especially when supported by a transparent, accessible, and user-friendly digital tax administration system.

## **2. Research Method**

### **Types and Research Approaches**

This study employs a causal associative research design aimed at identifying and measuring the influence between two or more variables (Umar, 2012). A quantitative approach was adopted as it provides an objective and measurable research framework and allows hypotheses to be tested through statistical analysis. This approach enables empirical verification of relationships between variables and enhances the reliability and validity of the research



findings (Sugiyono, 2020). To obtain accurate and systematic results, this study applies multiple linear regression analysis using IBM SPSS Statistics version 26.

### **Research Location and Object**

The study was conducted in Jakarta and Depok, Indonesia, and focuses on Micro, Small, and Medium Enterprises (MSMEs) operating in the informal sector. These locations were selected due to the high concentration of MSME activities and their representativeness of Indonesia's urban business environment. Jakarta, as the capital city and national economic center, and Depok, as a rapidly developing buffer zone, are home to a substantial number of informal sector MSMEs subject to the 0.5 percent Final Income Tax (PPh) scheme.

The research subjects consist of informal sector MSMEs with annual gross turnover not exceeding IDR 4.8 billion, which qualifies them for the 0.5 percent Final Income Tax scheme under prevailing tax regulations. Informal sector MSMEs were selected due to their significant contribution to the Indonesian economy as well as the well-documented challenges they face in achieving tax compliance (Erdiansyah & Khoirunurrofik, 2021; Susyanti & Sunardi, 2023).

### **Research Variables**

According to Sugiyono (2019), a variable is an attribute or characteristic of an object, individual, or activity that can vary and be measured for research purposes. This study examines two types of variables: independent variables (X) and a dependent variable (Y), which are described as follows.

#### **a. Independent Variable (X)**

##### **1. Influence of Tax Literacy (X1)**

This variable measures the level of taxpayer understanding of basic tax concepts, tax rights and obligations, and tax administration procedures.

##### **2. Perception of Digitalized Administration (Coretax) (X2)**

This variable describes the level of taxpayer acceptance and perception of the digital-based tax administration system, such as ease of use and perceived benefits.

#### **b. Dependent Variable (Y) Tax Compliance Intention**

This variable measures the taxpayer's intention or tendency to fulfill their tax obligations, including the willingness to report, pay, and record taxes correctly in accordance with regulations.

### **Data Types and Sources**

This study uses two types of data, namely primary and secondary, which were collected to support the analysis of the influence of tax literacy and

perceptions of administrative digitalization through Coretax on the tax compliance intentions of informal sector MSME actors.

## 1. Primary Data

The primary data in this study were obtained directly from respondents through questionnaires distributed to informal sector MSMEs in the Jakarta and Depok areas registered as taxpayers with annual gross turnover not exceeding Rp 4.8 billion and meeting the criteria for the 0.5% Final Income Tax scheme. Primary data included respondents' perceptions and assessments of the research variables, namely:

### a. Tax Literacy (X1)

This variable covers respondents' knowledge of the 0.5% Final Income Tax regulations, procedures, reporting, payment mechanisms, as well as their understanding of the risks or sanctions arising from non-compliance or lack of understanding.

### b. Perception of Administrative Digitalization through Coretax (X2)

This variable includes respondents' assessments of the ease of digital tax administration, time and cost efficiency, and the transparency of tax information provided through the Coretax system.

### c. Tax Compliance Intention (Y)

This variable measures respondents' intentions or tendencies to fulfill their tax obligations, including the intention to pay taxes, to report honestly, willingness to use digital tax administration systems, and positive attitudes toward tax compliance.

Primary data were collected through a structured questionnaire using a 1–5 Likert scale to measure the level of respondents' agreement with each indicator item of the research variables. Data collection was conducted online using the Google Form platform, which was distributed through various digital communication groups consisting of informal-sector MSME actors in the Jakarta and Depok areas. The online distribution method was chosen to reach respondents more widely and efficiently while ensuring that all respondents met the predetermined research criteria.

## 2. Secondary Data

Secondary data in this study were obtained from various relevant literature sources to strengthen the theoretical foundation and research context. The sources of secondary data include :

### a. National and International Scientific Journals



Previous studies discussing tax literacy, digitalization of tax administration, tax compliance, and factors influencing taxpayer behavior, particularly among MSMEs.

**b. Official Documents and Regulations**

Regulations related to MSME taxation, including:

- Government Regulation Number 55 of 2022 concerning Adjustments to Income Tax Regulations
- Minister of Finance Regulation Number 81 of 2024 concerning Tax Provisions in the Implementation of the Core Tax Administration System (Coretax Administration System)
- Presidential Regulation Number 40 of 2018 concerning the Renewal of the Tax Administration System
- Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises

**Data collection technique**

Data collection in this study was conducted through two main techniques: an online questionnaire and a literature review. The questionnaires were distributed to 44 MSMEs from various business sectors. Respondents were selected using a purposive sampling technique, specifically those from the informal MSME sector. This questionnaire was designed to obtain primary data on perceptions of tax administration digitalization, tax literacy or tax education, and tax compliance intentions. Each variable in this study was efficiently measured using an online questionnaire instrument based on Google Forms, using a Likert scale of 1-5, with the following provisions:

1 = Strongly Agree

2 = Agree

3 = Neutral

4 = Disagree

5 = Strongly Disagree

**Table 1.** Questions in the Questionnaire

Variable	Indicator	Question Items	References
Perception of Administrative Digitalization	Ease of Digital Administration	1. I feel that tax reporting through a digital system will greatly simplify the process. 2. In my opinion, the digital tax	Rohmiatun et al. (2025) and Wulandari (2021)

		administration system reduces my administrative workload.	
Time and Cost Efficiency		3. I believe that digitalization of tax administration will save me time in handling tax matters.	Gunardi et al. (2025) and Wulandari (2021)
		4. I feel that digital tax administration can reduce costs (time/effort) in fulfilling tax obligations.	
		5. I feel that the tax information displayed in the digital system is sufficiently clear and easy to understand.	
		6. In my opinion, the digital system greatly helps in understanding the requirements and obligations related to the Final Income Tax for MSMEs.	Wafa and Furqon (2024) and Izzah (2025)
Tax Literacy	Knowledge of Final Income Tax Regulations	7. I am aware that MSMEs may be subject to a 0.5% Final Income Tax	Wijayanti et al. (2022)
		8. I understand how the 0.5% Final Income Tax rate is applied based on turnover.	
	Knowledge of Reporting and Payment Procedures	9. I understand how to report the 0.5% Final Income Tax (e.g., steps and digital systems).	Putri et al. (2025)
		10. I know what types of documents or business records must be	

		prepared for tax reporting.	
	Knowledge of Risks or Sanctions for Non-Compliance	11. I understand the consequences of failing to pay or report the 0.5% Final Income Tax.	Febriantika (2025)
		12. I am aware that incorrect reporting may cause administrative problems in the future.	
Tax Compliance Intention	Intention to Pay Taxes	13. I intend to regularly pay the 0.5% Final Income Tax if my business meets the criteria.	Rosyidi and Andriani (2025)
		14. I intend to use the digital tax system to fulfill my tax payment obligations.	
	Intention to Report Honestly	15. I intend to report my business turnover honestly, even though consistent and routine record-keeping may reduce tax liabilities.	Sherlina et al. (2023)
		16. I intend to submit tax reports with complete data without concealing transactions.	
	Willingness to Use the Tax Administration System	17. I am willing to use the digital portal provided by the Directorate General of Taxes (DGT) to pay and/or report taxes (Coretax).	Putri et al. (2025)
		18. I am willing to comply with the applicable tax	

	administrative procedures.	
Positive Attitude toward Compliance	19. I believe that tax compliance is important for business sustainability.	Chan et al. (2000)
	20. I agree that paying taxes is the responsibility of business actors.	

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Source: Processed by the Author, 2025.

### Data Analysis Techniques

This study employs multiple linear regression analysis using the Ordinary Least Squares (OLS) method with the assistance of SPSS software version 26 to examine the effects of the independent variables – tax literacy and perceptions of administrative digitalization through Coretax – on the dependent variable, namely tax compliance intention, both partially and simultaneously. Multiple linear regression analysis is selected because it is capable of identifying the magnitude of the influence of multiple independent variables on a single dependent variable, as well as assessing causal relationships among variables (Nasution et al., 2020).

The data analysis procedures consist of the following stages:

a. Data Quality Testing, including:

1. Validity Test

The validity test is conducted using the Principal Component Analysis (PCA) method through factor analysis to examine the factor loadings of each questionnaire item.

2. Reliability Test

Reliability testing is performed using two methods, namely Cronbach's Alpha and Composite Reliability (Fornell & Larcker, 1981).

c. Descriptive Statistics

After the validity and reliability tests confirm that all questionnaire items are suitable for use, descriptive statistics are presented to provide an overview of the data characteristics. This analysis is conducted to display the minimum, maximum, mean, and standard deviation values for each valid item (Michael et al., 2025).

c. Latent Variable Extraction Using Principal Component Analysis (PCA)

When each latent variable is measured by multiple items, value extraction is

carried out using Principal Component Analysis (PCA) to obtain a single proxy that represents each construct.

#### d. Classical Assumption Tests

To ensure that the resulting regression model is unbiased and efficient, fulfilling the criteria of the Best Linear Unbiased Estimator (BLUE), classical assumption tests are conducted, including:

##### 1. Multicollinearity Test

The multicollinearity test is used to ensure that the independent variables are not highly correlated with one another, which could otherwise disrupt the stability of regression coefficient estimates. This test is essential to ensure that the model produces reliable and unbiased estimates. The criteria for the absence of multicollinearity are:

- Tolerance value  $> 0.10$
- Variance Inflation Factor (VIF)  $< 10$  (or  $< 5$  for a more stringent criterion)

##### 2. Heteroskedasticity Test

The heteroskedasticity test is used to assess whether the variance of the residuals in the regression model is constant. This test is crucial to ensure that the model satisfies the basic OLS assumptions and produces efficient and unbiased coefficient estimates. The criteria applied are:

- If Sig.  $> 0.05$ , the model is free from heteroskedasticity (constant residual variance).
- If Sig.  $< 0.05$ , heteroskedasticity is present; therefore, robust standard errors using the HC3 (Heteroskedasticity-Consistent Standard Errors) method are employed to correct the estimates. The use of robust standard errors ensures that the estimation results remain valid even in the presence of heteroskedasticity (Susyanti & Sunardi, 2023).

#### e. Linear Regression Analysis with OLS

The multiple linear regression equation model used in this study is:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Y = Tax Compliance Intention

$\alpha$  = Constant

$\beta_1, \beta_2$  = Regression coefficients of independent variables

$X_1$  = Tax Literacy

$X_2$  = Perception of Tax Administration Digitalization (Coretax)

$\varepsilon$  = Error term (confounding factor)

#### f. Hypothesis Testing

Hypothesis testing is conducted to determine the effect of independent

variables on the dependent variable, both partially and simultaneously, through the following tests:

1. t-Test (Partial Test)

The t-test is used to examine the effect of each independent variable individually on the dependent variable. The decision criteria are as follows:

- If  $t\text{-statistic} > t\text{-table}$  or  $\text{Sig.} < 0.05$  ( $\alpha = 5\%$ ), the independent variable has a significant effect on the dependent variable.
- Significance levels:  $***p < 0.01$ ;  $**p < 0.05$ ;  $*p < 0.10$ .

2. F-Test (Simultaneous Test)

The F-test is used to examine the joint effect of all independent variables on the dependent variable. The decision criterion is that if the  $F\text{-statistic} > F\text{-table}$  or  $\text{Sig.} < 0.05$ , then all independent variables simultaneously have a significant effect on the dependent variable.

g. Coefficient of Determination ( $R^2$  and Adjusted  $R^2$ )

The coefficient of determination is used to measure the extent to which variations in the dependent variable can be explained by the independent variables, namely:

- $R^2$ : The proportion of variance in the dependent variable explained by the independent variables.
- Adjusted  $R^2$ : The  $R^2$  value adjusted for the number of variables and sample size, providing a more conservative estimation.

The value of Adjusted  $R^2$  ranges from 0 to 1, where a value closer to 1 indicates that the independent variables are able to explain the variation in the dependent variable effectively. In the context of this study, Adjusted  $R^2$  indicates the extent to which tax literacy and perceptions of Coretax explain variations in tax compliance intention among informal sector MSME actors (Prastiwi et al., 2023).

### 3. Result and Discussion

#### Data Testing Results

The results of the factor analysis show that all indicators in the Tax Compliance Intention (TC) construct have very high factor loading values, ranging from 0.839 to 0.955. This value indicates that each indicator in the TC construct has a very strong representational ability in explaining the latent variable of tax compliance intention, so that the convergent validity of this



construct can be stated as very good. In the Digitalization Perception (DP) construct, the factor loading values range from 0.579 to 0.891. Indicators DP1 to DP4 show a strong contribution to the construct, while DP5 and DP6 have lower loading values, so their explanatory power is relatively weaker although still within acceptable limits. Meanwhile, the Tax Literacy (TL) construct shows a factor loading value between 0.551 and 0.896. Indicators TL1, TL2, and TL3 have high representational power, followed by TL4 and TL5 which are in the adequate category, with TL6 as the indicator with the lowest contribution to the tax literacy construct.

Furthermore, the results of the data feasibility test using the Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of Sphericity indicate that the data meets the requirements for further factor analysis. The dependent variable construct has a KMO value of 0.865, which is in the high category and indicates excellent sample adequacy. Meanwhile, the independent variable construct has a KMO value of 0.745, which also indicates an adequate level of sample adequacy for factor analysis. In addition, the Bartlett's Test significance value for both constructs is at 0.000, which means that the correlation matrix between variables is not an identity matrix, so there is a significant correlation between indicators. Thus, it can be concluded that the overall data structure is suitable for further analysis using factor analysis techniques.

**Table 2. Factor Loading**

	1	2	3
TC1	0,897		
TC2	0,917		
TC3	0,955		
TC4	0,908		
TC5	0,839		
TC6	0,942		
TC7	0,887		
TC8	0,873		
DP1		0,891	
DP2		0,767	
DP3		0,721	
DP4		0,806	
DP5		0,579	
DP6		0,672	
TL1			0,867
TL2			0,814

TL3		0,896
TL4		0,772
TL5		0,739
TL6		0,551
Dependent Variable	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0,865
	Bartlett's Test of Sphericity	0,000
Independent Variable	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0,745
	Bartlett's Test of Sphericity	0,000

Source: Processed by the Author, 2025.

Reliability analysis shows that all constructs in this study have an excellent level of internal consistency. For the Tax Compliance Intention construct, the Cronbach's Alpha value of 0.967 and the Composite Reliability of 0.972 reflect very high reliability, so that all indicators that make up this construct can be said to be consistent in measuring the same variable. The Digitalization Perception construct has a Cronbach's Alpha value of 0.833 and a Composite Reliability of 0.881, indicating that this construct has strong and stable reliability, with adequate internal consistency for use in further analysis. Meanwhile, the Tax Literacy construct shows a Cronbach's Alpha value of 0.857 and a Composite Reliability of 0.902, which also indicates a high level of reliability and the ability of the indicators to consistently measure the construct.

Overall, all Cronbach's Alpha values were above the minimum threshold of 0.70, and all Composite Reliability values exceeded the 0.70 threshold recommended in latent construct-based quantitative research. Thus, it can be concluded that all of these research instruments have excellent reliability and meet the criteria for use in a measurement model.

**Table 3.** Reliability Analysis

	Cronbach's Alpha	Composite Reliability
TC	0,967	0,972
DP	0,833	0,881
TL	0,857	0,902

Source: Processed by the Author, 2025.

Descriptive statistics show that respondents have a relatively high tax compliance intention, with an average indicator score ranging from 3.69 to 4.12. Perceptions of tax digitalization are also very positive, reflected in a consistently high average score of 4.07 to 4.50, with relatively low response variation. Conversely, tax literacy levels appear more diverse and fall within the moderate

category, with an average indicator score ranging from 2.79 to 3.79. This pattern indicates that although respondents have a tendency to comply and view digitalization positively, their level of understanding of taxation material remains uneven and tends to be lower than the other two variables.

**Table 4.** Descriptive Statistics

	Minimum	Maximum	Mean	Std. Deviation
TC1	1	5	3,88	1,087
TC2	1	5	3,88	1,131
TC3	1	5	3,88	1,152
TC4	1	5	4,02	1,093
TC5	1	5	3,69	1,199
TC6	1	5	3,86	1,160
TC7	1	5	3,95	1,168
TC8	1	5	4,12	1,131
DP1	2	5	4,29	0,864
DP2	1	5	4,17	0,961
DP3	1	5	4,31	1,047
DP4	3	5	4,50	0,672
DP5	1	5	4,07	0,947
DP6	1	5	4,17	1,034
TL1	1	5	3,07	1,568
TL2	1	5	3,10	1,411
TL3	1	5	2,79	1,406
TL4	1	5	2,98	1,352
TL5	1	5	3,19	1,366
TL6	1	5	3,79	1,180

Source: Processed by the Author, 2025.

The results of multiple linear regression analysis using the OLS method show that Digitalization Perception (DP) and Tax Literacy (TL) are significant predictors of Tax Compliance Intention (TC). The DP variable has a coefficient of 0.514 ( $p < 0.01$ ), while TL has a coefficient of 0.308 ( $p < 0.05$ ), which means that the more positive taxpayers' perceptions of digitalization and the higher their level of tax literacy, the stronger their intention to comply. Meanwhile, demographic variables, including age, gender, education level, business classification, turnover, NPWP ownership, and experience using Coretax, do not show a significant influence on tax compliance intention.

The multicollinearity test showed a VIF value between 1.115 and 1.489, indicating no multicollinearity issues. The regression model was also declared free from heteroscedasticity based on the White Test ( $\chi^2 = 42.000$ ;  $p = 0.427$ ). The Adjusted  $R^2$  value of 0.450 indicates that the model is able to explain approximately 45% of the variation in tax compliance intentions. Overall, these

findings confirm that psychological and perceptual factors related to digitalization and tax knowledge play a much more dominant role than demographic characteristics in shaping respondents' tax compliance intentions.

**Table 5.** Regression Analysis with OLS Model

Dependent Variable	TC				
	Multicollinearity (2)				
Specification	1	2	Tolerance	VIF	3
Constant	-4,723E-17 (0,116)	0,304 (0,518)			0,304 (0,518)
Age		-0,011 (0,009)	0,821	1,219	-0,011 (0,009)
Gender		-0,352 (0,302)	0,794	1,260	-0,352 (0,302)
Education		0,147 (0,097)	0,897	1,115	0,147 (0,097)
Business Classification		-0,004 (0,058)	0,689	1,451	-0,004 (0,058)
Omzet		0,116 (0,189)	0,831	1,204	0,116 (0,189)
NPWP		-0,432 (0,273)	0,730	1,369	-0,432 (0,273)
Coretax Experience		0,292 (0,389)	0,828	1,208	0,292 (0,389)
DP	0,492*** (0,126)	0,514*** (0,141)	0,672	1,489	0,514*** (0,141)
TL	0,323** (0,126)	0,308** (0,133)	0,763	1,311	0,308** (0,133)
Adjusted R-square	0,435	0,450			
F-statistics	16,759	4,720			
White Test for Heterokedasticity					42,000 (0,427)

Source: Processed by the Author, 2025.

### The Influence of Tax Literacy on Tax Compliance Intention

The results indicate that tax literacy has a positive and statistically significant effect on the tax compliance intentions of informal sector MSMEs, with a regression coefficient ( $\beta$ ) of 0.308 and a significance level of  $p < 0.05$ . This finding suggests that higher levels of taxpayer knowledge regarding the 0.5 percent Final Income Tax regulations, reporting and payment procedures, as well as an understanding of the risks and sanctions associated with non-compliance, are associated with stronger intentions to fulfill tax obligations.

In the context of informal sector MSMEs—where business operations often lack adequate bookkeeping and rely heavily on limited information from informal sources—tax literacy plays a crucial role. Improved understanding of tax provisions enables taxpayers to recognize the benefits of compliance and the administrative risks arising from inaccurate or untimely reporting.

These findings are consistent with the existing literature, which emphasizes that tax literacy enhances taxpayers' awareness of tax regulations and strengthens their cognitive capacity to manage routine tax obligations. Studies by Albab and Suwardi (2021) and Nichita et al. (2019) similarly demonstrate that knowledge of tax rules, reporting procedures, and sanctions directly contributes to the development of compliant attitudes. Accordingly, the results confirm that tax literacy not only supports formal compliance but also strengthens voluntary compliance, as taxpayers feel more capable and confident in managing their tax obligations independently.

#### **The Influence of Perceptions of Administrative Digitalization through Coretax on Tax Compliance Intentions**

Taxpayers' perceptions of administrative digitization through Coretax were also shown to have a positive and significant effect on tax compliance intentions, with a regression coefficient ( $\beta$ ) of 0.514 and a significance level of  $p < 0.01$ . These results indicate that the more positive taxpayers' perceptions of the ease of use, time and cost efficiency, and transparency of information provided by the digital administration system, the greater their intention to comply. Administrative digitization through Coretax is designed to simplify the tax reporting, payment, and registration processes. For informal sector MSMEs with limited time, administrative skills, and access to formal tax services, the convenience of the digital system is an important driving factor. Positive perceptions of the system, both in terms of reliability, ease of navigation, and clarity of information, encourage taxpayers to feel more comfortable using the system as part of their compliance routine.

These findings are consistent with the notion that the implementation of tax technology will only be effective if it is well-received by its users. Digitalization does not automatically increase compliance; however, when taxpayers perceive digital systems as easy, practical, and helpful, voluntary compliance increases. This aligns with the literature on technology readiness, digital tax system adoption, and the concepts of perceived usefulness and perceived ease of use in technology acceptance models. Thus, positive

perceptions of Coretax are an important determinant in strengthening taxpayers' intention to use digital tax services and consistently fulfill their tax obligations.

### **Simultaneous Influence**

The regression model yields an Adjusted  $R^2$  value of 0.450, indicating that 45 percent of the variation in tax compliance intention is explained by tax literacy and perceptions of administrative digitalization through Coretax, along with the control variables included in the model. Moreover, the F-statistic value of 4.720 confirms that the model is statistically significant overall.

These results demonstrate that the combination of adequate tax knowledge and positive perceptions of a digital tax administration system exerts a stronger influence on tax compliance intentions than either factor alone. Tax literacy enhances taxpayers' capacity to understand and manage regulatory requirements, while favorable perceptions of digitalization reduce administrative burdens and increase procedural convenience. Together, these factors interact to promote stronger and more sustainable tax compliance intentions among informal sector MSMEs.

### **4. Conclusion**

This study concludes that tax literacy and perceptions of administrative digitalization through Coretax have a positive and significant impact on the tax compliance intentions of informal sector MSMEs operating under the 0.5 percent Final Income Tax scheme. Tax literacy enhances taxpayers' understanding of tax regulations, procedures, and the risks associated with non-compliance, while favorable perceptions of Coretax—reflected in its ease of use, time and cost efficiency, and information transparency—further strengthen compliance intentions. Collectively, these variables explain 45 percent of the variation in tax compliance intention, indicating that the combination of adequate tax knowledge and acceptance of a digital tax administration system is a critical driver of voluntary compliance. The findings also show that demographic factors do not exert a significant influence, suggesting that cognitive and perceptual factors play a more dominant role in shaping compliance behavior. These results highlight the importance of prioritizing tax literacy enhancement and strengthening Coretax implementation as part of government and Directorate General of Taxes initiatives to ensure that digital tax transformation fosters sustainable and inclusive MSME tax compliance.



This study is subject to several limitations, particularly the relatively small sample size and the restricted geographical scope, which is limited to Jakarta and Depok and therefore may not fully represent informal sector MSMEs in other regions. In addition, the use of self-assessment questionnaires may introduce respondent bias. Furthermore, the analysis focuses exclusively on tax literacy and perceptions of digitalization, without fully accounting for social, moral, and regulatory environmental factors. Accordingly, future research is encouraged to expand the sample across more diverse regions, adopt mixed-method approaches to gain deeper insights, and incorporate additional variables such as tax morale, the quality of tax outreach, trust in tax authorities, and MSMEs' technological readiness. The government and the Directorate General of Taxes are also advised to implement more targeted tax education programs for MSMEs, improve the accessibility and usability of Coretax, and ensure adequate technical assistance so that tax digitalization can effectively promote inclusive tax compliance.

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