

## **Determinants of Taxpayer Compliance: The Role of Coretax, Socialization, Sanctions, and Risk Preference Moderation**

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### **Abstract**

This study investigates how Coretax, tax socialization, and tax sanctions influence individual taxpayer compliance, while also assessing the potential moderating role of risk preference in these relationships. Employing a quantitative approach, data were obtained from questionnaires completed by 379 individual taxpayers registered at KPP Pratama Indramayu, and the resulting data were analyzed through Structural Equation Modeling–Partial Least Squares (SEM-PLS) using SmartPLS 4. The results indicate that Coretax utilization and tax socialization have positive and significant effects on taxpayer compliance, whereas tax sanctions do not significantly influence compliance. Furthermore, risk preference is also found to significantly weaken the positive relationships between Coretax utilization and compliance, as well as between tax socialization and compliance, although it does not moderate the link between tax sanctions and compliance. This research adds to the taxation literature by extending the Theory of Planned Behavior through the incorporation of risk preference as a behavioral factor influencing the effectiveness of digital taxation systems and tax education initiatives. The findings also provide practical insights for tax authorities in designing more targeted compliance strategies.

### **Keywords**

Coretax; Tax Socialization; Tax Sanctions; Taxpayer Compliance; Risk Preferences; Digital Taxation; Compliance Behavior

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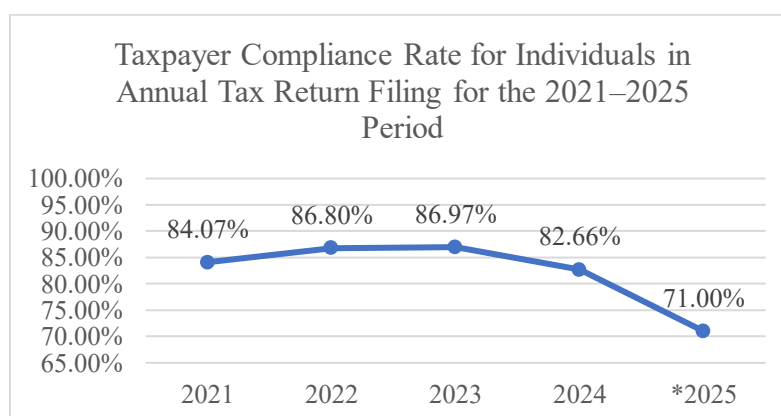
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## **1. INTRODUCTION**

Taxes constitute one of the primary sources of government revenue and play an essential role in financing public expenditure, infrastructure development, education, healthcare, and other strategic national programs. In Indonesia, tax revenue contributes more than 70% of total state revenue annually. As of December 2024, tax revenue reached IDR 1,932.4 trillion, equivalent to 100.5% of the government's target and representing a 3.5% increase compared to the previous year (Directorate General of Taxes, 2024). Given the strategic role of tax revenue, improving taxpayer compliance remains a key priority for the government.



Despite various policy initiatives, maintaining taxpayer compliance remains a challenge. Data from the Directorate General of Taxes show that the compliance ratio of individual taxpayers fluctuated during the 2021–2025 period. The compliance rate increased from 84.07% in 2021 to 86.97% in 2023 but declined to 82.66% in 2024. Preliminary data for 2025 indicate a compliance ratio of 71%, suggesting ongoing challenges in sustaining taxpayer compliance.



**Figure 1.** Taxpayer Compliance Ratio in Annual Tax Return Filing for the 2021–2025 Period

Source: <https://www.pajak.go.id> (DJP Annual Report, compiled by the author)

\*) Data for 2025 represents provisional figures through May. (DDTC NEWS, 2025)

As illustrated in Figure 1, taxpayer compliance fluctuated during the observation period. However, the 2025 figure should be interpreted as a preliminary indicator because it is based on data available up to May 2025 rather than a finalized annual compliance report. Therefore, the data are included solely to provide an early indication of compliance dynamics during the transition toward the implementation of the new tax administration system (DDTC NEWS, 2025).

One factor frequently associated with compliance challenges is the complexity of tax administration procedures. Prior to the implementation of Coretax, taxpayers were required to use multiple applications, such as e-Filing, e-Billing, and e-Registration, to fulfill their tax obligations. This fragmented system potentially increased administrative burdens, reduced efficiency, and created obstacles to compliance (Gaji.id, 2025). To address these issues, the Directorate General of Taxes introduced the Core Tax Administration System (Coretax), an integrated tax administration platform designed to simplify procedures, improve service quality, and enhance transparency (ap.uinsgd.ac.id, 2025). In addition to digital transformation, tax socialization and tax sanctions continue to be utilized as policy instruments to encourage taxpayer compliance.

The compliance challenge is also evident at the regional level. Data from KPP Pratama Indramayu show fluctuations in the number of active individual taxpayers during the 2021–2025 period.

**Table 1.** KPP Pratama Indramayu's Individual Taxpayer Count for the Years 2021–2025

KPP Pratama Indramayu					
Year	2021	2022	2023	2024	2025
<b>Active Individual Taxpayer</b>	30.905	33.216	28.202	35.588	27.112

Source: Compiled from KPP Pratama Indramayu

As shown in Table 1, the number of active taxpayers varied considerably throughout the observation period. This fluctuation may partly reflect administrative reforms, including the implementation of the National Identification Number (NIK) as a Taxpayer Identification Number (NPWP), which requires data matching and validation between tax and population databases (Directorate General of Taxes, 2022; Directorate General of Taxes, 2023). Nevertheless, these fluctuations highlight the importance of identifying factors that may influence taxpayer compliance, particularly during the transition toward an integrated tax administration system.

Although numerous studies have examined factors influencing taxpayer compliance, empirical findings remain inconclusive. (Aprilani & Astuti, 2025) found that Coretax utilization positively and significantly affects taxpayer compliance, whereas (Oktaviani et al., 2025) reported no significant effect. Similarly, (Melinda et al., 2022; Zaikin et al., 2023) found that tax socialization significantly and favorably affects individual taxpayer compliance, whereas (Rulandari & Rahmayani, 2023; Rahmi & Purwaningtyas, 2022) concluded that tax socialization has no significant effect. Regarding tax sanctions, (Kharista et al., 2025; Mianti & Budiwitjaksono, 2021; Fithiyaturrahmah, 2024) found that the implementation of tax sanctions significantly improves taxpayer compliance, whereas (Alfika et al., 2025; Gaol, 2022) found no significant effect. Several studies also show varying results regarding risk preference as a moderating variable; (Elsani & Tanno, 2023) reported a significant moderating effect on the relationship between sanctions and compliance, whereas (Daryatno et al., 2024) found no such effect, and likewise, (Heliani et al., 2019; Kotta et al., 2024) found that risk preference significantly moderates the relationship between tax socialization and compliance, whereas (Risma, 2020) found no influence of risk preference on this relationship. These inconsistent findings indicate that the determinants of taxpayer compliance remain insufficiently understood.

In response to these issues and research gaps, this study seeks to analyze the influence of Coretax utilization, tax socialization, and tax sanctions on individual taxpayer compliance at KPP Pratama Indramayu. Moreover, this study examines the moderating role of risk preference in the relationships between these variables and taxpayer compliance.

This research adds value to the taxpayer compliance literature in two respects. First, it offers empirical findings on how effective Coretax, tax socialization, and tax sanctions are within Indonesia's broader tax administration reform efforts. Second, by introducing risk preference as a moderating factor, it builds upon earlier studies and sheds light on how individual behavioral tendencies shape compliance outcomes. Ultimately, these insights are intended to help tax authorities craft more effective strategies that combine technological, educational, and behavioral elements to strengthen compliance.

### ***Theory of Planned Behavior (TPB) (Ajzen, 1991)***

According to the Theory of Planned Behavior (TPB), an individual's behavior is chiefly governed by behavioral intention, which in turn is shaped by three fundamental elements: attitude toward the behavior, subjective norms, and perceived behavioral control. Attitude toward the behavior pertains to how an individual appraises the potential positive or negative consequences of engaging in that behavior. Subjective norms represent the social influence exerted by significant others or reference groups, shaping an individual's inclination to either engage in or refrain from a given behavior. Perceived behavioral control denotes an individual's assessment of how easy or challenging it is to perform the behavior, encompassing the resources, opportunities, and skills required to do so.

Within a taxation setting, TPB offers a valuable lens for understanding why taxpayers choose to comply. Compliance becomes more likely when taxpayers view it as advantageous, feel social pressure or support to meet their obligations, and believe they have adequate means and ability to do so effectively.

The variables examined in this study can be linked to the three TPB constructs. First, the Coretax utilization is associated with perceived behavioral control because the integrated digital system is designed to simplify tax administration processes, reduce complexity, and increase taxpayers' ability to fulfill their obligations efficiently. Greater ease of use and accessibility are expected to strengthen taxpayers' perceptions of control and subsequently encourage compliance behavior. Second, tax socialization reflects subjective norms because it facilitates the dissemination of tax-related information, increases awareness, and reinforces social expectations regarding tax compliance. Through socialization programs, taxpayers are exposed to information and messages that encourage compliance as a socially desirable behavior. Third, tax sanctions are associated with attitude toward behavior. The existence of sanctions may influence taxpayers' evaluations of compliance and non-compliance by increasing the perceived costs of violating tax regulations. Consequently, taxpayers may develop a more favorable attitude toward compliance when they perceive that non-compliance may result in negative consequences.

In addition, this study incorporates risk preference as a moderating variable. Risk preference represents an individual's tendency to avoid or accept uncertainty and potential losses. Taxpayers with different risk preferences may respond differently to the utilization of Coretax, tax socialization initiatives, and tax sanctions. Therefore, risk preference is expected to influence the strength of the relationships between these factors and taxpayer compliance.

Based on the TPB framework, taxpayer compliance is viewed as a behavioral outcome influenced by taxpayers' perceptions of control, social influences, and evaluations of compliance-related consequences. Therefore, TPB provides an appropriate theoretical foundation for examining the relationships among Coretax utilization, tax socialization, tax sanctions, risk preference, and taxpayer compliance.

### **Taxpayer Compliance (Y)**

Taxpayer compliance refers to a taxpayer's capacity to meet their tax duties as required by prevailing regulations, without requiring an audit, detailed inspection, warning notices, or the threat of legal or administrative penalties (Putri, 2017 dalam Yoga & Dewi, 2022).

### **Coretax Utilization (X1)**

Coretax is the Core Tax Administration System (CTAS), which was created by the Core Tax Administration System Renewal Project based on Presidential Regulation No. 40 of 2018. Its goal is to modernize and streamline tax administration by integrating all essential business processes, which will improve convenience, efficiency, and transparency for tax authorities and taxpayers alike (Aprilani & Astuti, 2025).

### **Tax Socialization (X2)**

The practice of educating the public about taxes in order to help them comprehend applicable tax laws, payment methods, and the significance of paying taxes for the advancement of the country is known as tax socialization (Afrida, 2020 dalam Arrasi et al., 2022).

### **Tax Sanction (X3)**

Tax sanction are meant to deter taxpayers from breaking the law. The enforcement of tax sanctions ensures compliance with regulations. Tax sanctions are imposed for violations of tax laws and regulations. When a violation occurs, the taxpayer is subject to sanctions based on tax policy or legal provisions (As'ari, 2018 dalam Halimah et al., 2024).

## Risk Preference (Z)

Risk preference is a situation where taxpayers face threats related to tax reporting that are linked to their attitude toward risk. Taxpayers compliance rates tend to decline when they face high risks. Conversely, taxpayers are more compliant when the risks they face are relatively low. Taxpayers classified as high-risk tend to have low tax compliance rates, indicating a tendency to evade tax obligations (Wasito & Sambuardi, 2025).

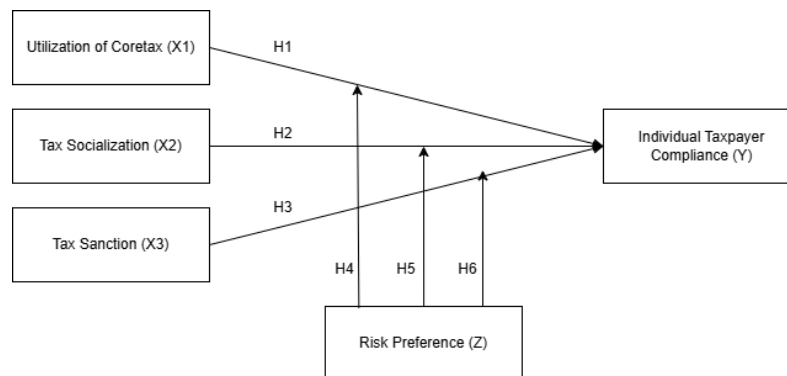


Figure 2. Conceptual Framework

Source: Author's Conceptualization, 2026

## Hypotheses Development

### The Effect of Coretax Utilization on Individual Taxpayer Compliance

The Directorate General of Taxation created Coretax, an automated integrated tax administration system, to streamline, expedite, and enhance the accuracy of tax management, including reporting, data validation, and oversight. The more taxpayers use Coretax, the easier it is for them to obtain tax information, submit reports on time, reduce input errors, and independently verify data. Therefore, as Coretax utilization increases, taxpayer compliance also increases, as administrative barriers are reduced and the process of fulfilling obligations becomes more efficient and transparent.

Research by (Aprilani & Astuti, 2025) discovered that taxpayer compliance is significantly and positively affected by the implementation of coretax. However, contrary results were reported by (Oktaviani et al., 2025) who found no significant effect. These inconsistencies call for further empirical investigation.

H1 : Coretax utilization influences individual taxpayer compliance

### The Effect of Tax Socialization on Individual Taxpayer Compliance

Tax socialization refers to efforts by tax authorities to disseminate information and educate the public about their tax rights and obligations, aimed at increasing taxpayer awareness and encouraging

voluntary compliance behavior (Appah & Aganaba, 2024). Through regular and effective socialization, taxpayers are expected to develop a deeper understanding of applicable tax regulations, thereby forming positive attitudes and social norms that motivate compliance.

Several studies confirm a positive and significant effect, including research by (Melinda et al., 2022; Zaikin et al., 2023). However, contrary findings were reported by (Rulandari & Rahmayani, 2023; Rahmi & Purwaningtyas, 2022), who found that tax socialization does not significantly affect compliance. Given these inconsistencies, further empirical investigation is needed to clarify the conditions under which tax socialization effectively improves compliance.

H2 : Tax socialization influences individual taxpayer compliance

### **The Effect of Tax Sanction on Individual Taxpayer Compliance**

Tax sanctions are punitive measures imposed on taxpayers who fail to comply with tax regulations, functioning as a deterrent mechanism that increases the perceived cost of non-compliance (Farrar & King, 2023). The presence of strict and consistently enforced sanctions is expected to discourage non-compliant behavior and motivate taxpayers to fulfill their obligations accurately and on time.

The research by (Kharista et al., 2025; Mianti & Budiwitjaksono, 2021; Fithiyaturrahmah, 2024) found that tax sanctions have a significant positive effect on individual taxpayer compliance. Nevertheless, contradictory evidence from (Alfika et al., 2025; Gaol, 2022) found that tax sanctions do not significantly affect taxpayer compliance. These conflicting findings underscore the need for further examination of how sanctions operate under varying contextual conditions.

H3 : Tax sanction influence individual taxpayer compliance

### **Risk Preference as a Moderator of the Relationship Between Coretax Utilization and Individual Taxpayer Compliance**

Risk preference refers to an individual's tendency to accept or avoid uncertainty and potential losses in their decision-making behavior. In the context of Coretax utilization, risk-averse taxpayers are likely to make greater use of system features that enhance accuracy and administrative certainty, as they seek to avoid the risks of errors, late filing, or penalties. In contrast, risk-tolerant taxpayers may not fully leverage Coretax capabilities, as they are less concerned with the potential consequences of non-compliance.

However, there is a notable lack of empirical research that examines risk preference as a moderating factor specifically within the Coretax-compliance relationship. Recognizing this gap, the current study seeks to test empirically whether risk preference influences how Coretax utilization affects

individual taxpayer compliance, thereby offering a fresh theoretical and empirical contribution to the field.

H4 : The relationship between coretax utilization and individual taxpayer compliance is moderated by risk preference.

### **Risk Preference as a Moderator of the Relationship Between Tax Socialization and Individual Taxpayer Compliance**

Taxpayers with low risk preferences tend to respond more cautiously to tax information received through socialization and are more inclined to comply with socialized tax obligations in order to avoid sanctions or adverse outcomes. Conversely, risk-tolerant taxpayers may discount the urgency of socialization messages, thereby diminishing its effectiveness in driving compliance.

(Heliani et al., 2019; Kotta et al., 2024) determined that risk preference plays a significant moderating role between tax socialization and compliance. However, (Risma, 2020) arrived at a different conclusion, finding no significant moderation effect. Given these inconsistent results, more research is required to establish whether risk preference truly affects how tax socialization translates into compliance.

H5 : The relationship between tax socialization and individual taxpayer compliance is moderated by risk preference.

### **Risk Preference as a Moderator of the Relationship Between Tax Sanctions and Individual Taxpayer Compliance**

Risk preference is an individual's tendency to avoid or accept risk. Taxpayers with high risk preferences may not be influenced by the fear of penalties, but individuals with low risk preferences tend to respond more positively to such threats, thereby increasing their compliance with tax obligations.

Research by (Elsani & Tanno, 2023; Kharista et al., 2025) confirms that risk preference moderates the effect of tax sanctions on taxpayer compliance. However, contrary to this, (Daryatno et al., 2024) found that risk preference does not significantly moderate the relationship between tax sanctions and compliance, indicating that the moderating role of risk preference remains empirically contested and requires further investigation.

H6 : The relationship between tax sanctions and individual taxpayer compliance is moderated by risk preference.

## 2. METHODS

### Research Design

This study employs a quantitative research design using primary data collected through a questionnaire-based survey as the main data source. Primary data were obtained from respondents who completed the questionnaire distributed via external sources. The main subjects of this study include risk preference, Coretax utilization, tax socialization, and tax sanctions among individual taxpayers registered at KPP Pratama Indramayu.

### Operationalization of Variables

**Table 2.** Operationalization of Variables

Variable	Indicators	References
<b>Taxpayer Compliance (Y)</b>	<ul style="list-style-type: none"> <li>- Filing tax returns on time</li> <li>- Calculating and paying taxes correctly and on time</li> <li>- Having no tax arrears</li> <li>- not violating regulations or being subject to criminal penalties in the field of taxation</li> <li>- Maintaining accurate records.</li> </ul>	(Illahi & Marlina, 2018 as cited in Halimah et al., 2024)
<b>Coretax Utilization (X1)</b>	<ul style="list-style-type: none"> <li>- Ease of use</li> <li>- Processing speed</li> <li>- Integration level.</li> </ul>	(Aprilani & Astuti, 2025)
<b>Tax Socialization (X2)</b>	<ul style="list-style-type: none"> <li>- Outreach programs</li> <li>- Direct information from tax officials to taxpayers</li> <li>- Billboard installations</li> <li>- The DJP website.</li> </ul>	(Muhamad et al., 2019)
<b>Tax Sanctions (X3)</b>	<ul style="list-style-type: none"> <li>- The tax penalties imposed on tax rule violators are sufficiently severe</li> <li>- The use of severe tax penalties is one of the recommendations for educating taxpayers</li> <li>- Tax penalties must be imposed on violators without tolerance.</li> </ul>	(As'ari, 2018 as cited in Halimah et al., 2024)
<b>Risk Preference (Z)</b>	<ul style="list-style-type: none"> <li>- Financial risk</li> <li>- Health risk</li> <li>- Social risk</li> <li>- Occupational risk</li> <li>- Safety risk.</li> </ul>	(Safitri, 2018 as cited in Halimah et al., 2024)

### Population and Sample

The study population comprises 27,112 individual taxpayers registered at KPP Pratama Indramayu. Sample size determination was carried out using the online calculator available at [www.raosoft.com](http://www.raosoft.com), applying a 5% margin of error, a 50% response distribution, and a 95% confidence

level. These parameters yielded a total of 379 respondents, who were selected through random sampling.

### **Data Collection Technique**

A structured questionnaire delivered through Google Form served as the instrument for data collection. Participants responded to a set of written items, with their answers captured using a Likert scale that allowed them to convey their views openly (Purnomo, 2024 in Halimah et al., 2024).

### **Data Analysis Technique**

To help researchers identify latent variables for prediction, partial least squares (PLS) analysis was used (Ghozali, 2014, hlm. 31 in Halimah et al., 2024). PLS analysis, a kind of structural equation modeling (SEM) based on variances or components, was conducted using SmartPLS version 4 software. This study was conducted in three stages:

#### **a. Outer Model Analysis**

To ascertain the validity or dependability of the model, the measurement model also known as the outer model must be assessed. Composite reliability, Cronbach's alpha coefficients for indicator blocks, and the convergent and discriminant validity of the indicators that produce the latent construct are used to evaluate the outer model with reflective indicators (Ghozali, 2015, hlm. 73 in Halimah et al., 2024).

#### **b. Inner Model Analysis**

The associations between latent variables are examined and predicted using inner model analysis, sometimes referred to as structural model analysis.

#### **c. Hypothesis Testing**

Hypothesis testing is performed after a thorough evaluation of the inner and outer models has been completed. It aims to determine the direction of the link between endogenous and external components.

### 3. FINDINGS AND DISCUSSION

#### Respondent Characteristics

**Table 3.** Respondent Characteristics

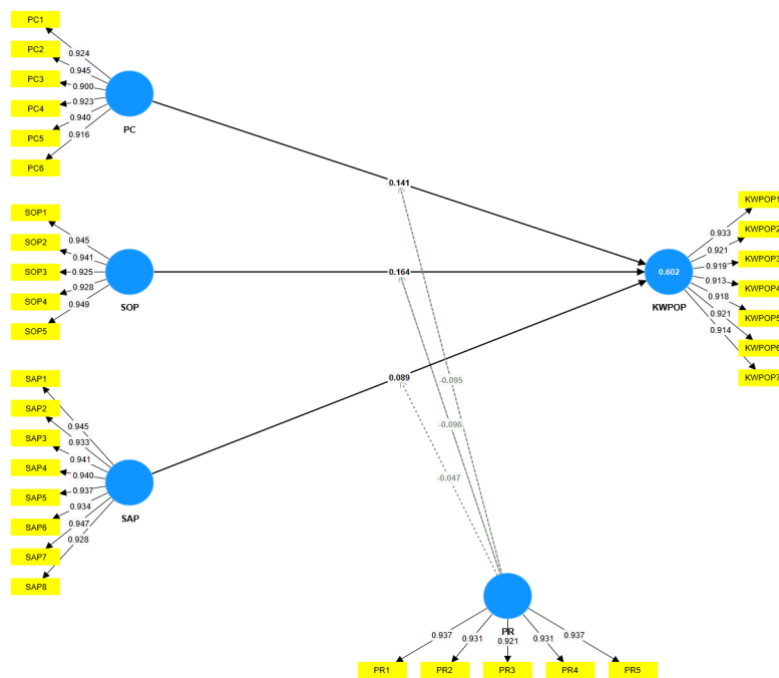
Profile Category	Description	Frequency	Percentage (%)
<b>Gender</b>	Male	191	50,4%
	Female	188	49,6%
	Total	379	100%
<b>Age</b>	<20 years	1	0,3%
	20-30 years	131	34,6%
	30-40 years	127	33,5%
	40-50 years	79	20,8%
	>50 years	41	10,8%
	Total	379	100%
<b>Highest Level of Education</b>	High School / Vocational High School	81	21,4%
	Associate Degree	55	14,5%
	Bachelor's Degree	219	57,8%
	Master's Degree	23	6,1%
	Other	1	0,3%
Total	379	100%	
<b>Employment</b>	Civil Servant	98	25,9%
	Private Employee	109	28,8%
	Entrepreneur	138	36,4%
	Other	34	8,9%
	Total	379	100%

Source: Excel Data Output, 2026

As presented in Table 3, the sample consisted of 379 respondents, predominantly aged 20–40 years (68.1%), holding a bachelor's degree (57.8%), and working as entrepreneurs (36.4%). This profile suggests a relatively high level of digital literacy and independent tax management, which is conducive to examining the effects of Coretax utilization and tax socialization on compliance behavior.

### Outer Model Analysis

#### Convergent Validity



**Figure 3.** Conceptual Framework After Processing (After Reduction)

Source: SmartPLS 4.0, 2026

As shown in Figure 3, all indicators produced factor loading values exceeding 0.70, confirming that each indicator is valid and sufficiently representative of its respective latent construct. These results indicate strong convergent validity across all measurement models.

#### Discriminant Validity

Evaluating cross-loading values allows one to determine the discriminant validity of a reflective model. The loading value on the construct in question must be greater than the other values, and the cross-loading metric analyzes the correlation of indicators with other blocks in the structure.

**Table 4.** Cross-loading Values

Variable	KWPOP	PC	PR	SAP	SOP	PR x PC	PR x SOP	PR x SAP
KWPOP1	0.933	0.655	0.622	0.608	0.627	-0.694	-0.674	-0.683
KWPOP2	0.921	0.616	0.616	0.596	0.604	-0.672	-0.688	-0.668
KWPOP3	0.919	0.597	0.573	0.595	0.599	-0.663	-0.637	-0.66
KWPOP4	0.913	0.563	0.574	0.554	0.576	-0.636	-0.624	-0.626
KWPOP5	0.918	0.557	0.575	0.565	0.606	-0.63	-0.626	-0.624
KWPOP6	0.921	0.62	0.637	0.622	0.625	-0.662	-0.675	-0.679
KWPOP7	0.914	0.56	0.58	0.563	0.577	-0.643	-0.64	-0.642
PC1	0.641	0.924	0.598	0.621	0.619	-0.657	-0.629	-0.662

<b>PC2</b>	0.618	0.945	0.649	0.644	0.655	-0.679	-0.687	-0.724
<b>PC3</b>	0.604	0.9	0.571	0.596	0.59	-0.618	-0.609	-0.628
<b>PC4</b>	0.573	0.923	0.596	0.604	0.584	-0.643	-0.654	-0.686
<b>PC5</b>	0.613	0.94	0.599	0.622	0.628	-0.655	-0.642	-0.684
<b>PC6</b>	0.54	0.916	0.548	0.58	0.558	-0.621	-0.61	-0.634
<b>PR1</b>	0.617	0.593	0.937	0.639	0.616	-0.692	-0.673	-0.71
<b>PR2</b>	0.6	0.602	0.931	0.647	0.621	-0.673	-0.667	-0.693
<b>PR3</b>	0.595	0.58	0.921	0.631	0.596	-0.668	-0.658	-0.682
<b>PR4</b>	0.606	0.632	0.931	0.665	0.626	-0.689	-0.677	-0.725
<b>PR5</b>	0.606	0.587	0.937	0.643	0.62	-0.689	-0.683	-0.697
<b>SAP1</b>	0.609	0.623	0.652	0.945	0.598	-0.693	-0.646	-0.697
<b>SAP2</b>	0.576	0.608	0.624	0.933	0.584	-0.677	-0.644	-0.683
<b>SAP3</b>	0.616	0.633	0.667	0.941	0.599	-0.671	-0.648	-0.697
<b>SAP4</b>	0.571	0.585	0.649	0.94	0.595	-0.678	-0.634	-0.689
<b>SAP5</b>	0.599	0.639	0.636	0.937	0.602	-0.679	-0.654	-0.683
<b>SAP6</b>	0.59	0.641	0.657	0.934	0.61	-0.685	-0.659	-0.704
<b>SAP7</b>	0.638	0.638	0.67	0.947	0.628	-0.688	-0.669	-0.719
<b>SAP8</b>	0.583	0.595	0.639	0.928	0.573	-0.65	-0.632	-0.667
<b>SOP1</b>	0.61	0.612	0.622	0.594	0.945	-0.638	-0.657	-0.634
<b>SOP2</b>	0.62	0.615	0.629	0.623	0.941	-0.659	-0.668	-0.666
<b>SOP3</b>	0.628	0.63	0.609	0.61	0.925	-0.647	-0.655	-0.659
<b>SOP4</b>	0.599	0.605	0.611	0.567	0.928	-0.645	-0.65	-0.642
<b>SOP5</b>	0.613	0.615	0.627	0.598	0.949	-0.66	-0.665	-0.66
<b>PR x SAP</b>	-0.712	-0.725	-0.753	-0.738	-0.696	0.888	0.858	1
<b>PR x SOP</b>	-0.71	-0.691	-0.721	-0.691	-0.703	0.866	1	0.858
<b>PR x PC</b>	-0.715	-0.699	-0.732	-0.722	-0.693	1	0.866	0.888

Source: SmartPLS 4.0, 2026

As shown in Table 4 above, the cross-loading findings indicate that the construct in question does not have low construct validity. The cross-loading values for each item are greater than 0.7, indicating that the construct performs significantly better than other constructs. Thus, the validity test results of this study are valid.

### **Composite Reliability**

Two techniques for assessing validity and reliability are Composite Reliability and Cronbach's Alpha. Both Cronbach's Alpha and Composite Reliability ratings are higher than 0.70 in these assessments. The composite reliability analysis yielded the following findings.

**Table 5.** Composite Reliability

Variable	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
<b>KWPOP</b>	0.97	0.971	0.975	0.846
<b>PC</b>	0.966	0.968	0.973	0.855
<b>PR</b>	0.962	0.962	0.970	0.868
<b>SAP</b>	0.981	0.981	0.983	0.880
<b>SOP</b>	0.966	0.966	0.973	0.879

Source: SmartPLS 4.0, 2026

Based on Table 5, all variables are considered valid and satisfy the requirements for discriminant validity, as their AVE values exceed 0.50. The evaluation of the instruments used to measure the constructs is conducted through reliability testing. Cronbach's alpha and composite reliability values are used to evaluate reliability; scores greater than 0.70 signify acceptable reliability.

**Heterotrait-monotrait ratio (HTMT)**

According to (Hair et al., 2017), the appropriate threshold for discriminant validity is a Heterotrait-Monotrait Ratio (HTMT) value below 0.90. The HTMT must be less than 0.90.

**Table 6.** Heterotrait-Monotrait Ratio (HTMT)

Variable	KWPOP	PC	PR	SAP	SOP	PR x PC	PR x SOP	PR x SAP
<b>KWPOP</b>								
<b>PC</b>	0.667							
<b>PR</b>	0.672	0.666						
<b>SAP</b>	0.653	0.679	0.713					
<b>SOP</b>	0.676	0.678	0.686	0.656				
<b>PR x PC</b>	0.725	0.71	0.747	0.73	0.705			
<b>PR x SOP</b>	0.72	0.702	0.735	0.698	0.715	0.866		
<b>PR x SAP</b>	0.723	0.737	0.768	0.745	0.708	0.888	0.858	

Source: SmartPLS 4.0, 2026

The table above shows that the Heterotrait-Monotrait ratio is less than 1; therefore, the research model that includes the five variables mentioned above can be considered valid.

### Inner Model Analysis

#### R-Square (R)

Table 7. R-Square (R)

Variable	R-square	R-square adjusted
KWPOP	0.602	0.595

Source: SmartPLS 4.0, 2026

The R-square value of 0.602 (adjusted  $R^2 = 0.595$ ) was obtained for Individual Taxpayer Compliance (KWPOP), meaning that Coretax utilization, tax socialization, tax sanctions, and risk preference together account for 60.2% of the variation in compliance. This level of explanatory power falls within a moderate-to-substantial range. The remaining 39.8% of variance is attributable to factors outside the scope of this research.

#### Hypothesis Testing

Following the model analysis, hypothesis testing is the next phase. T-statistic is compared to the T-value to conduct this analysis. When the p-value  $< 0.05$  and the T-statistic  $> 1.65$ , the hypothesis is accepted. Following the smartPLS 4 bootstrapping technique, the output table of path coefficients is shown in Table 8.

Table 8. Hypothesis Test

Variable	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values	Significance
PC → KWPOP	0.141	0.138	0.067	2.108	0.018	Significant
SAP → KWPOP	0.089	0.088	0.065	1.366	0.086	Not Significant
SOP → KWPOP	0.164	0.16	0.05	3.25	0.001	Significant
PR x PC → KWPOP	-0.095	-0.098	0.052	1.837	0.033	Significant
PR x SOP → KWPOP	-0.096	-0.095	0.043	2.238	0.013	Significant
PR x SAP → KWPOP	-0.047	-0.048	0.052	0.899	0.184	Not Significant

Source: SmartPLS 4.0, 2026

### **The Effect of Coretax Utilization on Individual Taxpayer Compliance**

Coretax utilization (PC → KWPOP) produced a path coefficient of  $\beta = 0.141$ , T-statistic = 2.108, and p-value = 0.018, indicating a positive and significant effect on individual taxpayer compliance. Thus, H1 is supported.

Such a result suggests that compliance levels rise as an integrated tax administration system functions effectively. From a TPB standpoint, the extent to which taxpayers use Coretax reflects their sense of capability and support in meeting tax responsibilities a perception strengthened by factors such as integration across systems, prompt service, and ease of access, all of which encourage compliant behavior.

These result is consistent with (Aprilani & Astuti, 2025), who found that Coretax implementation positively and significantly affects taxpayer compliance by improving the efficiency and transparency of the tax administration process. In contrast, (Oktaviani et al., 2025) reported no significant effect, arguing that the effectiveness of Coretax depends on taxpayer readiness and system accessibility. The discrepancy between these findings and the present study may be attributed to differences in the level of Coretax adoption and familiarity among taxpayers in different regional contexts.

### **The Effect of Tax Socialization on Individual Taxpayer Compliance**

Tax socialization (SOP → KWPOP) yielded a path coefficient of  $\beta = 0.164$ , T-statistic = 3.250, and p-value = 0.001, confirming a positive and significant effect. Thus, H2 is supported.

This suggests that increasing the scope and enhancing the standard of tax socialization will successfully encourage greater compliance. Theoretically, this outreach's function in the Theory of Planned Behavior (TPB) paradigm symbolizes how people develop their own subjective norms. Tax compliance is now seen as a social standard that must be upheld rather than just a legal requirement due to the process of knowledge and understanding transfer through socialization.

The results of this study are consistent with the findings (Assaja & Khotimah, 2025; Haryanti et al., 2022; Zaikin et al., 2023) indicating that tax socialization has a significant impact on taxpayer compliance. However, it contrasts with research by (Rulandari & Rahmayani, 2023; Rahmi & Purwaningtyas, 2022), who found no significant effect. The inconsistency may be explained by differences in socialization quality, delivery channels, and the demographic profile of taxpayers. In the present study, the predominance of entrepreneurs and young educated taxpayers may have made them more receptive to socialization messages, particularly those delivered through digital channels.

### **The Effect of Tax Sanction on Individual Taxpayer Compliance**

Tax sanctions (SAP → KWPOP) produced a path coefficient of  $\beta = 0.089$ , T-statistic = 1.366, and p-value = 0.086, indicating no significant effect on individual taxpayer compliance. Thus, H3 is not supported.

These findings indicate that the existence of sanctions has not yet become a major factor driving taxpayer compliance at the KPP Pratama Indramayu. Contextually, this scenario can be explained by taxpayers' poor view of the efficacy of enforcement (weak perception of enforcement), whereby they consider the likelihood of facing penalties to be relatively low. Furthermore, penalties may not have enough deterrent effect due to their perceived small size in comparison to compliance costs including time, effort, and administrative complexity. According to the Theory of Planned Behavior (TPB), tax sanction are external factors that do not directly shape behavioral intent unless supported by strong internal awareness and a perception of control. Therefore, in the setting of this study, a repressive approach based on sanctions was less successful than an approach based on education and system convenience.

These results align with studies (Alfika et al., 2025; Gaol, 2022) stating that tax sanctions do not affect taxpayer compliance. Conversely, this finding diverges from (Kharista et al., 2025; Mianti & Budiwitjaksono, 2021; Fithiyaturrahmah, 2024), who found sanctions to be effective deterrents. The divergence may reflect differences in sanction enforcement intensity, taxpayer profile, and the broader institutional context of tax administration across study locations.

### **The Effect of Coretax Utilization on Individual Taxpayer Compliance Moderated by Risk Preference**

The interaction term (PR × PC → KWPOP) produced a path coefficient of  $\beta = -0.095$ , T-statistic = 1.837, and p-value = 0.033, indicating a significant moderating effect. Thus, H4 is supported. However, the negative coefficient reveals that risk preference weakens, rather than strengthens, the positive relationship between Coretax utilization and compliance.

This indicates that the beneficial impact of Coretax utilization on compliance tends to diminish as the taxpayer's risk preference increases. Although the Coretax system provides simplicity, speed, and accuracy, these features are not completely leveraged to improve compliance since taxpayers with risk-taking tendencies conceptually tend to give less thought to the potential risks of non-compliance. On the other hand, taxpayers who are risk averse are more aware of possible mistakes and administrative repercussions, which makes using Coretax more successful in encouraging compliance. Thus, these findings suggest that the effectiveness of implementing a digital tax system is determined not only by the quality of the system, but also by the psychological characteristics of taxpayers.

However, research specifically examining the role of risk preference as a moderating variable in the relationship between the use of tax systems and taxpayer compliance is still relatively limited. Therefore, these findings offer a new contribution to the tax literature, particularly in explaining the role of individual psychological factors in enhancing the effectiveness of tax technology implementation.

#### **The Effect of Tax Socialization on Individual Taxpayer Compliance Moderated by Risk Preference**

The interaction term (PR × SOP → KWPOP) yielded a path coefficient of  $\beta = -0.096$ , T-statistic = 2.238, and p-value = 0.013, confirming a significant moderating effect. Thus, H5 is supported. The negative direction indicates that risk preference weakens the positive impact of tax socialization on compliance.

This implies that the higher the level of risk preference, the lower the effectiveness of socialization in increasing compliance. Theoretically, taxpayers with a risk-taking tendency are less responsive to tax information and education because they have a higher tolerance for the potential risks associated with non-compliance. Conversely, risk-averse taxpayers are more likely to pay attention to information conveyed through outreach as an effort to minimize risk, making the impact of outreach on compliance stronger among this group. These findings indicate that the success of tax socialization programs is determined not only by the intensity and quality of information delivery but also by the individual taxpayer's risk characteristics as a psychological factor influencing their response to tax education.

These findings consistent with (Heliani et al., 2019; Kotta et al., 2024), who found risk preference to be a significant moderator between tax socialization and individual taxpayer compliance. However, (Risma, 2020) reported a non-significant moderation effect, which may reflect differences in socialization intensity and the risk profile of the taxpayer populations studied. The present finding underscores the importance of designing segmented socialization strategies that acknowledge individual differences in risk orientation, particularly for entrepreneurial taxpayer segments who are less risk-averse by nature.

#### **The Effect of Tax Sanctions on Individual Taxpayer Compliance Moderated by Risk Preferences**

The interaction term (PR × SAP → KWPOP) produced a path coefficient of  $\beta = -0.047$ , T-statistic = 0.899, and p-value = 0.184, indicating no significant moderating effect. Thus, H6 is not supported.

This indicates that differences in individual risk characteristics do not affect the effectiveness of sanctions in improving compliance. This suggests that tax sanctions, whether for taxpayers with low or high risk preferences, are not a sufficiently strong factor to encourage compliance. This may be due to a weak perception of enforcement or a low level of confidence that sanctions will actually be applied.

These results are consistent with earlier study (Daryatno et al., 2024), which found that risk preference does not moderate the association between taxpayer compliance and tax penalties. The study's findings, however, contradict those of a study (Sari & Priyadi, 2018) that claimed risk preference could increase the impact of tax penalties on taxpayer compliance. This discrepancy may be attributed to differences in environmental conditions, the level of sanction enforcement, and the characteristics of the taxpayers studied. In the context of this research, the sanction-based approach tends to be less effective compared to the education-based and system-ease-based approaches.

#### **4. CONCLUSION**

Findings from this study reveal that Coretax utilization and tax socialization both exert positive and significant effects on individual taxpayer compliance, while tax sanctions show no meaningful impact. Risk preference emerges as a significant moderator, reducing the effectiveness of Coretax utilization and tax socialization on compliance, but it does not moderate the sanctions-compliance relationship. These outcomes indicate that compliance is better promoted through technological and educational measures than through punitive ones, with the success of these approaches depending on taxpayers' individual orientation toward risk.

Theoretically, this study extends the Theory of Planned Behavior by showing that perceived behavioral control and subjective norms do not operate uniformly across individuals but are shaped by underlying risk preference, offering a novel integration of behavioral economics into digital tax compliance models.

Several limitations characterize this research. First, the study was confined to a single tax office (KPP Pratama Indramayu) with a cross-sectional design, limiting generalizability and the ability to capture changes over time. In addition, the model explains only 60.2% of the variance in compliance, indicating that other relevant factors remain unaccounted for.

Future research should extend this study to other tax offices using a longitudinal design to capture the long-term effects of Coretax implementation, and by incorporating additional variables such as tax knowledge, trust in government, and taxpayer awareness to develop a richer understanding of compliance behavior.

The findings of this study offer several practical recommendations for tax authorities. First, given that Coretax utilization significantly improves compliance, the Directorate General of Taxes should continue enhancing the system's accessibility, speed, and ease of use. Second, since tax socialization also positively affects compliance, outreach programs should be intensified and diversified across digital and community-based channels to reach a wider taxpayer base. Third, because risk preference weakens the positive effects of both Coretax utilization and tax socialization, tax authorities should consider

segmenting taxpayers based on their risk orientation, designing tailored communication strategies that emphasize the consequences of non-compliance for risk-tolerant groups. Finally, as tax sanctions were found to have no significant effect on compliance, a purely punitive approach should not be prioritized; instead, policy efforts should focus on strengthening system-based and educational strategies, while maintaining credible enforcement as a complementary, rather than primary, mechanism.

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