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Government Trust Moderates Tax Reform and Tax Knowledge Effects on Compliance Intention

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ABSTRACT

This study examines the effects of tax reform and tax knowledge on tax compliance intention and investigates the moderating role of government trust. The novelty of this research lies in the development of the tax knowledge construct by incorporating two additional dimensions, Technical Tax Knowledge and Knowledge of Tax Systems and Regulations, providing a more comprehensive measurement model. A quantitative approach was employed using primary data collected from 410 corporate taxpayers in Indonesia in 2026 through purposive sampling. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) after validity and reliability tests, followed by a sensitivity analysis. The findings reveal that tax reform ($\beta = 0.242$, $p = 0.006$) and tax knowledge ($\beta = 0.291$, $p = 0.004$) have positive and significant effects on tax compliance intention. Government trust does not moderate the relationship between tax reform and tax compliance intention ($\beta = -0.080$, $p = 0.242$), but significantly strengthens the effect of tax knowledge on tax compliance intention ($\beta = 0.192$, $p = 0.002$). The sensitivity analysis confirms that the proposed measurement model achieves a higher adjusted R^2 than the original model, demonstrating greater explanatory power and robustness.

INTRODUCTION

Tax revenue remains the principal fiscal instrument used to finance public services, infrastructure, social protection, and sustainable economic development. For a developing economy such as Indonesia, strengthening voluntary tax compliance is not only an administrative agenda but also a governance issue because the realization of tax revenue depends on taxpayers' willingness to understand, trust, and comply with the tax system. Recent evidence in MIRSHuS positions tax compliance as a persistent challenge in Indonesia, where institutional trust deficits, regulatory complexity, and the transition toward digital administration may undermine voluntary fiscal adherence (Rawun et al., 2026). This condition is relevant because Indonesia has implemented various tax reforms, including digital reporting, online payment facilities, service modernization, and the Coretax Administration System, yet the transformation of administrative facilities does not automatically guarantee stronger compliance intention. Evidence from e-filing and e-invoicing reforms likewise shows that digital tax administration can reduce compliance costs, expand information capacity, and change reporting behavior (Kochanova et al., 2020; Bellon et al., 2022; Okunogbe & Pouliquen, 2022). Therefore, the main problem addressed in this study is whether tax reform and tax knowledge are capable of increasing corporate taxpayers' intention to comply when trust in government is considered as a contextual moderator.

The urgency of this study is strengthened by the fact that compliance intention precedes actual compliance behavior. Taxpayers may possess sufficient economic capacity to pay tax, but they may still postpone, avoid, or minimize compliance when they perceive the tax system as difficult, unfair, or weakly governed. Prior research indicates that behavioral and institutional factors are essential in explaining taxpayers' responses to taxation. Broader behavioral evidence similarly emphasizes that compliance reflects deterrence, moral, and administrative motivations rather than enforcement alone (Alm, 2019; Bott et al., 2020; De Neve et al., 2021). Theory-of-planned-behavior evidence also treats tax morale, fairness, complexity, and trust as distinct determinants of tax compliance intention (Taing & Chang, 2021). Hikmah et al. found that attitudes, social norms, intention to comply, financial performance, and mental accounting are connected with tax compliance behavior (Hikmah et al., 2021). In a later study, Hikmah et al. reported that intention to comply plays a mediating role in explaining SME tax compliance behavior in Central Java (Hikmah et al., 2024). These findings confirm that tax compliance cannot be explained solely by enforcement and sanctions; it also requires an understanding of how taxpayers form intentions before performing compliance behavior.

Tax reform is one of the most important institutional instruments for shaping such intentions. Reform is expected to simplify procedures, reduce compliance costs, improve service quality, and create a more transparent relationship between taxpayers and tax authorities. Electronic tax systems can reinforce this mechanism when adoption reduces transaction frictions and improves administrative interaction (Night & Bananuka, 2020). Empirical studies in Indonesia show that administrative modernization, accountability, service improvement, and socialization programs are associated with stronger taxpayer compliance (Damanik, 2021), (Ramadhan et al., 2021). Research on MSME taxpayers also indicates that tax incentives, tax sanctions, and tax services can influence compliance behavior when taxpayers perceive that the system is responsive and understandable (Andreansyah & Farina, 2022). However, the empirical effect of reform may vary because taxpayers do not evaluate policy change merely from formal regulation; they also assess whether the reform is implemented consistently, reduces practical burdens, and improves their ability to comply. This inconsistency creates a need to re-examine the direct effect of tax reform on compliance intention in the current Indonesian digital tax environment.

Tax knowledge is another core determinant because Indonesia applies a self-assessment system that requires taxpayers to identify obligations, calculate tax payable, prepare

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documentation, submit returns, and understand potential risks. Tax knowledge is multidimensional, comprising general, procedural, and legal knowledge, while technical and technology-related competencies become increasingly relevant in digitized tax systems (Bornman & Ramutumbu, 2019; Bhalla et al., 2022). Fitria et al. demonstrated that tax compliance intention mediates the relationship between tax knowledge, tax morale, tax rates, tax sanctions, and compliance behavior among Indonesian MSMEs (Fitria et al., 2024). Hauptman et al. also found that tax knowledge and tax fairness perception are important for improving compliance-oriented attitudes, although the relationship may differ across taxpayer groups (Hauptman et al., 2024). In the SME context, tax knowledge has been examined together with perceived opportunities and felt tax loss, showing that taxpayers' understanding of the tax system affects how they evaluate the consequences of compliance and non-compliance (Hien et al., 2025). These findings imply that tax knowledge should not be measured narrowly as general awareness only; it must include procedural, legal, application, risk, technical, and system-based knowledge.

Government trust is introduced as a moderator because taxpayers' knowledge and perceptions of reform may produce stronger intentions when they believe that the government manages tax revenue transparently, fairly, and accountably. Cross-national and Indonesian evidence based on the Slippery Slope Framework indicates that trust is particularly relevant to voluntary cooperation, whereas institutional power operates through a distinct compliance channel (Batrancea et al., 2019; Inasius et al., 2020). Institutional explanations of tax morale further link compliance orientations to the alignment between formal institutions and citizens' norms (Horodnic, 2018). Recent research shows that trust in government is a relevant psychological and institutional factor in explaining MSME tax compliance intention (Fadhilatunisa et al., 2025). Studies on fairness and voluntary tax compliance also indicate that trust interacts with taxpayers' perceptions of fairness and public accountability (Manullang & Marfiana, 2023). Nevertheless, the moderating role of trust remains theoretically and empirically open. Trust may strengthen the effect of tax knowledge because knowledgeable taxpayers are more likely to transform their understanding into voluntary compliance when they are confident that taxes are used responsibly. By contrast, trust may not always strengthen the effect of tax reform if taxpayers evaluate reform from tangible administrative benefits, such as system accessibility, processing speed, and procedural simplicity, rather than from broad institutional confidence.

Taken together, the research gap is threefold. Empirically, prior findings do not reveal a stable knowledge-compliance mechanism: tax knowledge has been shown to increase compliance intention but not necessarily actual compliance (Fitria et al., 2024), while a recent SME study found no significant direct tax knowledge-compliance relationship when the underlying behavioral mechanism was examined (Hien et al., 2025). Evidence from a developing-country setting further shows that perceptions of governmental effectiveness, tax-system transparency, voice, and accountability are materially related to taxpayers' compliance assessments (Nkundabanyanga et al., 2017). Institutional evidence is also non-uniform because trust may be weak as a direct predictor yet become consequential when digital transformation changes how taxpayers interact with the tax authority (Rawun et al., 2026). Theoretically, foundational tax-knowledge models and much subsequent empirical work do not clearly separate execution-level technical competence from system-level orientation in an integrated digital tax environment. The specific knowledge gap addressed here is therefore whether a domain-refined Tax Knowledge construct improves the explanation of corporate taxpayers' compliance intention and whether Trust in Government conditions reform-based and knowledge-based pathways in different ways. This framing moves the contribution from a replication of inconsistent coefficients to an explicit test of construct refinement and pathway-specific moderation.

Based on these gaps, this study has four specific objectives. First, it examines whether tax reform has a positive effect on corporate taxpayers' tax compliance intention. Second, it tests whether tax knowledge has a positive effect on tax compliance intention. Third, it investigates whether trust in government strengthens the relationship between tax reform and tax compliance intention. Fourth, it examines whether trust in government strengthens the relationship between tax knowledge and tax compliance intention. The intended findings are expected to clarify which determinant has the stronger direct effect, whether trust operates uniformly across different antecedents, and whether the expanded measurement of tax knowledge provides better explanatory power than the original construct. In this way, the study contributes not only to hypothesis testing but also to measurement development in behavioral taxation research.

The novelty of this study therefore does not rest on adding two dimensions or increasing the number of indicators. It lies in refining the conceptual domain of Tax Knowledge for a corporate, digitally administered tax setting. Building on the six dimensions proposed in prior research (Fitria et al., 2024), the study adds Technical Tax Knowledge and Knowledge of Tax Systems and Regulations to represent two forms of competence that become salient when taxpayers must translate rules into calculations, records, digital submissions, and system-based decisions. Recent work (Hauptman et al., 2024) conceptualizes tax knowledge as encompassing technical expertise as well as a broader understanding of the tax system and compliance requirements, while another SME study (Hien et al., 2025) operationalizes tax knowledge through the accuracy of liabilities, documentation, transactions, and compliance with regulations. The expanded eight-dimensional construct is thus intended as a domain refinement, not a longer version of the same scale.

Conceptually, the two additional dimensions are bounded from the existing dimensions by their object of knowledge. Procedural Tax Knowledge concerns the sequence, timing, and administrative steps required to comply; Legal Tax Knowledge concerns the substantive rights, obligations, taxable rules, and consequences established by law. Technical Tax Knowledge instead captures the taxpayer's ability to execute tax tasks accurately, including translating rules into calculations, classifications, reconciliations, documentation, and digital reporting. Knowledge of Tax Systems and Regulations captures system-level orientation: understanding how the integrated tax-administration architecture, regulatory updates, data requirements, and digital service mechanisms fit together and affect compliance decisions. Thus, technical knowledge is execution-oriented, whereas knowledge of tax systems and regulations is architecture- and update-oriented. Their inclusion is theoretically justified only to the extent that indicators are assigned to these non-overlapping domains; the sensitivity analysis is therefore treated as supporting evidence of incremental explanatory usefulness rather than as proof based solely on scale length.

To make the measurement-development logic explicit, the 38-indicator pool is organized by source and substantive role rather than treated as an undifferentiated extension of scale length. The six baseline dimensions—General Tax Knowledge, Procedural Tax Knowledge, Legal Tax Knowledge, Tax Application Knowledge, Tax Risk Knowledge, and Profit-Tax Knowledge—retain the domain structure established in prior Indonesian research (Fitria et al., 2024). Technical Tax Knowledge is introduced as an execution-oriented domain consistent with the general/legal/technical distinction reported in recent empirical work (Hauptman et al., 2024), whereas Knowledge of Tax Systems and Regulations captures system-level orientation and regulatory application in line with recent SME evidence on accurate liabilities, documentation, transactions, and compliance with regulations (Hien et al., 2025). Indicators are therefore classified as retained or context-adapted from prior domains, with each item assigned to one substantive dimension to reduce conceptual overlap. The present study does not treat the addition of items, by itself, as evidence of construct validity.

The construct-development evidence is reported only to the extent supported by the study records. A separate expert-panel review and a stand-alone pilot-testing protocol are not documented in the submitted materials; accordingly, the manuscript does not claim that these procedures were performed. Conceptual separation between the two added dimensions and the six existing dimensions is therefore distinguished from empirical discriminant validity, which requires dimension-level measurement-model evidence rather than aggregate Tax Knowledge statistics alone.

Accordingly, this study argues that tax reform and tax knowledge are expected to increase tax compliance intention. It further argues that government trust is expected to condition these effects, although the strength of moderation may differ between tax reform and tax knowledge. The proposed model is relevant for corporate taxpayers because companies are required to interact continuously with digital tax systems, regulatory updates, and administrative procedures. By integrating tax reform, tax knowledge, and government trust in one model, this research provides a more complete explanation of taxpayers' compliance intention and offers evidence for designing policy interventions that combine administrative modernization, taxpayer education, and public trust building.

METHOD

This study utilized a quantitative research design with a survey methodology to investigate the correlations among tax reform, tax knowledge, governmental trust, and the intention to comply with taxes. Primary data were obtained via standardized surveys sent to company taxpayers in Indonesia in 2026. The unit of analysis comprised companies represented by managers, directors, tax managers, finance managers, accounting managers, owners, or personnel accountable for taxation. A total of 410 valid questionnaires were collected and examined.

The sample was chosen by a purposive sampling method. Purposive sampling is a non-probability sampling technique wherein participants are chosen based on specific criteria pertinent to the research aims (Bougie & Sekaran, 2019). The criteria utilized in this study were: (1) companies registered as taxpayers in Indonesia; (2) respondents directly engaged in tax administration or tax reporting inside the organization; and (3) respondents possessing adequate knowledge and expertise pertaining to corporate taxation. This sampling method guarantees that the gathered data appropriately reflects respondents with pertinent knowledge of the research variables.

Tax compliance intention denotes a taxpayer's psychological readiness to voluntarily adhere to tax regulations and meet tax obligations. The variable was assessed through two dimensions: the intention to meet tax obligations and the desire to adhere to tax legislation (Hikmah et al., 2024).

Tax reform denotes enhancements in tax policy, administration, and services instituted by the government to establish a fair, efficient, transparent, and responsible taxation system. The construct was assessed through multiple dimensions encompassing tax policy reform, administrative reform, digital tax services, and tax governance (Damanik, 2021).

Tax knowledge refers to taxpayers' comprehension of tax regulations, procedures, rights, obligations, and the competencies required to apply them. This study extends the measurement proposed in prior research (Fitria et al., 2024) from six to eight dimensions: General Tax Knowledge, Procedural Tax Knowledge, Legal Tax Knowledge, Tax Application Knowledge, Tax Risk Knowledge, Profit-Tax Knowledge, Technical Tax Knowledge, and Knowledge of Tax Systems and Regulations, totaling 38 indicators. The supplementary dimensions draw on prior work (Hauptman et al., 2024) and the tax-system/regulatory operationalization reported in a recent SME study (Hien et al., 2025). The operational boundaries follow the conceptual distinction established in the Introduction: procedural knowledge represents compliance steps; legal knowledge represents substantive statutory requirements; technical knowledge represents accurate execution of calculations, classifications, documentation, and digital reporting; and knowledge of tax systems and regulations represents system-level understanding of integrated administration and regulatory updates. These boundaries were used to minimize item redundancy when assigning indicators. Government trust denotes taxpayers' assurance that the government administers tax revenues with transparency, equity, and accountability for public welfare (Fadhilatunisa et al., 2025). This variable was assessed through aspects indicative of openness, accountability, governmental integrity, and public trust in tax administration. All constructs were assessed using a six-point Likert scale, with 1 denoting strong disagreement and 6 denoting strong agreement.

Tax Knowledge Measurement Development and Higher-Order Specification

In the revised construct specification, Tax Knowledge is defined hierarchically. At the first-order level, indicators are treated as reflective manifestations of their respective domain-specific knowledge dimensions because responses to items within a dimension are expected to covary with that underlying form of knowledge. At the higher-order level, the eight dimensions are conceptually non-interchangeable components that jointly define the broader Tax Knowledge domain; the resulting conceptual type is therefore reflective-formative. Removing an entire dimension would narrow the content domain rather than merely remove a redundant manifestation.

For PLS-SEM, confirmatory validation of this higher-order specification requires a disjoint two-stage procedure. Stage 1 estimates the eight reflective lower-order components and evaluates indicator reliability, internal consistency, convergent validity, and dimension-level discriminant validity, including the heterotrait-monotrait ratio (HTMT). Stage 2 uses lower-order construct scores as formative indicators of the higher-order Tax Knowledge construct and evaluates collinearity, the significance and relevance of outer weights, and the structural relations. This procedure is consistent with current PLS-SEM guidance for higher-order constructs (Hair et al., 2022).

The SmartPLS output summarized in the submitted manuscript reports Tax Knowledge at the aggregate level and does not contain a separately reported higher-order-construct estimation or dimension-level HTMT matrix. The present article therefore treats the eight-dimensional structure as a theoretically specified construct refinement and does not claim that empirical discriminant validity of the two added dimensions has already been established. Definitive validation of the reflective-formative higher-order model requires re-estimation from the original item-level SmartPLS project or dataset using the two-stage specification described above.

Data Analysis and Structural Model

The research model was evaluated utilizing Partial Least Squares Structural Equation Modeling (PLS-SEM) through SmartPLS software. PLS-SEM was chosen due to its suitability for predictive research, its ability to handle complicated structural models with moderation effects, and its lack of requirement for multivariate normality assumptions. The reporting and evaluation sequence follows established PLS-SEM guidance for predictive structural models (Hair et al., 2019).

The analysis was performed in a sequential manner comprising: (1) descriptive statistics; (2) assessment of the measurement model, encompassing convergent validity, discriminant validity, and composite reliability; (3) evaluation of the structural model utilizing the coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2), and model fit; and (4) hypothesis testing employing the bootstrapping method to estimate path coefficients, t-statistics, and p-values.

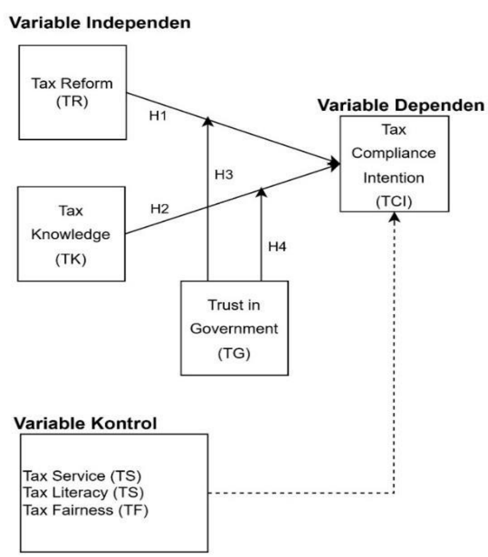

Figure 1. Conceptual Framework

The structural equations estimated in this study are as follows :

$$TCI=\alpha+\beta1TR+\beta2TK+\beta3(TR\times TG)+\beta4(TK\times TG)+\beta5TS+\beta6TL+\beta7TF+\varepsilon$$

TCI = Tax Compliance Intention, TR= Tax Reform, TK= Tax Knowledge, TG= Trust in Government, TRxTG= Interaksi Tax Reform × Trust in Government, TKxTG= Interaksi Tax Knowledge × Trust in Government, TS= Tax Service (Control Variable), TL =Tax Literacy (Control Variable), TF= Tax Fairness (Control Variable), α= Konstanta, β= Koefisien regresi, ε= Error.

Sensitivity Analysis

This work conducted a sensitivity analysis to assess the robustness of the suggested measurement model by comparing the newly constructed tax knowledge construct with the original measurement put forth by Fitria et al. (2024). The comparison emphasized construct validity, reliability, hypothesis testing, and the coefficient of determination (Adjusted R^2). The sensitivity analysis was performed to ascertain if the enhanced measurement model offers superior explanatory power and more robust empirical outcomes compared to the original construct.

RESULT AND DISCUSSION

Content of Result and Discussion

Table 1 presents the descriptive statistics of the research variables. All constructs were measured using a six-point Likert scale. The mean scores range from 5.12 to 5.22, indicating that respondents generally expressed favorable perceptions toward all variables. Perceived Tax Fairness recorded the highest mean score (5.22), followed by Tax Compliance Intention (5.21) and Trust in Government (5.20). Tax Knowledge showed the lowest mean (5.12), suggesting that respondents still perceived limitations in understanding taxation despite generally positive responses.

The relatively small standard deviations (0.31–0.40) indicate low variability among responses, implying a high degree of consistency in respondents' perceptions. These findings suggest that the sample adequately represents taxpayers with relatively homogeneous views regarding tax reform, tax knowledge, institutional trust, and tax compliance intention.

Table 1. Descriptive Statistics

Research Variable	Minimum	Maksimum	Mean	Std Dev
Tax Compliance Intention	1	6	05.21	0,3535
Tax Reform	1	6	05.17	0,4007
Tax Knowledge	1	6	05.12	0,3924
Trust in Government	1	6	05.20	0,3125
Tax Service Quality	1	6	05.17	0,3771
Tax Literacy	1	6	05.15	0,3583
Perceived Tax Fairness	1	6	05.22	0,3868

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Measurement Model Assessment

The validity of the measurement model was assessed using Average Variance Extracted (AVE). As shown in Table 2, all constructs exhibit AVE values greater than the recommended threshold of 0.50, confirming satisfactory convergent validity. Tax Knowledge achieved the highest AVE value (0.584), indicating that its indicators explain the construct more effectively than the remaining variables.

Table 2 Convergent Validity

Research Variables	Average AVE	Conclusion
Tax Compliance Intention (TCI)	0,543	Valid
Tax Reform (TR)	0,537	Valid
Tax Knowledge (TK)	0,584	Valid
Trust in Government (TG)	0,538	Valid

Structural Model Assessment

The coefficient of determination (R^2) for Tax Compliance Intention equals 0.393, while the adjusted R^2 equals 0.378, indicating that approximately 39.3% of the variation in taxpayers' compliance intention is explained by Tax Reform, Tax Knowledge, Trust in Government, and the control variables. The remaining 60.7% is explained by factors outside the proposed research model.

Table 3. Coefficient of Determination

Research Variable	R Square	Adjt. R Square
Tax Compliance Intention (TCI)	0,393	0,378

The aggregate Tax Knowledge AVE (0.584) supports convergent validity only at the aggregate level. Because dimension-level HTMT and formative-stage VIF/outer weights are not available in the submitted SmartPLS output, discriminant validity of the two added dimensions is not claimed.

Hypothesis Testing

Table 4 summarizes the structural model results.

No.	Hypothesis	Prediction	Koefisien	T Statistik	P Values	Result
1	TR TCI	(+)	0,242	2,506	0,006***	Accepted
2	TK TCI	(+)	0,291	2,625	0,004***	Accepted
3	TR*TG TCI	(+)	-0,08	0,698	0,242	Rejected
4	TK*TG TCI	(+)	0,192	2,857	0,002***	Accepted

Effect of Tax Reform on Tax Compliance Intention

The empirical results demonstrate that Tax Reform positively influences Tax Compliance Intention ($\beta = 0.242$; $p = 0.006$). Therefore, H1 is supported.

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This finding suggests that taxpayers exhibit stronger compliance intention when tax regulations are simplified, administrative processes become clearer, and digital tax services are enhanced. The result is consistent with Indonesian studies showing that administrative modernization, tax socialization, service quality, and system clarity support taxpayer compliance (Damanik, 2021), (Ramadhan et al., 2021), (Desi et al., 2024).

Effect of Tax Knowledge on Tax Compliance Intention

Tax Knowledge exhibits the strongest direct influence on Tax Compliance Intention ($\beta = 0.291$; $p = 0.004$), supporting H2.

This outcome indicates that taxpayers with a superior comprehension of tax legislation, reporting protocols, and digital taxation frameworks exhibit greater confidence in meeting their tax responsibilities. The finding is consistent with recent evidence showing that tax knowledge, perceived knowledge, and system-related understanding are important determinants of compliance intention and behavior (Fitria et al., 2024), (Hauptman et al., 2024), (Hien et al., 2025), (Dung et al., 2023).

Moderating Effect of Trust in Government on Tax Reform

The moderating effect of Trust in Government on the relationship between Tax Reform and Tax Compliance Intention is statistically insignificant ($\beta = -0.080$; $p = 0.242$). Therefore, H3 is rejected.

The insignificant interaction should not be interpreted as evidence that trust is irrelevant to tax compliance. Rather, it indicates that, in this sample, Trust in Government does not change the marginal effect of Tax Reform on Tax Compliance Intention. One explanation is an instrumental-efficiency mechanism: corporate taxpayers can evaluate reform through directly observable outcomes, such as system accessibility, processing speed, integration, procedural simplicity, and compliance cost, without first relying on a broader judgment about institutional legitimacy. This interpretation is particularly plausible in Indonesia's ongoing digital tax transformation, where integrated digital administration makes service performance highly salient in day-to-day compliance. Recent Indonesian evidence likewise shows that digital transformation can alter how institutional trust operates in the compliance process rather than making trust uniformly decisive across all pathways (Rawun et al., 2026).

A second explanation is contextual. The respondents are managers, directors, tax managers, finance managers, accounting managers, owners, or personnel responsible for corporate taxation; their compliance decisions are therefore embedded in formal organizational routines and professional accountability. In such a role-based setting, administrative functionality may be more proximal to reform evaluation than diffuse confidence in government. In addition, Trust in Government has a high mean (5.20) and the smallest standard deviation (0.3125) among the main constructs, indicating restricted dispersion that may reduce the statistical capacity of an interaction term to differentiate high- and low-trust respondents. This possible ceiling effect should be treated as a sample-specific explanation, not as evidence that trust has no substantive role.

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The contrast with H4 is theoretically informative. Trust significantly strengthens the Tax Knowledge-Tax Compliance Intention relationship, suggesting that trust is pathway-specific: it matters more when taxpayers must convert knowledge into a voluntary behavioral intention than when they judge the practical usefulness of administrative reform. In Slippery Slope terms, the legitimacy function of trust may therefore complement cognitive knowledge while remaining less central to reforms whose benefits are immediately observable. This selective moderation helps reconcile the present result with studies reporting a positive role of trust in compliance intention (Fadhilatunisa et al., 2025) and suggests future tests of system usability, digital readiness, tax complexity, and firm characteristics as mediators or boundary conditions.

Within the Slippery Slope Framework, trust is not merely a favorable attitude toward government. It is a legitimacy-related judgment that the tax authority acts competently, fairly, and in ways that justify voluntary cooperation, whereas power concerns the authority's capacity to detect, audit, and sanction non-compliance. Recent cross-national and developing-country applications distinguish voluntary compliance associated with trust from enforced compliance associated with power (Batrancea et al., 2019; Inasius et al., 2020; Tsikas, 2020). In the present model, this distinction explains why trust is theoretically more likely to condition a knowledge-based pathway. Tax knowledge supplies the cognitive capacity to identify obligations, procedures, and consequences, but the willingness to translate that capacity into voluntary compliance intention is more likely when the authority is viewed as legitimate and credible. Trust thus complements knowledge by conditioning whether informed taxpayers are willing, rather than merely able, to comply.

Moderating Effect of Trust in Government on Tax Knowledge

The interaction between Tax Knowledge and Trust in Government is positive and statistically significant ($\beta = 0.192$; $p = 0.002$). Thus, H4 is supported.

The positive interaction shows that Tax Knowledge remains a direct driver of Tax Compliance Intention, but its effect becomes stronger when taxpayers trust the government's transparent and responsible management of taxation. Trust therefore complements rather than substitutes for knowledge. This pattern is consistent with the logic of the Slippery Slope Framework and with recent studies emphasizing trust, fairness, digital governance, and the informational environment in shaping voluntary tax compliance (Rawun et al., 2026), (Fadhilatunisa et al., 2025), (Manullang & Marfiana, 2023), (Fišar et al., 2022).

Tax reform, by contrast, can be evaluated through a more instrumental and institutional-capacity mechanism. Corporate taxpayers can directly observe whether digital reform improves system accessibility, integrates data, accelerates processing, simplifies procedures, and lowers compliance costs. Under the Slippery Slope Framework, the same reform may also strengthen institutional power through data integration, compliance-risk management, and improved capacity to identify discrepancies. Evidence from Indonesia's Core Tax Administration System similarly indicates that reform may initially strengthen tax-authority power through integrated taxpayer data and comparative compliance arrangements, with trust subsequently reinforced through professional service quality (Darmayasa & Hardika, 2024). The non-significant Tax Reform × Trust interaction therefore does not contradict the framework; rather, it suggests that reform

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in this sample is more closely associated with system capacity and instrumental usefulness, while trust is more salient in the voluntary conversion of tax knowledge into compliance intention. Legitimacy and coercive/institutional capacity are thus complementary but pathway-specific mechanisms.

Figure 2 visualizes the significant Tax Knowledge × Trust in Government interaction using standardized simple slopes. Based on βTK = 0.291 and βTK×TG = 0.192, the conditional slope of Tax Knowledge is 0.099 at low trust (−1 SD), 0.291 at mean trust, and 0.483 at high trust (+1 SD). The increasingly steep slope at higher levels of trust clarifies that trust strengthens the positive association between Tax Knowledge and Tax Compliance Intention. Because the reported structural equation does not include a separate main-effect coefficient for Trust in Government, the figure is centered to display differences in slopes rather than absolute predicted outcome levels.

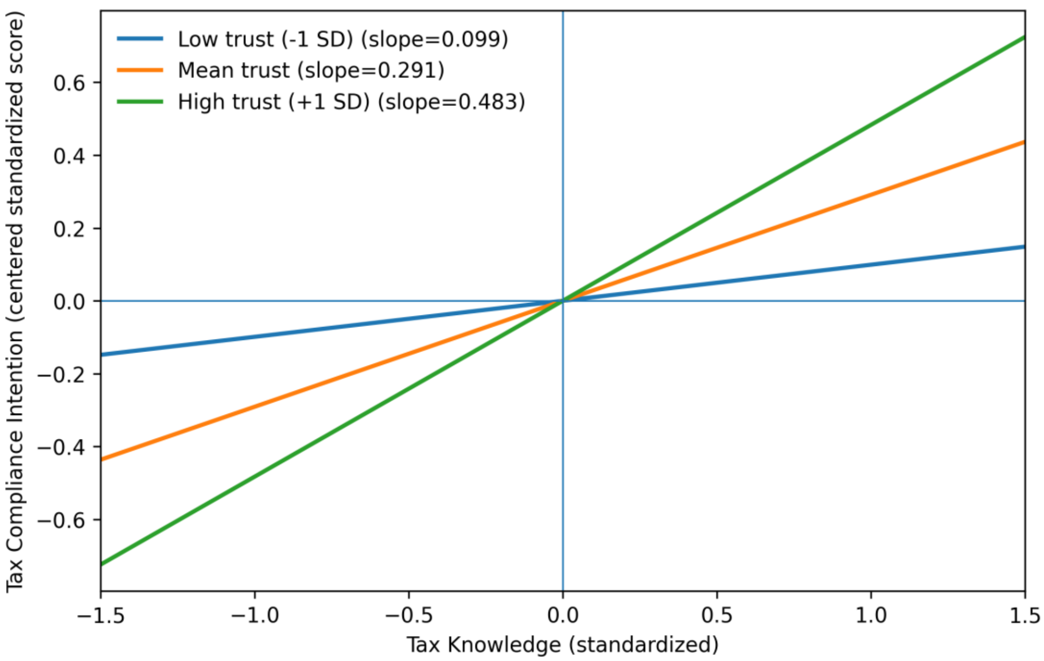

Figure 2. Moderating Effect of Trust in Government on the Tax Knowledge–Tax Compliance Intention Relationship

Sensitivity Analysis

To evaluate the robustness of the proposed measurement model, a sensitivity analysis compared the expanded Tax Knowledge construct with the conventional measurement model.

Table 5 Sensitivity Analysis

No.	Hypothesis	Prediction	New Measurement			Original Measurement		
			Beta	P Values	Result	Beta	P Values	Result
1	TR → TCI	(+)	0,24	0,006***	Accepted	0,161	0,040**	Accepted
2	TK → TCI	(+)	0,29	0,004***	Accepted	0,283	0,000***	Accepted

3	TR*TG → TCI	(+)	-0,08	0,242	Rejected	-0,07	0,263	Rejected
4	TK*TG → TCI	(+)	0,19	0,002***	Accepted	0,146	0,059*	Accepted

The findings demonstrate that the newly constructed measurement exhibits greater explanatory power than the traditional construct. The moderating effect of Trust in Government on the association between Tax Knowledge and Tax Compliance Intention is highly significant ($\beta = 0.192$; $p = 0.002$), in contrast to the standard measurement, which only attains marginal significance ($\beta = 0.146$; $p = 0.059$).

The sensitivity results provide supporting, rather than standalone, evidence for construct refinement. The contribution should not be inferred merely from a larger number of indicators. Instead, the expanded construct is theoretically meaningful because the added dimensions represent execution-level technical competence and system-level orientation that are conceptually distinguished from procedural and legal knowledge. Empirically, the expanded specification preserves the significant direct effect of Tax Knowledge and produces a stronger, clearly significant TK × TG interaction than the original measurement. This pattern is consistent with incremental explanatory usefulness in the present sample, while cross-sample replication and dimension-level discriminant tests remain necessary before claiming universal superiority of the measurement.

CONCLUSION

This study demonstrates that tax reform and tax knowledge substantially increase taxpayers' intention to comply. The findings confirm that improvements in tax administration and taxpayers' understanding of taxation perform complementary roles in strengthening voluntary compliance. Among the determinants examined, tax knowledge has the strongest direct effect, indicating that taxpayers' ability to understand tax regulations, technical requirements, and digital tax systems is a central driver of compliance intention.

The results also show that trust in government does not strengthen the relationship between tax reform and tax compliance intention. This finding suggests that taxpayers evaluate administrative reform mainly through practical benefits, such as service accessibility, system simplicity, and reduced compliance costs. In contrast, trust in government significantly strengthens the effect of tax knowledge on compliance intention. Taxpayers' knowledge is therefore more likely to become voluntary compliance when it is accompanied by confidence that tax revenues are managed fairly, transparently, and responsibly.

The sensitivity analysis indicates that the expanded Tax Knowledge construct provides incremental explanatory value in this sample. Its principal theoretical contribution is not the addition of indicators itself, but the refinement of the construct domain to distinguish execution-oriented technical competence from system-level knowledge of integrated tax administration and regulatory change. The stronger explanatory pattern observed in the sensitivity analysis supports this refinement in Indonesia's digital corporate-tax context, while further validation across taxpayer groups and settings remains necessary.

From a practical perspective, the findings indicate that government should not rely exclusively on administrative modernization to improve tax compliance. Greater attention should be directed toward strengthening taxpayers' technical capacity, providing continuous education on digital tax systems, and improving public trust through transparent governance and accountable public financial management. These integrated strategies are expected to support sustainable voluntary compliance in an increasingly digital tax environment.

This study recommends that tax authorities design segmented taxpayer education programs that combine regulatory literacy, technical training, and digital-system assistance for corporate taxpayers. Future research is also recommended to test the expanded tax knowledge construct in different taxpayer groups, compare corporate and individual taxpayers, and include additional institutional variables such as perceived fairness, service quality, tax complexity, and digital readiness. Such extensions would strengthen the generalizability of the model and provide more precise policy guidance for improving voluntary tax compliance.

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Abbreviation

TR = Tax Reform
TK = Tax Knowledge
TG = Trust in Government
TCI = Tax Compliance Intention
PLS-SEM = Partial Least Squares Structural Equation Modeling AVE = Average Variance Extracted
R^2 = Coefficient of Determination IDX = Indonesia Stock Exchange

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