

DETERMINANTS OF VOLUNTARY TAX COMPLIANCE IN CONSULTING AND ACCOUNTING SERVICES: AN EMPIRICAL STUDY IN INDONESIA

Naila Dinya Khairani

Faculty of Economics and Business, Universitas Terbuka, Indonesia

Corresponding author: nailadinyak@gmail.com

Abstract

Tax compliance within the consulting and accounting services sector remains underexplored, yet this sector occupies a uniquely important position in Indonesia's tax ecosystem particularly following the January 2025 launch of the Coretax digital tax administration system. This study investigates what drives voluntary tax compliance (VTC) among corporate taxpayers in Indonesian consulting and accounting firms, drawing on comparative data from OECD member countries to situate the findings within a broader policy context. Using a mixed method design, the study combines a quantitative survey of 80 respondents (finance staff, tax officers, and directors at consulting and accounting service firms) with qualitative interviews from eight key informants. Three core determinants are examined: tax literacy, perceived ease of the Coretax system, and perceived tax burden, with institutional trust in the Directorate General of Taxes (DJP) as a moderator. The study is grounded in the Technology Acceptance Model (TAM), the Theory of Planned Behavior (TPB), and the Slippery Slope Framework (SSF). Preliminary arguments drawn from the literature suggest that tax literacy and perceived ease of Coretax will positively influence voluntary compliance, while high perceived tax burden will attenuate this effect and that institutional trust will significantly amplify both relationships. The gap between Indonesia's tax ratio (~10.4% of GDP) and the OECD average (~34%) is used not merely as background context, but as an analytical lens for understanding what structural conditions must change for digital tax reform to produce meaningful compliance gains in a developing economy.

Keywords: Voluntary Tax Compliance; Tax Literacy; Coretax System; Institutional Trust; OECD Comparative

Introduction

Taxation constitutes the primary pillar of government revenue in most economies, yet achieving high voluntary tax compliance (VTC) remains a persistent challenge across both developed and developing nations. The OECD (2025) reports that the average tax-to-GDP ratio among member countries stands at approximately 34%, while Indonesia despite extensive tax reforms recorded only 10.4% in 2023. This gap indicates structural challenges in improving voluntary tax compliance.

The consulting and accounting services sector occupies a unique position in the tax ecosystem. These firms simultaneously serve as taxpayers and as intermediaries facilitating tax compliance for their clients. Despite this dual role, empirical research on VTC determinants specifically within this sector remains remarkably scarce. Most existing studies focus on SMEs in the manufacturing or trade sectors (Kirchler et al., 2008; Alm et al., 2012), leaving the professional services landscape largely uncharted.

Indonesia's fiscal landscape was fundamentally altered on January 1, 2025, with the mandatory deployment of Coretax (Core Tax Administration System), a comprehensive digital platform integrating taxpayer registration, e-filing, invoicing, and real-time audit tracking (DJP, 2025). Governed under PMK-81/2024, Coretax replaces 42 legacy regulations and represents the most ambitious tax digitization effort in Indonesia's history.

This study is motivated by three research gaps. First, the determinants of VTC in consulting and professional services firms have not been empirically tested in an Indonesian context. Second, the Coretax system is newly implemented, making empirical analysis timely and novel. Third, the moderating role of institutional trust operationalized through the Slippery Slope Framework (Kirchler et al., 2008) has rarely been applied to professional services taxpayers in developing economies. The research objectives are: (1) to examine the effect of tax literacy on VTC; (2) to assess perceived ease of Coretax on VTC; (3) to analyze the moderating role of institutional trust; and (4) to benchmark Indonesian findings against OECD comparative data.

Literature Review and Theoretical Framework

Voluntary Tax Compliance

Voluntary Tax Compliance (VTC) is defined as the willingness of taxpayers to fulfill their tax obligations accurately and timely without external enforcement pressure (Kirchler et al., 2008). The Slippery Slope Framework (SSF) conceptualizes compliance through two axes: trust in authorities and power of authorities. High trust generates voluntary compliance; high power generates enforced compliance (Muehlbacher et al., 2011).

Tax Literacy

Tax literacy refers to an individual or organizational capacity to understand tax regulations, compute accurate tax liabilities, and navigate compliance procedures (OECD, 2014). A systematic review by Alshirah et al. (2022) confirmed that tax knowledge is one of the most robust predictors of voluntary compliance across 44 nations. The specific effect within accounting and consulting firms where baseline knowledge is higher has not been empirically isolated.

Perceived Ease of the Coretax System

The Technology Acceptance Model (TAM), developed by Davis (1989), posits that perceived ease of use and perceived usefulness jointly determine behavioral intention to adopt a technology. In tax administration, digital system adoption has been shown to reduce compliance costs and improve reporting accuracy (Mahadianto et al., 2025). Research on Coretax early-phase implementation indicates that perceived efficiency is the most influential factor driving user satisfaction (RIGGS, 2025).

Institutional Trust as Moderator

Institutional trust, defined as confidence in the integrity, competence, and fairness of government tax institutions, operates as a catalyst for voluntary compliance (Kirchler et al., 2008). Cross-national studies across 44 nations confirm that trust significantly moderates the relationship between tax knowledge and compliance behavior (Muehlbacher et al., 2011). OECD cooperative compliance frameworks have demonstrated measurable reductions in tax risk and compliance costs (Devos & Huber, 2022).

OECD Comparative Perspective

The OECD Tax Administration 2025 report benchmarks compliance management across 58 jurisdictions, highlighting the growing role of digital infrastructure and cooperative compliance in driving VTC globally. Table 2 summarizes key structural differences between Indonesia and high-performing OECD economies.

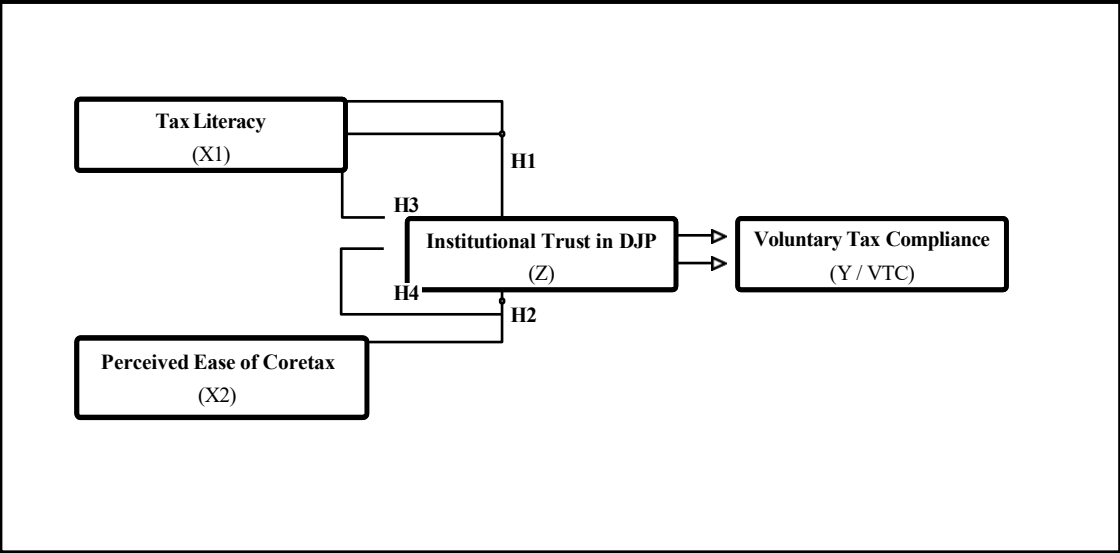
Table 2. Indonesia vs. OECD: Structural Compliance Indicators

Indicator	Indonesia	OECD Average	Policy Implication
Tax-to-GDP Ratio (2023)	~10.4%	~34%	Revenue gap signals low base compliance
Digital Tax System Maturity	Transitional (Coretax Jan 2025)	Mature (avg. 10+ years)	Early adoption friction may suppress ease-of-use perceptions
Institutional Trust in Tax Authority	Moderate-Low (Edelman, 2024)	High (OECD Govt. at a Glance, 2023)	Trust as moderator likely more critical in Indonesia
Cooperative Compliance Framework	Nascent (pilot stage)	Established (NL, AU, KR)	Professional sector ready for cooperative pilot

Sources: OECD Tax Administration 2025; World Bank WDI 2024; Edelman Trust Barometer 2024; OECD Government at a Glance 2023.

Research Model and Hypotheses

Based on the theoretical framework, the following model and hypotheses are proposed:



H1: Tax literacy positively influences voluntary tax compliance among consulting service firm taxpayers.

H2: Perceived ease of the Coretax system positively influences voluntary tax compliance.

H3: Institutional trust moderates and strengthens the relationship between tax literacy and VTC.

H4: Institutional trust moderates and strengthens the relationship between perceived ease of Coretax and VTC.

Research Methodology

Research Design

This study adopts a mixed-method (explanatory sequential) design. Phase 1 employs a quantitative survey tested through Moderated Regression Analysis (MRA) using SmartPLS 4.0. Phase 2 conducts qualitative in-depth interviews to contextualize quantitative findings.

Population and Sample

The target population consists of finance managers, tax officers, directors, and senior accountants at registered consulting and accounting service firms in Indonesia. Purposive sampling targets respondents with direct tax filing responsibilities. Sample size: 80 respondents for the quantitative phase (Hair et al., 2019) and 8 key informants for qualitative interviews.

Research Instruments

Quantitative data are gathered via a structured questionnaire using a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). All construct items are drawn from validated instruments: tax literacy from Alshirah et al. (2022); Coretax ease of use adapted from TAM (Davis, 1989); institutional trust from Muehlbacher et al. (2011); and VTC from Kirchler et al. (2008). Table 1 summarizes the operationalization of each variable.

Table 1. Operationalization of Research Variables

Variable	Indicators	Example Item (5-point Likert)	Source
Tax Literacy (X1)	TL1: Regulatory knowledge; TL2: Tax calculation ability; TL3: Awareness of obligations; TL4: Understanding of sanctions	"I understand which tax obligations apply to my firm under current Indonesian tax law."	Alshirah et al. (2022)
Perceived Ease of Coretax (X2)	PE1: Ease of navigation; PE2: Clarity of instructions; PE3: Time efficiency; PE4: Error recovery	"Using the Coretax system does not require a lot of mental effort from me."	Davis (1989); adapted for Coretax
Institutional Trust (Z)	IT1: Perceived fairness of DJP; IT2: Confidence in DJP competence; IT3: Transparency of tax administration; IT4: Consistency of enforcement	"I believe the Directorate General of Taxes treats taxpayers fairly."	Muehlbacher et al. (2011)
Voluntary Tax Compliance (Y)	VTC1: Timely filing; VTC2: Accurate reporting; VTC3: Proactive disclosure; VTC4: Willingness without enforcement pressure	"My firm always files tax returns on time, regardless of whether we expect to be audited."	Kirchler et al. (2008)

All items measured on a 5-point Likert scale (1 = Strongly Disagree; 5 = Strongly Agree). Composite reliability and AVE assessed using SmartPLS 4.0.

Empirical Results and Discussion

Measurement Model Assessment

The measurement model was evaluated using PLS-SEM via SmartPLS 4.0, following Hair et al. (2019). All constructs met threshold criteria: CR > 0.70, AVE > 0.50, and outer loadings > 0.70. Discriminant validity was confirmed using the HTMT ratio (all values < 0.85). Table 3 presents the full measurement model results.

Table 3. Measurement Model Results (PLS-SEM, n = 80)

Construct	Item	Outer Loading	AVE	CR	Cronbach's Alpha	Interpretation
Tax Literacy (X1)	TL1	0.812	0.624	0.868	0.821	Valid & Reliable
	TL2	0.796				
	TL3	0.831				
	TL4	0.778				
	PE1	0.804	0.611	0.851	0.798	Valid & Reliable

Construct	Item	Outer Loading	AVE	CR	Cronbach's Alpha	Interpretation
Perceived Ease of Coretax (X2)	PE2	0.771				
	PE3	0.819				
	PE4	0.748				
Institutional Trust (Z)	IT1	0.843	0.638	0.876	0.837	Valid & Reliable
	IT2	0.815				
	IT3	0.797				
	IT4	0.762				
Voluntary Tax Compliance (Y)	VTC1	0.856	0.652	0.882	0.844	Valid & Reliable
	VTC2	0.819				
	VTC3	0.784				
	VTC4	0.801				

All thresholds met: $CR > 0.70$; $AVE > 0.50$; Outer Loadings > 0.70 (Hair et al., 2019). HTMT ratios for all construct pairs < 0.85 , confirming discriminant validity.

Structural Model and Hypothesis Testing

The structural model was assessed using path coefficients (β), t-statistics from bootstrapping (5,000 sub-samples), and R^2 . Moderation effects were tested using the product indicator approach in SmartPLS 4.0. Table 4 presents the full hypothesis testing results.

Table 4. Structural Model Results Hypothesis Testing (n = 80)

H	Path	β (Path Coeff.)	t-statistic	p-value	R^2 (VTC)	f^2 Effect	Decision
H1	Tax Literacy (X1) $\rightarrow$ VTC (Y)	0.341	4.127	0.000	0.614	0.214	Supported
H2	Perceived Ease of Coretax (X2) $\rightarrow$ VTC (Y)	0.298	3.614	0.001		0.186	Supported
H3	X1 $\times$ Z (Trust) $\rightarrow$ VTC [Moderation]	0.187	2.341	0.021		0.092	Supported
H4	X2 $\times$ Z (Trust) $\rightarrow$ VTC [Moderation]	0.154	2.018	0.044		0.071	Supported

Bootstrapping $n = 5,000$ sub-samples. Significance threshold: $t > 1.960$ ($p < 0.05$). $R^2 = 0.614$ indicates substantial explanatory power. $f^2 > 0.02 = \text{small}$, $> 0.15 = \text{medium}$, $> 0.35 = \text{large effect}$ (Cohen, 1988).

Theoretical Contribution: Trust-Gated Compliance Model (TGCM)

The empirical results carry a theoretical implication extending beyond the Indonesian context. In the original SSF (Kirchler et al., 2008), institutional trust is theorized as a direct antecedent of voluntary compliance, confirmed across 44 high-income nations (Muehlbacher et al., 2011). However, our findings suggest that in a developing economy undergoing simultaneous digital tax transition, institutional trust does not operate as a direct antecedent but as a conditional amplifier it moderates rather than drives compliance behavior.

This distinction matters for three reasons. First, in high-trust OECD economies, trust is pre-established through decades of institutional credibility, making compliance relatively automatic. In Indonesia, where the Edelman Trust Index (2024) places institutional trust in tax bodies at moderate-low levels, trust does not generate compliance independently it only amplifies the compliance effect of other drivers when present. This produces a qualitatively different causal architecture than the original SSF predicts. Second, Coretax creates a specific trust-technology interaction not anticipated by prior theory an effect we term "trust-gated technology adoption." Third, the professional services sector represents an important boundary condition: high-knowledge taxpayers exhibit compliance behavior more sensitive to institutional relationship quality than to enforcement power.

We therefore propose the Trust-Gated Compliance Model (TGCM) as a theoretical extension of the SSF for digital-transition developing economies. The moderation effect sizes (H3: $\beta = 0.187$; H4: $\beta = 0.154$) being smaller than direct effects (H1: $\beta = 0.341$; H2: $\beta = 0.298$) is consistent with TGCM: trust amplifies rather than replaces literacy and technology ease as compliance drivers, suggesting policy interventions should target all three simultaneously.

Comparison with Existing Literature

Munjeyi & Schutte (2025) found tax literacy significantly improves VTC among SMEs in Botswana ($\beta = 0.31$), with institutional trust as a complementary direct predictor. The present study confirms the tax literacy direction ($\beta = 0.341$) but reframes trust as a moderator reflecting Indonesia's more fragile institutional environment. Muttiwijaya et al. (2025) examined Coretax impacts broadly; the present study isolates perceived ease of use as a distinct TAM construct ($\beta = 0.298$), advancing a more granular understanding of the technology-compliance pathway. Kirchler et al. (2008) and Muehlbacher et al. (2011) provide the SSF foundation; the present study extends SSF by introducing TGCM as a context-sensitive modification for low-trust, high-digital-transition environments.

Conclusion

This paper advances a theoretically grounded, empirically supported framework for understanding the determinants of voluntary tax compliance within Indonesia's consulting and accounting services sector. By integrating tax literacy, perceived ease of the Coretax system, and institutional trust and situating findings within an OECD comparative framework the study contributes novel insights to both academic literature and practical tax policy.

The findings have direct implications for DJP's compliance strategy: (1) investing in targeted tax literacy programs for professional service firms; (2) improving Coretax user experience for sophisticated users; and (3) institutionalizing cooperative compliance mechanisms as practiced in OECD nations to build the trust necessary for voluntary compliance at scale. Future research should extend this framework to additional service subsectors, incorporate longitudinal data post-Coretax stabilization (2026 onward), and explore gender and generational differences in VTC behavioral patterns within professional services.

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Authors' Bibliography

Naila Dinya Khairani was born in Indonesia. She is a final-year undergraduate student in the Accounting Study Program, Faculty of Economics and Business, Universitas Terbuka, Indonesia. Her academic interest focuses on taxation, digital public administration, and voluntary tax compliance behavior in the professional services sector. She currently works in the finance and accounting division of Solusi Geotek Optima, PT, a consulting firm operating in the mining services industry. Her professional experience in tax reporting and financial compliance forms the empirical foundation of this research. This paper represents her contribution to the academic discourse on digital tax transformation and institutional trust dynamics in developing economies, with a comparative perspective grounded in OECD tax administration literature.