



## A Study of Trust Base Voluntary Tax Compliance through Tax Administration Digital Transformation in Indonesia

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**ABSTRACT:** Over the last decade, Indonesian Tax Authority, DGT (Directorate General of Taxes) has introduced digital transformations on tax administration as a part of Tax Reform in Indonesia. These practices were done to improve taxpayer trust and tax compliance. The objective of this study is to look into the relationship between tax administrations' digital transformation on trust, as well as taxpayers' tax compliance decisions. We emphasized on Indonesian taxpayers' perceptions of fairness and voluntary tax compliance following the digital transformation of tax administrations. An online questionnaire was distributed as part of this study's survey approach. To collect samples from all throughout Indonesia, the online survey used a Google form. Indonesian taxpayers were used as the study's population. A simple random sample strategy was used in this study. Structural equation modelling (SEM) was utilized to examine the collected data. The result was that tax administration's digital transformation has a positive impact on voluntary tax compliance.

**KEYWORDS:** Digital Transformation, Tax Administration, Trust, Slippery Slope Framework, Voluntary Tax Compliance.

### INTRODUCTION

Modern tax administrations are significantly impacted by technological innovations such as big data, analysis, artificial intelligence, machine learning, the Internet of Things (IoT), mobility, and cloud computing. These patterns can be utilized individually or collectively to improve taxpayer compliance, motivate tax agency employees, streamline operations, and modernize services. This is where digital transformation begins. More and more taxpayers today want both public openness and a streamlined tax structure. This has forced policymakers all over the world to re-evaluate and modify the fiscal framework of their government and has led to a number of new steps, including those adopted by the representatives of the OECD, the EU and the Group of 20 (G20) (Baisalbayeva et al., 2018). Digital transformation includes tax administrations can use forecasting modelling, macroeconomic trends analysis and policy adjustments that help to build employee capacity in order to convert data into business assets. This will make enforcement easier and avoid tax mistakes and fraud. It can contribute to improving taxpayer services by promoting payment methods, making refunds quicker and making information easier to access. It could minimize operational time, decrease costs for tax administrations, enhance risk control strategies and productivity of audits and better encourage (inter)national priorities (Baisalbayeva et al., 2018). In addition, although a greater understanding of people, what they do and how they interact with the government will greatly increase their commitment to taxpayers.

The Indonesian tax authority (Directorate General of Taxes or "DGT") has acknowledged the necessity of integrating technology into tax reform. In May of 2004, DGT debuted electronic filing for the first time. E-filing was only accessible through an Application Service Provider at the time. In 2014, DGT centralized all tax filing and payment services into a single system. DJP Online (<https://djp-online.pajak.go.id>) was developed by DGT as an electronic tax return reporting (eSPT) entry point. The website of the Directorate General of Taxes (<http://www.pajak.go.id>) now provides access to DGT online services.

Table 1 present the Indonesian Taxpayers Compliance Data from the Directorate of Tax Data and Information, DGT, to provide an overview about tax compliance in Indonesia. According to the 2020 DGT Annual Report, the formal compliance ratio in filing the Annual Tax Return has been improving since 2016. Only in 2018 did the compliance rate for filing the Annual Tax Return fall. Tax compliance was 60.75 percent in 2016, 72.58 percent in 2017, 71.10 percent in 2018, 73.06 percent in 2019, and 77.63 percent in 2020. These data demonstrate an increase in tax compliance since the debut of djp-online in 2014. However, some taxpayers fail to meet their tax obligations; for example, in 2021, approximately 18.9% of taxpayers failed to file their tax forms.



Table 1. Indonesian Taxpayers Reporting Compliance Data

Year	Number of Tax Return (In Million)	Number of Taxpayers (In Million)	Percentage
2016	12.24	20.15	60.75%
2017	12.05	16.60	72.58%
2018	12.55	17.65	71.10%
2019	13.38	18.32	73.06%
2020	14.76	19.01	77.63%
2021	15.49	19.10	81.10%

Several scholars have conducted study on how the digital transformation of tax administrations affects tax compliance. The goal of this article is to investigate into the impact of digital transformation on tax administrations' trust, as well as taxpayers' tax compliance decisions. Following the digital transformation of tax administrations, we focused on Indonesian taxpayers' impressions of fairness and voluntary tax compliance. As part of the survey approach used in this investigation, an online questionnaire was sent. The online survey uses a Google form to collect samples from all throughout Indonesia. The study's population was made up of Indonesian taxpayers. In this investigation, a simple random sample approach was applied. The acquired data was examined using structural equation modeling (SEM). As a result, the digital transformation of the tax administration has a favorable impact on taxpayer voluntary compliance.

**LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK**

Tax authorities can create a 360-degree view of taxpayers and their needs with Digital Transformation of Tax Administration, and help them customize e-services and open up omni channel communication through customized, clear, reliable, intuitive, and real-time interactions between taxpayers, both online and offline(Nazarov et al., 2019). These spaces are largely supported by the current state of the economy and tax administrations' willingness to allow taxpayers to comply with their taxes voluntarily. Compliance with taxpayers is not only dependent on temporary imposed tax compliance, but also on voluntary tax compliance. In order to foster long-term growth, voluntary fiscal compliance is critical, because increased voluntary tax compliance would impact the continued rise in tax receipts as it is not focused on coercion or threats of sanctions.

Relevant literatures on the effects of digital transformation on tax administration on trust and tax compliance, particularly voluntary tax compliance, will be given in this section. Moreover, this section describes the theory underlying the research and the constructs utilized in this study.

**A. Slippery Slope Theory**

One of the ideas some researchers have used in recent years to analyses compliance with taxpayer standards is Slippery Slope Theory. The theory of slippery slope is one that uses a method based on the taxpayers' conduction paradigm. Kastlunger et al., (2013) said the results of research on a slippery path remain inconsistent, especially for the variable power of tax authorities. Tax compliance caused by the fear of negative consequences is influenced by deterrent variables (enforced tax compliance), whereas tax compliance induced by the fear of negative consequences is influenced by social-psychological variables (Wahl et al., 2007) According to the slippery slope theory, programs designed to increase voluntary tax compliance rely on the public's trust in authorities. Inspections and tax penalties, for instance, tend to enhance the perception of an authority's ability to enforce tax compliance. As a result of this slippery slope, people's trust in tax authorities should be prioritized in order to increase voluntary tax compliance (Hofmann et al., 2008.) Some research results supported the hypothesis that the slippery slope model has a significant effect on taxpayer compliance (Kirchler, 200 7; Wahl et al., 2007). This framework differentiates between compliance with tax laws based on compulsion (power) and compliance based on trust (voluntary). Many people believe that economic factors, like audit probability and fines (referred to here as power legitimacy), determine the extent to which authorities can enforce compliance, while psychological factors, like a fair tax system or procedural fairness, influence trust in authorities and, thus, lead to voluntary compliance (Christoph et al., 2013).



Based on the theory, several variables, including trust, procedural fairness, power legitimacy, and voluntary tax compliance, will be utilized in this study. This section will explain the variables. As an extension of the slippery slope theory, perception of digital transformation will also be used as an independent variable in this study, and its impact on procedural fairness, power legitimacy, trust, and voluntary tax compliance will be examined.

## ***B. Digital Transformation of Tax Administration.***

Digital transformation is the use of computer and internet technology to generate economic value more efficiently and effectively. More broadly, it refers to advances in digital technology in its entirety; the way that we function, communicate, and customize and the creation of wealth within the system. Digital transformation has had an evident, enduring, and even transformative effect not only on business processes and players, but also on the lives of individuals and on society as in general (Reddy & Reinartz, 2017). Tax administration with the following primary areas will benefit from digital transformation: openness, taxpayers' centric solutions, connected tax players, data-driven decisions and automated processes. Research by OECD shows that enhanced strategy, procedures and investments transparency will enhance taxpayer satisfaction and voluntary compliance through highly organized and/or visually supported data. Tax administration and taxpayers expect the tax information they receive from other holders, for example banks and consumers, to be shared easily in real-time (Baisalbayeva et al., 2018) This enables tax administrations and taxpayers (businesses and individuals) to increase connections and cooperation. It also helps tax administrations securely share relevant information with banks, entrepreneurs, bursaries, trade chambers, etc. A recent development in the financial sector is that tax administrations exchange taxpayer details automatically across jurisdictions. Taxpayers would like to be assured of the right degree of privacy, security and confidentiality for their personal details. Simultaneously, they expect to be provided with customized, reliable services in real time. To balance the two demands, tax administrations are looking for ways in which structured and unstructured data can be collected, secured, analyses and managed effectively. This helps to ensure compliance, enables policymakers to take decisions which drive growth and enhance their public image with greater transparency and accountability.

## ***C. Trust***

Many crucial economic, social, and political behaviors require trust. To trust someone is to believe they will act in your best interests and will not take advantage of you if the opportunity arises (Ben-Ner & Halldorsson, 2010). In the context of tax compliance, it indicates that taxpayers have faith that authorities will act in the best interests of the social collective rather than their own. Similarly, authorities rely on taxpayers to provide truthful and accurate information on tax returns. According to (Feld & Frey, 2002), the way authorities treat taxpayers demonstrates their confidence in them. For instance, when a mistake is made on an individual tax return, taxpayers are not automatically suspected of cheating, indicating that taxpayers are trusted. The concept of trust emphasizes the taxpayer's relationship with the tax authority because the taxpayer has faith in the tax authority (Daniela & Luís, 2014). If taxpayers have confidence in the tax agency, they are more likely to pay their dues (Kastlunger et al., 2013). According to the existing literature, trust is a crucial factor in compliance behaviour in a variety of contexts. In conclusion, tax payers who are perceived as trustworthy are more likely to comply. For instance, trust in tax authorities is positively associated with tax compliance (Daniela & Luís, 2014).

## ***D. Tax Compliance***

Numerous studies have been conducted to provide tax authorities with formulas and methods for enhancing compliance. The majority of these studies have adopted an economic or behavioral research methodology. Compliance with reporting requirements is the generally accepted definition, which means that the taxpayer files all required tax returns on time and that the returns accurately report tax liability in accordance with all applicable regulations and court rulings in effect at the time the return is filed (Devos, 2008). Another definition from tax compliance is the willingness of individuals and corporations to pay their taxes accurately and on time, as requested by tax authorities (Verboon & van Dijke, 2007). Tax compliance has also been defined as the capacity of a tax-liable entity or individual to file accurate, complete, and acceptable tax returns in accordance with state tax laws and regulations for tax assessment (Badara, 2012)

## ***E. Procedural Fairness.***

Procedural fairness, according to Ivancevich et al., (1990) relates to perceived fairness in administrative processes and procedures used to make allocation of resources and resource decisions. In taxation fairness procedure is one of the important sources for the

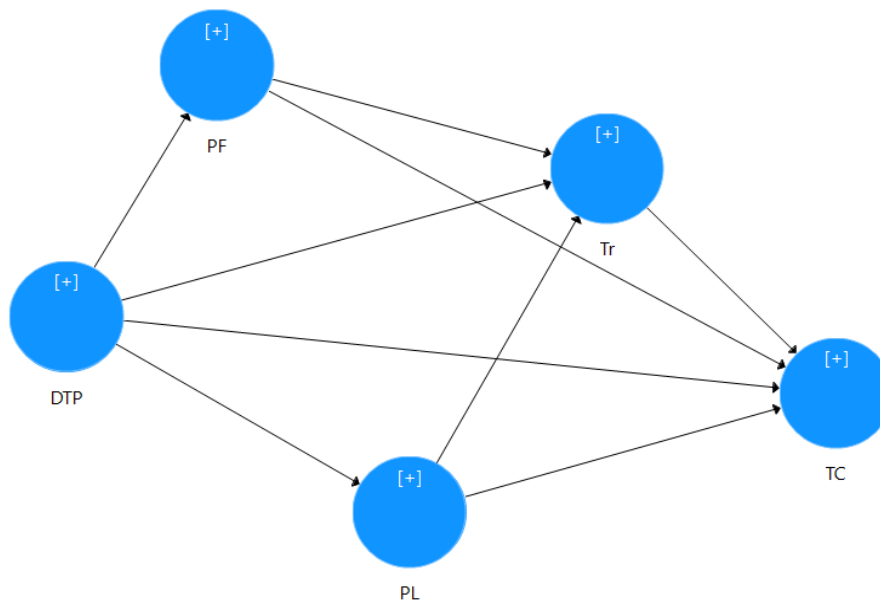
public in evaluating the level of morality of tax officials in carrying out their functions as tax collectors. With improved procedural fairness, there will be more trust in the tax authority (Christoph et al., 2013).

**F. Power Legitimacy.**

Power based on the foundation of formal power is divided into three namely: First, coercive power is fear (Robbin and Judge, 2007). Someone gave his reaction to this power out of fear of negative consequences that might occur if yes disobedient; second, the power of reward, one fulfils the wishes or direction of others because, in doing so, he will benefit positively; therefore, a person who can share a reward or reward that other see as worth will have power over that other person; third, the power of legitimacy represents the formal authority to rule and manage the organization's resources.

**HYPOTHESIS DEVELOPMENT**

From The Theory of Slippery Slope and the aforementioned constructs, we assembled the conceptual framework for this study. The research investigates how taxpayers perceive digital transformation's (DTP) direct effect on voluntary tax compliance (TC), as well as the indirect effect of DTP on other variables, as well as widely debated factors that influence taxpayer voluntary compliance (TC), including procedure fairness (PF), power legitimacy (PL), and taxpayer trust (Tr). In accordance with the described conceptual framework, a structural model was developed to explain the complex nature of compliance behavior in the context of digital transformation perception (Figure 1)



**Figure.1** Structural model

On the basis of the conceptual framework, the authors formulated the hypothesis:

- H1: Digital Transformation Perception has a positive effect on the Procedural Fairness
- H2: Digital Transformation Perception has a positive effect on the Power Legitimacy
- H3: Digital Transformation Perception has a positive effect on the taxpayers' trust
- H4: Procedural Fairness has a positive effect on the taxpayers' trust
- H5: Power Legitimacy has a positive effect on the Taxpayers' trust
- H6: Digital Transformation Perception has a positive effect on the voluntary tax compliance
- H7: Procedural Fairness has a positive effect on voluntary tax compliance
- H8: Power Legitimacy has a positive effect on the voluntary tax compliance
- H9: Taxpayers trust has a positive effect on the voluntary tax compliance



**METHODOLOGY**

**A. Data Collection and sample.**

An online survey was used in this study to effectively reach more interested populations. To send the responder an online survey, we used Google Forms. Taxpayers from Indonesia represent approximately the study's sample population. Selecting responders among Indonesian taxpayers nationwide involved the use of simple random sampling. Taxpayers from 60 cities in Indonesia were randomly selected as a sample in this study.

The study received 285 responses. Three respondents failed to freely engage in the survey, hence they were excluded from the sample. 282 respondents who were obtained can be used as samples in this study based on the aforementioned description. Table 1 shows the sample's demographic characteristics.

The sample had a higher percentage of males (58%) than females (42 percent). The bulk of respondents were middle-aged, with more than half of them—55 percent—being in the 30–40 age range. The 20–30 age range came in second with 33 percent of the total. Employee came out as the top occupation among respondents, amounting for 56 percent. 39 percent of respondents identified undergraduate as their major educational level, which was followed by high school and a diploma by 25 and 21 percent, respectively.

**B. Measurement scales**

The survey instrument was made up of pre-tested scales with 5-Likert. To measure the Procedural Fairness variable, we used 7 questions items which were adapted from (Murphy, 2004). Trust variable were measured by 4 questions that adopted from (McAllister, 1995). The power and legitimacy variable were measured by 4 questions adopted from (Kastlunger et al., 2013) And the Voluntary Tax Compliance were measured using 7 questions adopted from (Kirchler et al., 2010).

**C. Data Analysis.**

Survey responses were examined using structural equation modeling (SEM). By integrating multiple regression with component analysis, SEM gives overall fit statistics and allows testing of all associations between observable and latent variables concurrently (Tabachnick et al., 2007; Yi et al., 2009). SEM can also account for measurement error using observable variables (Hair et al., 2011). SEM was chosen as an advanced inferential analysis technique for this study because it tries to test a suggested model (with many dependent variables) and matching hypotheses with a high degree of rigor. The structural equation modeling was conducted in accordance with Hair Jr et al., (2021) two-step process, which includes confirmatory factor analysis of the observed variables and path analysis of structural models.

**Table 1.** Demographic of sample

Gender	Frequency	Percentage	Age (years)	Frequency	Percentage
Laki-laki	163	58%	20 - 30	94	33%
Perempuan	119	42%	30 - 40	155	55%
Total	282	100%	40 - 50	27	10%
			>50	6	2%
			Total	282	100%
Occupation	Frequency	Percentage	Education	Frequency	Percentage
Employee	158	56%	Highschool	71	25%
Manager / Division Head	46	16%	Diploma	58	21%
Independent professional/worker	25	9%	Undergraduate	110	39%
MSME Business owner	32	11%	Graduate	43	15%
CEO/Director	21	7%	Total	282	100%
Total	282	100%			

City	Frequency	Percentage

City	Frequency	Percentage



Kota Balikpapan	5	2%
Kota Banda Aceh	3	1%
Kota Bandar Lampung	3	1%
Kota Bandung	9	3%
Kota Bantul	2	1%
Kota Batu	3	1%
Kota Bekasi	9	3%
Kota Banjarmasin	4	1%
Kota Bogor	11	4%
Kota Cirebon	10	4%
Kota Denpasar	6	2%
Kota Depok	6	2%
Kota Jakarta	24	9%
Kota Makasar	6	2%
Kota Malang	5	2%
Kota Medan	4	1%
Kota Metro Lampung	2	1%
Kota Padang	4	1%
Kota Palembang	4	1%
Kota Palu	4	1%
Kota Pekanbaru	5	2%
Kota Salatiga	2	1%
Kota Samarinda	4	1%
Kota Semarang	9	3%
Kota Sorong	3	1%
Kota Sukabumi	3	1%
Kota Surabaya	4	1%
Kota Tangerang	8	3%
Kota Tangerang Selatan	9	3%
Kota Tasikmalaya	5	2%
Kota Tegal	2	1%
Kota Yogyakarta	7	2%
Total	185	66%

Kab. Badung	2	1%
Kab. Banggai Laut	2	1%
Kab. Banyuwangi	4	1%
Kab. Bekasi	4	1%
Kab. Bogor	4	1%
Kab. Ciamis	2	1%
Kab. Cianjur	5	2%
Kab. Cirebon	8	3%
Kab. Indramayu	4	1%
Kab. Karangnyar	5	2%
Kab. Kebumen	3	1%
Kab. Kotabumi	4	1%
Kab. Kuningan	5	2%
Kab. Lebak	2	1%
Kab. Majalengka	2	1%
Kab. Malang	2	1%
Kab. Manggarai	2	1%
Kab. Pasuruan	2	1%
Kab. Ponorogo	3	1%
Kab. Purworejo	4	1%
Kab. Serang	3	1%
Kab. Sragen	4	1%
Kab. Subang	6	2%
Kab. Sukoharjo	6	2%
Kab. Sumedang	4	1%
Kab. Tabanan	2	1%
Kab. Temanggung	2	1%
Kab. Watampone	1	0%
Total	97	34%
Grand total	282	100%

**ANALYSIS AND RESULT**

We choose to verify the model hypothesis using partial least squares (PLS) path modeling with Smart PLS 3.3.7. This is because of the complexity of the model and the soft distributional assumptions, the simplicity of the interpretation, the model specification, and the exploratory nature of our work. PLS-capacity SEM's to simultaneously address many dependency relationships with improved statistical efficiency has gained more attention (Ringle et al., 2018). Additionally, this kind of modeling is appropriate when the measurement scales comprise a few elements (Barclay et al., 1995) and it does not place limitations on the distribution of data (Chin, 1998).

**A. Validity and Reliability Test.**

Estimates from the measurement model were based on scale validity and reliability. In order to estimate a first order measurement model that includes all reflective items in relation to their latent construct, we initially chose a principal component-based estimation strategy using PLS (Chin et al., 2013) Using Cronbach's Alpha and composite reliability indicators, we then evaluated the internal



consistency and measurement scale reliability. As shown in Table 2, all first order constructs have values for both indices over the advised minimal cutoff of 0.7 (Hair et al., 2017).

**Table 2.** Measurement Model

Construct	Factor Loading	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Tax Administration's Digital Transformation Perceptions (DTP)		0.910	0.912	0.930	0.690
DTP1	0.858				
DTP2	0.849				
DTP3	0.793				
DTP4	0.841				
DTP5	0.827				
DTP6	0.816				
Perceived on Fairness (PF)		0.927	0.930	0.941	0.697
PF1	0.825				
PF2	0.857				
PF3	0.885				
PF4	0.876				
PF5	0.791				
PF6	0.821				
PF7	0.785				
Power Legitimcy (PL)		0.914	0.919	0.940	0.796
PL1	0.900				
PL2	0.920				
PL3	0.898				
PL4	0.849				
Trust (Tr)		0.884	0.882	0.922	0.749
Tr1	0.717				
Tr2	0.901				
Tr3	0.930				
Tr4	0.896				
Tax Compliance (TC)		0.941	0.943	0.952	0.740
TC1	0.822				
TC2	0.780				
TC3	0.798				
TC4	0.922				
TC5	0.898				
TC6	0.921				
TC7	0.870				

We were able to confirm, as indicated in Table 2, that all measurement items exceed their minimal factor loading requirement of 0.7 and significantly contribute to each of their respective constructs (Ringle et al., 2018). The convergent validity of measurement



scales: all average extracted variance values are greater than 0.5; all standardized loadings associated with observable items are significant (Hair et al., 2017). Likewise, the Fornell and Larcker criterion was used to confirm discriminatory validity (Fornell et al., 1981). For each concept, all correlations between latent component pairs are less than the square root of the AVE, allowing us to reach the conclusion that our modelling is acceptable (see Table 3).

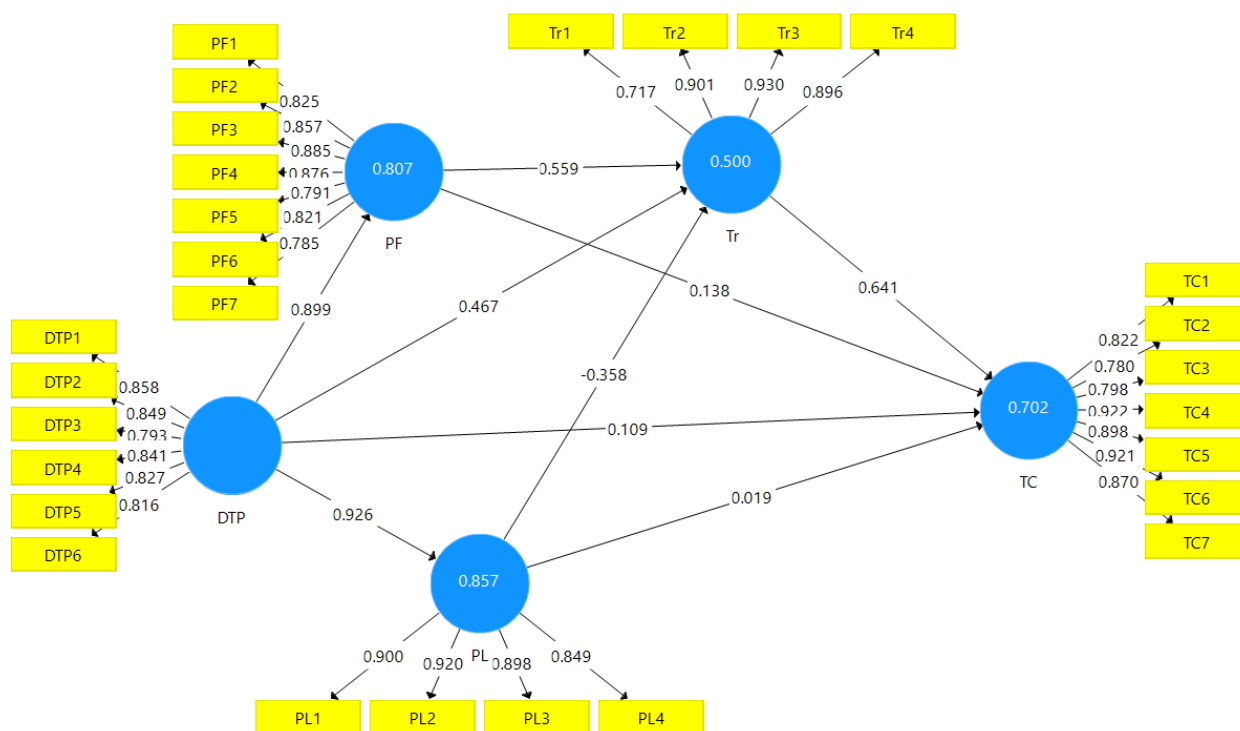
**Table 3.** Discriminant validity assessment (Fornell-Locker criterion)

	DTP	PF	PL	Tr	TC
DTP	0.831				
PF	0.899	0.835			
PL	0.926	0.796	0.892		
Tr	0.638	0.694	0.519	0.816	
TC	0.660	0.696	0.562	0.865	0.860

**B. Hypothesis Test.**

In order to test our proposed hypothesis, we used the bootstrapping approach with a resampling of 5000 to estimate the correlation between constructs and their significance. Standard error and t-statistics are available for assessing the significance of the structural coefficients at this stage of bootstrapping (Henseler et al., 2015). Figure 2 and Table 4 show the results for path coefficients/direct effects together with a variety of fit indexes

The meaning of the coefficient is shown by the Empirical t-value, determined by the bootstrapping method. If the t-value is greater than a critical threshold, the path coefficient is considered important. The crucial value is the importance of the coefficient at a particular likelihood of errors (i.e., significance level). Depending of the field and the quality of the study, choice of essential importance or significance. In PLS-SEM studies it is normally presumed 5% (t table >1,96) importance (Hair Jr et al., 2010)



**Figure 2.** Result of PLS Algorithm calculation





Table 4. Hypothesis Test based on Path Coefficients

Hypothesis	Independent Construct	Dependent Construct	R <sup>2</sup>	Path Coefficient	T Statistics	P Values	Hypothesis Support
H1	DTP	PF	0.807	0.899	68.878	0.000	yes
H2	DTP	PL	0.857	0.926	103.063	0.000	yes
H3	DTP	Tr	0.500	0.467	2.685	0.007	yes
H4	PF	Tr		0.559	5.652	0.000	yes
H5	PL	Tr		(-0.358)	2.288	0.023	yes
H6	DTP	TC	0.702	0.109	0.780	0.436	no
H7	PF	TC		0.138	1.304	0.193	no
H8	PL	TC		0.019	0.200	0.842	no
H9	Tr	TC		0.641	11.023	0.000	yes

Significance of p-value 5% :  $p > 0.05$ (N.S): Non-significant; Significance of t-value  $> 1.96 : t < 1.96$  (N.S): Non-significant

This study found support for six of nine proposed hypotheses. Results shown in Table 4 indicate that digital transformation on tax administration perception (DTP) had a significant and positive affect Perceive of fairness (PF) (Path coefficient = 0.899,  $p < 0.05$ ,  $t > 1.96$ ) confirming hypotheses H1. We can also affirm that DTP positively and significantly influence Power Legitimacy (PL) (Path coefficient = 0.926,  $p < 0.05$ ,  $t > 1.96$ ), confirming hypotheses H2. In addition, DTP had a positive and significant impact on Trust in Tax Authority (Tr) (Path coefficient = 0.467,  $p < 0.05$ ,  $t > 1.96$ ); hence H3 was supported. Perceive of Fairness (PF) positively and significantly influence Trust (Tr) (Path coefficient = 0.559,  $p < 0.05$ ,  $t > 1.96$ ) confirming hypotheses H4. Meanwhile, Power Legitimacy had a negative path coefficient on Trust but had significant value on t-statistics and P value (Path coefficient = -0.358,  $p < 0.05$ ,  $t > 1.96$ ); confirming H5 was supported. Nonetheless, DTP had positive and no significant influence on Tax Compliance (TC) (Path coefficient = 0.109,  $p > 0.05$ ,  $t < 1.96$ ); consequently, H6 was not supported. Perceive Fairness (PF) had a positive and no significant influence on Tax Compliance (TC) (Path coefficient = 0.138,  $p > 0.05$ ,  $t < 1.96$ ), therefore, hypotheses H7 was not supported. We can conclude Power Legitimacy had a positive and no significant influence on Tax Compliance (TC) ((Path coefficient = 0.019,  $p > 0.05$ ,  $t < 1.96$ ), therefore, H8 also not supported. Finally, our data show that Trust positively and significant influence on Tax Compliance (Path coefficient = 0.641,  $p < 0.05$ ,  $t > 1.96$ ) so that H9 was accordingly supported.

**DISCUSSION**

This study used an expanded Slippery Slope theory model as a theoretical lens to analyse the impact of taxpayers' tax compliance decisions and the digital transformation of tax administrations on trust. Six variables are included in the proposed model, which are connected by nine path links (H1-H9). Six out of the nine proposed hypotheses received support from structural equation modelling, confirming some of the relationships in the Slippery Slope theory that relate to voluntary tax compliance based on trust, perceived fairness, power legitimacy, and extended with tax administrations' perceptions of digital transformation.

According to the results of the hypothesis testing, hypothesis 1, 2, and 3 were confirmed since the digital transformation of tax administrations perception (DTP) had a positive and significant impact on perceived fairness (PF), power legitimacy (PL), and trust (Tr). Hypothesis 6 was not validated since DTP had no direct positive impact on voluntary tax compliance (TC). This finding supports the research of (Gracia et al., 2015) who used an online poll to gather data from 448 Spanish residents who used public e-services to investigate how much e-government efforts impact public administration trust. They discover that the use of digital services can enhance trust. The perceived value of public e-services does, in fact, have a favorable impact on public trust in government.

Trust as a mediator factor of tax compliance has three antecedents: perceived fairness (PF), perceived digital transformation of tax administrations perception (DTP), and legitimacy of power (PL). Facilitating DTP (H3) and PF (H4) positively and significantly influence the tax compliance (TC). Meanwhile, H5, which was facilitated by power legitimacy (PL), has a detrimental and severe impact on tax compliance (TC). The findings corroborate those of studies by (Dijke et al., 2010) and (Verboon et al., n.d.), which discovered empirical evidence that procedural fairness has a positive and significant impact on tax compliance. This implies that



voluntary tax compliance will increase in proportion to how fairly tax authorities treat taxpayers. Additionally, because DTP, PF, and PL did not directly affect tax compliance (TC), H6, H7, and H8 were not supported; instead, tax compliance was influenced by trust, supporting H9. This conclusion supports the slippery slope theory proposed out by Kirchler, Hoelzl, and Wahl (2008) and Kirchler & Wahl (2010).

## CONCLUSION

DGT has been implementing digital transformation in taxation for the last decade. In order to understand how the digital transformation has affected voluntary tax compliance, this study seeks empirical evidence. According to the slippery slope framework, procedural fairness and taxpayer trust both had an impact on voluntary tax compliance. According to the theory, the tax authority hopes to raise the value of procedural fairness, taxpayer trust, and power legitimacy through the application of digital transformation in order to increase voluntary tax compliance. The tax authority hopes that digital transformation will motivate employees in tax agencies, increase transparency, streamline operations, and modernize services. All of these things will have a positive impact on tax compliance, allowing them to fulfil their tax obligations correctly and driving up state revenues.

In line with the mass of the literature, we discovered that taxpayers' perceptions of digital transformation were positively influenced procedural fairness, power legitimacy, and taxpayers' trust. Surprisingly the voluntary tax compliance was not directly affected by digital transformation perception. Another empirical finding was the taxpayers trust positively affect the voluntary tax compliance, this is in line with the literature and preview research.

Further research should be held to find out the cause of the differences with the literatures and preview research. Any others technic and method should be done to find the perfect model for the problem. The authors hope it can be complete the limitations of this study.

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