

Trust, Tax Complexity, and Digital Transformation: Determinants of Tax Compliance

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ABSTRACT

Tax compliance constitutes a persistent governance challenge in Indonesia, where institutional trust deficits and regulatory complexity persistently undermine voluntary fiscal adherence. This study pursues four objectives: (1) to examine the direct effect of institutional trust on voluntary fiscal adherence; (2) to assess the impact of tax complexity on compliance behavior; (3) to determine whether Digital Transformation moderates the trust-to-compliance relationship; and (4) to evaluate whether Digital Transformation attenuates tax complexity's adverse effect on adherence. Grounded in the Slippery Slope Framework, Compliance Theory, and the Technology-Organization-Environment (TOE) Framework, a quantitative survey design was employed. Primary data were collected from 396 active tax consultants registered with the Indonesian Tax Consultants Association (IKPI), selected via criterion-based purposive sampling from 450 distributed questionnaires. Partial Least Squares Structural Equation Modeling (PLS-SEM) was applied using SmartPLS 4.0 with 5,000 bootstrap subsamples. Results reveal that institutional trust exerts no significant direct effect on compliance, whereas tax complexity significantly impairs adherence. Digital Transformation operates as a pure moderator enhancing the trust-compliance pathway and as a quasi-moderator mitigating complexity's adverse influence, collectively explaining 50.6% of variance. These findings confirm Digital Transformation as a pivotal institutional lever for evidence-based fiscal governance reform in emerging economies.

INTRODUCTION

Taxation constitutes the predominant pillar of Indonesia's state revenue, serving as the primary mechanism for funding public infrastructure and socioeconomic development initiatives. Since comprehensive fiscal reforms were initiated in 1983, successive administrations have persistently modernized tax mechanisms—spanning the adoption of a self-assessment regime and regulatory overhauls to upgrades in administrative infrastructure. Notwithstanding these reform efforts, Indonesia's fiscal compliance performance remains suboptimal when compared with neighboring ASEAN economies, as reflected by a persistently underperforming tax-to-GDP ratio and revenue targets that fail to be consistently achieved.

The phenomenon of low fiscal compliance can be attributed to a complex interplay of structural and behavioral constraints. Tax regulations, which are laden with technical complexity across substantive, procedural, and institutional dimensions, frequently leave taxpayers confused and expose them to elevated compliance costs. Simultaneously, the perceptions taxpayers hold toward fiscal institutions—particularly concerning institutional transparency, procedural fairness, and uniformity of law enforcement—play a pivotal role in shaping compliance disposition, as effective governance and risk control mechanisms are essential to reduce systemic irregularities (Zulhawati et al., 2023). Responding to these challenges, the government has deployed Digital Transformation instruments comprising electronic filing portals, digital billing channels, invoice digitization, and the integrated Coretax platform, with the anticipation that procedural loads would decline and voluntary adherence would rise.

Scholarly literature consistently identifies diminished taxpayer confidence in fiscal institutions as a core driver of non-compliance. Such distrust emerges from taxpayers' insufficient conviction that the tax system operates with integrity, openness, and equity (Aulia et al., 2022; Sulistyowati et al., 2020). Compounding this trust deficit, Tax Complexity further impairs compliance behavior (Giese & Schipp, 2024; Harst et al., 2023; Hoppe et al., 2023; Musimenta, 2020). Numerous regulatory provisions are regarded by taxpayers as incomprehensible, internally inconsistent, and excessively amended. Selective enforcement practices additionally fuel skepticism about the justice embedded in the prevailing system (Carroll, 1987; Posner, 2000), cumulatively eroding voluntary compliance disposition.

The extant literature has predominantly examined compliance through individual-level lenses—including fiscal awareness (Erasashanti et al., 2024), tax knowledge (Appiah et al., 2024; Oladipo et al., 2022; Timothy & Abbas, 2021), and perceived sanction severity (Blaufus et al., 2023; Hasan et al., 2024; Khin et al., 2011)—while largely neglecting structural, institutional, and systemic dimensions. Three critical limitations characterize prior research. First, existing studies tend to treat institutional trust and tax complexity as independent constructs rather than as jointly operating forces within a single integrated analytical model, thereby underestimating their interaction effects. Second, the Tax Complexity measurement frameworks applied in prior work—most notably Hoppe et al. (2023)—do not incorporate enforcement-stage complexities such as forced collection orders and preliminary restitution of tax overpayments, leaving crucial procedural dimensions unexamined. Third, and most importantly, no prior study has systematically theorized Digital Transformation as a boundary condition capable of simultaneously moderating both the trust-to-compliance and complexity-to-compliance

pathways within a single integrative framework. To date, very few empirical models have simultaneously incorporated trust, regulatory complexity, and the institutional framework of the tax system within a unified analytical structure, despite the evident and well-theorized interdependencies connecting these variables (Aulia et al., 2022; Hoppe et al., 2023; Sulistyowati et al., 2020; Van et al., 2025; Zhang et al., 2025). This study directly addresses these gaps by constructing a multi-theoretical model that integrates the Slippery Slope Framework, Compliance Theory, and the TOE Framework, while empirically evaluating the conditional role of Digital Transformation in the Indonesian tax compliance context. Although courteous and responsive service delivery has been shown to bolster compliance (Bahri-Ammari & Bilgihan, 2017; Ramdhony et al., 2023), the absence of robust systemic support prevents institutional trust from being translated into observable compliance gains. Scholarship has affirmed the role of trust in fiscal institutions in cultivating voluntary compliance, yet empirical findings remain heterogeneous—particularly under conditions where trust is not reinforced by a convincing perception of impartial enforcement (Hoppe et al., 2023; Kirchler et al., 2008).

Tax Complexity further compounds compliance challenges beyond issues of institutional trust. Its manifestations span legally dense regulatory language inaccessible to non-specialists, multi-tiered procedural requirements, and structural divergences between financial reporting standards and tax provisions. At an operational level, taxpayers must additionally contend with laborious and legally ambiguous processes involved in auditing, disputing assessments, lodging appeals, undergoing enforcement actions, and seeking restitution of tax overpayments.

Earlier academic inquiries into tax complexity have tended toward partial examinations, concentrating narrowly on formal regulatory architecture while leaving unexplored the lived structural difficulties that taxpayers navigate on a daily basis. This analytical shortcoming underscores the imperative for a more holistic inquiry into how tax complexity, in its full spectrum, undermines compliance.

Digital Transformation has emerged as the foremost strategic institutional response for modernizing tax administration in both advanced and emerging economies. Within the fiscal domain, it encompasses the systematic deployment of information and communication technologies—including electronic filing portals (e-filing), digital billing channels (e-billing), invoice digitization, and integrated governance platforms such as Indonesia’s Coretax—to fundamentally reconfigure administrative processes, compliance monitoring, and taxpayer service delivery. A growing body of international empirical evidence affirms that tax digitalization substantially elevates administrative efficiency, regulatory transparency, and institutional responsiveness. Belahouaoui & Attak (2024), in a systematic review of digital taxation and Tax Administration 3.0 literature, documented that digitalization amplifies the institutional trust-to-compliance pathway by dismantling procedural friction and improving information symmetry between taxpayers and revenue authorities. Stergiou & Karagiorgos (2025) established that digital transformation strengthens compliance outcomes by reducing informational asymmetries and expanding government monitoring capabilities. Van et al. (2025) demonstrated that digitalization measurably reduces tax evasion, with compliance effects varying systematically by firm size, underscoring how organizational context shapes digitalization outcomes. Zhang et al. (2025) found that knowledge digitalization in taxation organizations enhances institutional

innovation capacity in the Chinese context, reinforcing the capability-building dimension of digital governance. Zhou et al. (2022) corroborated these findings by showing that corporate digital transformation alleviates tax stickiness through the mediation of tax avoidance behavior, while Mpofu (2024) affirmed, within an emerging economy context, that digital platform deployment stimulates voluntary compliance by elevating perceived institutional legitimacy. Interpreted through the lens of the TOE Framework, Digital Transformation's compliance-enabling capacity operates across three interacting dimensions: the technological dimension (platform usability, system interconnectivity, and real-time data processing), the organizational dimension (institutional capacity, managerial commitment, and procedural redesign), and the environmental dimension (regulatory context, competitive pressure, and stakeholder expectations). Saragih & Ali (2023) demonstrated that artificial intelligence applications in tax administration modernization substantially improve compliance monitoring precision and reduce reporting errors, highlighting how technological infrastructure can reconfigure the institutional environment within which compliance decisions are made. Yang et al. (2025) further documented that digital transformation in the Asia-Pacific region accelerates institutional transparency and reduces procedural barriers through technology-organization-environment synergies. Critically, existing scholarship has not adequately theorized the conditional mechanisms through which Digital Transformation simultaneously modulates both the compliance consequences of institutional trust and those of regulatory complexity—a theoretical and empirical gap this study addresses.

Contextual realities in Indonesia further underscore the urgency of this inquiry. A considerable segment of taxpayers encounters barriers in adopting digital tax services owing to inadequate technological access and deficient digital competencies (Sibarani et al., 2024; Sulistyowati et al., 2020; Tjen et al., 2019). Regionally uneven law enforcement generates widespread perceptions of systemic unfairness (Dewi Anggadini et al., 2022; Timothy & Abbas, 2021), while past experiences with tax amnesty programs have eroded a portion of taxpayers' confidence in government commitments (Ispriyorso & Wibawa, 2023). Prior findings affirm that digitalization bolsters compliance (Belahouaoui & Attak, 2024; Mpofu, 2024; Van et al., 2025); however, whether and how digital infrastructure simultaneously activates the compliance-promoting potential of institutional trust and attenuates the compliance drag imposed by regulatory complexity remains a critical, underexamined question. This constitutes the specific research gap that the present study addresses: no prior study has jointly modeled Digital Transformation as a boundary condition moderating both trust-to-compliance and complexity-to-compliance pathways within a unified framework, particularly in the context of Indonesian professional tax consultants. Fraud minimization and systemic integrity further require that institutional governance mechanisms—including digital platforms—operate transparently and effectively (Zulhawati et al., 2023), reinforcing the necessity of investigating how Digital Transformation reconfigures fiscal compliance architecture.

This study makes two distinctive contributions. First, it augments the Tax Complexity measurement framework developed by Hoppe et al. (2023) by incorporating two previously excluded dimensions: enforcement through forced collection orders and preliminary restitution of excess tax payments—thereby bridging a notable gap in prior literature. Second, it positions

Digital Transformation as a moderating mechanism capable not only of alleviating the detrimental effects of regulatory complexity but also of enhancing the role that institutional trust plays in driving compliance.

Theoretically, this research enriches the literature by synthesizing the Slippery Slope Framework, Compliance Theory, and the TOE Framework within a unified integrative conceptual structure. From a policy standpoint, the findings can inform the design of tax systems that are simplified, technology-enabled, and oriented toward transparency. Accordingly, the present study is organized around four explicitly stated research objectives. First (RO1), to examine the direct effect of institutional trust in tax authorities on voluntary fiscal adherence among professional tax consultants in Indonesia. Second (RO2), to investigate the impact of regulatory tax complexity on voluntary fiscal adherence. Third (RO3), to determine whether Digital Transformation moderates the relationship between institutional trust and voluntary fiscal adherence. Fourth (RO4), to assess whether Digital Transformation conditions the adverse influence of regulatory tax complexity on voluntary fiscal adherence. By systematically addressing these objectives within a multi-theoretical integrative framework synthesizing the Slippery Slope Framework, Compliance Theory, and the TOE Framework, this study contributes to the theoretical understanding of digitally mediated compliance behavior and provides actionable evidence for inclusive, technology-enabled tax governance policy in emerging economies.

Compliance Theory and Voluntary Fiscal Adherence

Originally formulated in 1972, Compliance Theory provides a foundational lens for analyzing taxpayer behavioral patterns. Compliance may arise through two distinct pathways: the coercive route, rooted in apprehension of punitive consequences, and the normative route, characterized by internalized values and self-motivated adherence (Allingham & Sandmo, 1972). This framework recognizes that voluntary fiscal adherence is not exclusively a product of formal deterrence mechanisms; internal value orientations, moral reasoning, and perceptions of institutional credibility equally condition compliance outcomes.

Slippery Slope Framework

Formulated in 2008, the Slippery Slope Framework posits that fiscal compliance behavior is jointly determined by two foundational pillars: trust, which encompasses taxpayers' confidence in fiscal authorities, and power, which reflects the regulatory enforcement capacity of those authorities (Kirchler et al., 2008). While trust cultivates voluntary compliance, regulatory complexity progressively erodes institutional confidence and generates decision-making overload, transitioning adherence from a voluntary orientation toward a coercive one (Hoppe et al., 2023; Musimenta, 2020).

Technology-Organization-Environment (TOE) Framework

The TOE Framework, articulated in 2017, holds that an organization's adoption of technology is mediated by three interrelated dimensions: its internal technological capabilities, its organizational culture and structural features, and the external environmental conditions it operates within (Awa et al., 2017). When applied to taxation, Digital Transformation is anticipated

to streamline administrative processes, enhance institutional transparency, and elevate service delivery, collectively fostering greater voluntary fiscal adherence (Yang et al., 2025). The three theoretical constructs are mutually reinforcing: Compliance Theory establishes the behavioral foundation for understanding compliance disposition; the Slippery Slope Framework introduces the psychological and structural determinants of that disposition; and the TOE Framework elucidates how the technology ecosystem mediates and enables these dynamics.

Hypotheses Development

Institutional trust operates as a psychological buffer that attenuates the risk perception and decisional uncertainty taxpayers commonly encounter when meeting fiscal obligations. When taxpayers regard revenue bodies as trustworthy, competent, and procedurally equitable, they are inclined to view fiscal obligations as worthy of fulfillment. An extensive body of empirical scholarship corroborates this inclination, placing institutional confidence at the core of spontaneous adherence formation. Accordingly:

H1: Institutional confidence in fiscal authorities yields a constructive impact on voluntary tax adherence.

Regulatory complexity encapsulates the full spectrum of structural and procedural attributes of the fiscal system that obstruct adherence. As documented by Hoppe et al. (2023), structural barriers—including fragmented inter-agency coordination, protracted procedural requirements, and inadequate systems integration—significantly intensify the compliance load shouldered by obligated parties. Within the Slippery Slope Framework (Kirchler et al., 2008), fiscal system complexity concurrently undermines both the institutional confidence and authority dimensions that sustain voluntary adherence. Saptono et al. (2024) corroborate this by demonstrating that mounting procedural and structural burdens correspond to elevated tendencies toward fiscal non-adherence. Therefore:

H2: Regulatory complexity yields a detrimental impact on voluntary fiscal adherence.

Within the revenue domain, Digital Transformation involves the deliberate incorporation of information technologies to elevate the quality and productivity of fiscal governance. Belahouaoui & Attak (2024) demonstrated that digitalization amplifies the institutional confidence-to-adherence pathway by removing procedural obstacles and enhancing the quality of information flow. Mpofu (2024) similarly demonstrated that digital systems stimulate voluntary compliance, particularly within emerging economies. Repeated positive encounters with digital platforms progressively consolidate taxpayers' confidence in revenue institutions. Therefore:

H3: Digital Transformation functions as a boundary condition shaping the influence of institutional confidence on fiscal adherence.

Beyond its administrative facilitation role, Digital Transformation constitutes a vehicle for institutional transformation. Drawing on the TOE Framework, technological infrastructure can fundamentally reorganize institutional processes through unified data management, automated monitoring, and reinforced cross-agency collaboration (Awa et al., 2017). Within the Indonesian context, the government's core tax modernization program is expected to elevate governance

standards substantially. Effective technological deployment in governance contexts substantially diminishes the compliance drag imposed by regulatory density. Therefore:

H4: Digital Transformation conditions the degree to which regulatory complexity inhibits voluntary fiscal adherence.

METHOD

A quantitative survey research design was employed to examine the direct and moderating relationships among institutional trust, tax complexity, Digital Transformation, and voluntary fiscal adherence. This confirmatory approach was selected to enable rigorous hypothesis testing through a structured, theory-driven analytical framework, consistent with prior tax compliance research employing PLS-SEM (Aulia et al., 2022; Darmayasa & Hardika, 2024).

The study's target population consisted of tax consultants registered as active practitioners within the Indonesian Tax Consultants Association (IKPI), with a total registered membership of 7,660 individuals distributed across 13 national regional working areas (see Table 1). This occupational group was designated as the unit of analysis because its members occupy a distinctive bridging role between individual or corporate taxpayers and government revenue bodies, while commanding specialized knowledge in fiscal regulation interpretation and application.

Participants were selected via criterion-based purposive sampling, applying two selection criteria: (1) confirmed active registration as a licensed tax consultant with IKPI, and (2) demonstrable professional experience of at least one year in managing clients' tax compliance matters. A total of 450 structured questionnaires were distributed proportionally across all 13 IKPI regional working areas (Table 1). Of these, 396 completed questionnaires were returned and deemed valid for analysis, yielding a response rate of 88%. Respondents represented a professionally experienced cohort of practicing tax consultants spanning all major Indonesian regions, with the largest clusters drawn from DKI Jakarta ($n = 142$), East Java ($n = 49$), and Banten ($n = 39$). The achieved sample size of 396 satisfies the minimum observation requirements recommended for PLS-SEM based models with moderating interaction terms, following the guidelines of Hair et al. (2021) and Ghazali (2021).

Primary data were collected through a structured digital survey instrument disseminated electronically to IKPI-registered tax consultants during the first quarter of 2025. Questionnaire items were developed and adapted from established scholarly instruments grounded in the Slippery Slope Framework and TOE Framework, and were refined to reflect the specificities of Indonesia's national tax regulatory environment. Each survey item was evaluated on a five-point Likert ordinal response scale, anchored at 1 ("Strongly Disagree") and 5 ("Strongly Agree"). Prior to full deployment, the instrument underwent content validity review by academic experts and a pilot test with 30 respondents to verify item clarity and measurement appropriateness.

Operationally, Institutional confidence was operationalized through items gauging respondents' assessments of fiscal authority fairness, openness, professional capability, and moral conduct. Regulatory complexity was assessed through items capturing the perceived difficulty of navigating core administrative processes—including examination management,

dispute resolution, appeal submission, enforcement proceedings, and refund recovery. Digital Transformation was measured via items capturing participants' evaluations of technology platform usability, systems interconnectivity, and digital readiness. Voluntary adherence was captured through indicators of procedural compliance (prompt and precise reporting) as well as substantive fulfillment of tax payment obligations.

Data were analyzed using PLS-SEM, implemented through SmartPLS 4.0 software with 5,000 bootstrap subsamples for inferential estimation. PLS-SEM was selected for its well-established suitability with multi-construct theoretical frameworks involving moderation, its performance stability under moderate sample volumes, and its independence from multivariate normality assumptions (Ghozali, 2021; Hair et al., 2021). Analysis proceeded through two sequential phases. In the first phase, measurement model assessment was conducted to verify indicator reliability and construct validity. Indicator reliability was evaluated using outer loadings (threshold: $\lambda \geq 0.70$); convergent validity was assessed via Average Variance Extracted ($AVE \geq 0.50$); internal consistency reliability was confirmed through Composite Reliability ($CR \geq 0.70$) and Cronbach's Alpha ($\alpha \geq 0.60$); and discriminant validity was verified using the Fornell-Larcker criterion (Hair et al., 2021). In the second phase, structural model evaluation was performed to examine path coefficients, p-values (significance at $\alpha = 0.01, 0.05, \text{ and } 0.10$), the coefficient of determination (R^2), and predictive relevance (Q^2 via blindfolding). Overall model fit was assessed using the Standardized Root Mean Square Residual ($SRMR \leq 0.08$), Chi-Square, and the Normed Fit Index ($NFI \geq 0.80$), following benchmarks established by Gujarati & Porter (2017) and Hair et al. (2021).

Moderation testing followed the product indicator approach recommended by Hair et al. (2021), in which interaction terms ($TC \times DT$ and $Tx \times DT$) were constructed and their path coefficients evaluated for significance. Moderation type (pure vs. quasi-moderation) was determined by assessing the significance of both the main effect (β_2) and the interaction term (β_5) simultaneously. Robustness was verified by omitting the two newly incorporated Tax Complexity dimensions (enforcement through forced collection orders and preliminary restitution) and comparing the enhanced model against a conventional baseline specification, confirming the incremental explanatory contribution of the augmented measurement framework.

RESULT AND DISCUSSION

Table 1 presents the regional distribution of the sampling frame and the allocation of questionnaires across all 13 national regional working areas of the Indonesian Tax Consultants Association (IKPI).

Table 1. Questionnaire Distribution by Region

No.	Region	Total Regional Members	Respondents per Region
I	Bali	425	26
II	Banten	642	39
III	DIY	92	13
IV	DKI Jakarta	3,410	142
V	West Java	538	30
VI	Central Java	441	22

VII	East Java	1,036	49
VIII	Kalimantan	122	20
IX	Kepulauan Riau	181	12
X	Sulawesi, Maluku & Papua	118	41
XI	South Sumatra	203	27
XII	Central Sumatra	135	13
XIII	North Sumatra	317	16
Grand Total		7,660	450

Source: Processed data, 2025

Analysis unfolded across two successive phases: measurement model appraisal to verify the reliability and validity attributes of all indicators, and structural pathway estimation to interrogate the proposed theoretical linkages.

Measurement model evaluation examined whether each indicator reliably and validly reflected its designated latent construct, thereby satisfying the requisite psychometric standards. Indicator-level validity findings are presented in Table 2.

Table 2. Content Validity Test

Indicator	TC	TxC	TxpC	DT
DT1				0.906
DT2				0.928
TC1	0.876			
TxC1		0.73		
TxC2		0.71		
TxC3		0.74		
TxC4		0.76		
TxC5		0.75		
TxC6		0.84		
TxC7		0.84		
TxpC1			0.835	
TxpC2			0.891	

Note: TC (Trust in Tax Authority); TxC (Tax Complexity); DT (Digital Transformation); TxpC (Voluntary Fiscal Adherence).

Source: Processed data, 2025

All factor loadings for TC, TxC, TxpC, and DT surpassed the 0.70 minimum threshold, establishing indicator validity per the benchmarks set by Hair et al. (2021). Every indicator exhibited consistent correspondence with its target latent variable, confirming the appropriateness and contextual fit of the measurement instruments for subsequent validity evaluation. Convergent validity outcomes are tabulated in Table 3.

Table 3. Convergent Validity Test

Variable	Average Variance Extracted (AVE)	Remarks
TC	0.733	Valid Model
TxC	0.582	Valid Model
TxpC	0.778	Valid Model

DT	0.765	Valid Model
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Note: TC (Trust in Tax Authority); TxC (Tax Complexity); DT (Digital Transformation); TxpC (Voluntary Fiscal Adherence).

Source: Processed data, 2025

All research constructs yielded AVE values exceeding 0.50, thereby meeting the convergent validity requirement per Hair et al. (2021). These outcomes confirm that each indicator cluster captures a predominant proportion of variance from its designated latent variable, endowing the measurement model with sufficient explanatory capacity and establishing a solid foundation for structural pathway analysis.

Table 4. Discriminant Validity: Fornell-Larcker Matrix

Variable	TC	TxC	TxpC	DT
TC	1.000			
TxC	-0.204	0.763		
TxpC	0.098	-0.307	0.882	
DT	-0.054	0.281	-0.358	0.874

Note: TC (Trust in Tax Authority); TxC (Tax Complexity); DT (Digital Transformation); TxpC (Voluntary Fiscal Adherence).

Source: Processed data, 2025

Discriminant validity was assessed through the Fornell-Larcker procedure (Table 4), which revealed that the AVE square root for each construct along the diagonal consistently surpassed all cross-construct correlations in the off-diagonal cells. These findings confirm that all discriminant validity conditions are satisfied and that each construct represents a conceptually independent domain, without problematic inter-construct redundancy.

Table 5. Variable Reliability Test

Variable	Cronbach's Alpha (> 0.6)	Composite Reliability (> 0.7)	Remarks
TC	0.902	0.889	Reliable
TxC	0.881	0.907	Reliable
DT	0.724	0.866	Reliable
TxpC	0.715	0.778	Reliable

Note: TC (Trust in Tax Authority); TxC (Tax Complexity); DT (Digital Transformation); TxpC (Voluntary Fiscal Adherence).

Source: Processed data, 2025

Table 5 presents reliability diagnostics confirming that every construct satisfies both required psychometric benchmarks. Cronbach's Alpha coefficients above 0.6 indicate satisfactory reliability for exploratory contexts, while Composite Reliability values exceeding 0.7 further confirm internal consistency and measurement precision. Collectively, these results establish the reliability and stability of all research instruments.

Table 6. Construct Reliability and Model Fit

Fit Index	Saturated Model	Estimated Model	Remarks
SRMR	0.049	0.048	Model Fit
Chi-Square	692.917	649.000	Model Fit

NFI	0.861	0.870	Model Fit
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Source: Processed data, 2025

Fit diagnostics in Table 6 confirm acceptable model performance across all four constructs—Adherence Behavior, Institutional Confidence, Regulatory Complexity, and Digital Infrastructure. The estimated model aligns satisfactorily with observed data, exhibits structural consistency, and is qualified for hypothesis evaluation.

Inner model examination assessed R² magnitudes, path coefficients, and inferential significance levels for all hypothesized linkages. The R² value obtained indicates that predictor and moderating constructs jointly explain a substantial proportion of variance in voluntary fiscal adherence.

Table 7. Q² Results - Main Test

Variable	SSO	SSE	Q ² (=1-SSE/SSO)
TC	396.000	396.000	-
TxC	2772.000	2772.000	-
TxC x DT	396.000	396.000	-
TxpC	792.000	519.968	0.364
DT	792.000	792.000	-

Note: TC (Trust in Tax Authority); TxC (Tax Complexity); DT (Digital Transformation); TxpC (Voluntary Fiscal Adherence).

Source: Processed data, 2025

A Q² figure of 0.364 for the adherence construct (TxpC) reflects moderate predictive relevance, indicating that roughly 36.4% of TxpC variation is captured by the predictor and moderating variables with satisfactory forecasting accuracy. This finding validates the model's utility in explaining fiscal adherence conduct among obligated parties within a digitally enabled tax administration context.

Measurement model outcomes confirm that all constructs fulfill validity and reliability standards. All indicators registered loadings above the prescribed minimum, AVE values satisfied convergent validity criteria, and both Composite Reliability and Cronbach's Alpha values were above their respective thresholds—collectively confirming that the instruments are suited for hypothesis testing.

Table 8. Hypothesis Test Results

Variable	Predicted Direction	Coefficient	P-Value	Remarks
TC -> TxpC	(+)	-0.025	0.265	H1 Rejected
TxC -> TxpC	(-)	-0.162	0.001***	H2 Accepted
TC*DT -> TxpC	(+)	0.163	0.000***	H3 Accepted
TxC*DT -> TxpC	(-)	-0.207	0.000***	H4 Accepted

R² = 0.506; Adjusted R² = 0.497

***sig 0.01; **sig 0.05; *sig 0.1

Note: TC (Trust in Tax Authority); TxC (Tax Complexity); DT (Digital Transformation); TxpC (Voluntary Fiscal Adherence).

Source: Processed data, 2025

Examination of Table 8 reveals that the Trust in Tax Authorities variable (TC) produced a coefficient of -0.025, accompanied by a T-statistic of 0.630 and a p-value of 0.265—neither of which attain statistical significance at the 95% confidence threshold. This outcome establishes that institutional confidence in revenue authorities fails to produce a substantive autonomous influence on adherence behavior (TxpC). Accordingly, H1, which posited a constructive confidence-to-adherence relationship, is not supported. This result indicates that professional tax consultants' confidence in revenue bodies has not yet attained a threshold intensity sufficient to independently drive adherence behavior. Survey participants appear to assign greater decisional weight to regulatory transparency, procedural accessibility, and technology enablement than to institutional confidence in isolation. This pattern aligns with conclusions drawn by Cahyonowati et al. (2023) and Kogler et al. (2023), both of whom found that institutional trust does not reliably predict compliance in the absence of a robust perception of equitable enforcement. This evidence further corroborates the Slippery Slope Framework (Kirchler et al., 2008), which highlights the need for both trust and enforcement power to sustain compliance.

H2 is supported: Regulatory complexity (TxC) demonstrates a statistically significant impact on voluntary fiscal adherence. A regression coefficient of -0.162, T-statistic of 3.331, and probability value of 0.001 (< 1%) collectively establish that heightened density in the regulatory and administrative structure of the tax system corresponds to a systematic contraction in adherence rates. Protracted and legally ambiguous administrative processes—encompassing examination oversight, dispute handling, appeal filing, enforcement proceedings, and overpayment recovery—increase compliance expenditure and produce normative confusion that suppresses adherence. This empirical substantiation underscores the imperative of rationalizing fiscal administrative procedures as a mechanism for enhancing voluntary adherence.

H3 testing establishes that Digital Transformation meaningfully intensifies the impact of institutional confidence on voluntary fiscal adherence. A positive regression coefficient of 0.164, T-statistic of 4.250, and p-value of 0.000 (< 0.01) collectively support H3. Moderation type analysis reveals that Digital Transformation functions as a pure moderator: institutional confidence (beta2) lacks independent significance on adherence but attains significance once the interaction term incorporating Digital Transformation is introduced. This result confirms that Digital Transformation serves as an active catalyst rather than a passive contextual condition within the confidence-to-adherence chain. Accessible and transparent digital infrastructure empirically unlocks the latent adherence-promoting potential embedded in institutional confidence.

H4 is likewise confirmed: Digital Transformation meaningfully mitigates the adverse influence of regulatory complexity (TxC) on voluntary fiscal adherence. A regression coefficient of -0.210, T-statistic of 5.467, and p-value of 0.000 (< 0.01) confirm that Digital Transformation exhibits quasi-moderation characteristics, given that both TxC (beta2) and the interaction term TxC*DT (beta5) attain statistical significance. Accordingly, Digital Transformation adopts a dual analytical function—operating concurrently as a predictor and as a moderating force—in conditioning how regulatory architecture shapes adherence outcomes. Viewed through the Slippery Slope lens, digitalization fortifies the voluntary compliance dimension by amplifying institutional transparency and limiting scope for procedural irregularities in fiscal administration.

CONCLUSION

The empirical findings reveal that institutional confidence in revenue authorities fails to independently generate measurable improvements in adherence; behavioral outcomes are driven more decisively by structural and administrative factors than by psychological constructs operating in isolation. Regulatory complexity is confirmed as a significant adverse determinant of adherence, validating that the density of rules and procedural requirements constitutes a genuine and quantifiable barrier to the discharge of fiscal obligations. Digital Transformation emerges as the central moderating mechanism capable of reconfiguring the relationships among the study's core constructs: leveraging digital infrastructure amplifies the compliance-enhancing potential of institutional trust while concurrently dampening the compliance-suppressing impact of regulatory complexity. These outcomes collectively confirm that Digital Transformation operates far beyond its technical administrative remit, constituting a genuine institutional lever that reconfigures the behavioral landscape governing voluntary fiscal adherence.

A notable limitation resides in the study's reliance on primary data gathered through a professional survey, an approach vulnerable to perceptual bias stemming from participants' subjective professional experiences, institutional pressures, and individual regulatory interpretations.

From a theoretical standpoint, the research affirms the analytical value of synthesizing Compliance Theory, the Slippery Slope Framework, and a technology-oriented perspective into a single coherent explanatory model. In terms of practical policy recommendations, practical recommendations include enhancing the operational quality and ethical transparency of revenue institutions, streamlining the regulatory and procedural complexity embedded in fiscal rules, and advancing the scope and inclusivity of Digital Transformation programs so that the tax system becomes increasingly accessible, efficient, and equitable across all taxpayer categories.

Future investigations are encouraged to adopt more granular taxpayer classification schemes and to develop differentiated complexity frameworks that adequately capture the distinct and often asymmetric adherence burdens confronting micro-businesses, individual taxpayers, large multinationals, and entities operating across jurisdictional boundaries.

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