

THE EFFECT OF DIGITALIZATION OF TAXATION, TAX MORALE AND MODERNIZATION OF THE ADMINISTRATIVE SYSTEM ON TAXPAYER COMPLIANCE

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ABSTRACT

This research aims to determine the effect of Tax Digitalization, Tax Morale and Administrative System Modernization on Taxpayer Compliance. The sample selection technique in this research used a convenience sampling technique. Data processing uses the Smart PLS program. The research results show that the administrative system modernization variable has a significant positive influence on taxpayer compliance, digitalization has a positive but not significant influence, while tax morale has a negative and insignificant influence. The implications of this research are that it is very important to maintain the security of taxpayer data and make it easier for taxpayers to access tax applications both when paying taxes and reporting taxes, which will increase taxpayer compliance because personal data is safe and makes it easier for taxpayers to carry out their tax obligations. Apart from that, with the DJP's plan to implement Coretax, which is one application used for all tax obligations, taxpayers will not be confused by the many tax applications currently used by taxpayers. The modernization of the tax system which continues to develop by following the technological era and taking advantage of current technological advances has a great influence on increasing tax compliance because it will be easier for taxpayers to access information and carry out their obligations as compliant taxpayers.

Keywords: *Taxpayer Compliance, Digitalization of Taxation, Tax Morale, Modernization of Administrative Systems*

1. INTRODUCTION

Taxes are an important source of income for a country. Taxes are an obligation for citizens who require people to pay taxes in order to contribute financially to the state without getting direct benefits to individual taxpayers. Indonesia makes taxes the main source of state income which allows the government to fulfill its needs and obligations in providing benefits to society as a whole. State revenues from taxes are very important in supporting various government policies and programs, such as providing public services, social programs and infrastructure development.

APBN or State Revenue and Expenditure Budget, taxes act as a crucial instrument. Every tax paid by the community is an asset that must be managed wisely and accounted for by the government. Compliance and transparency in the management of tax revenues is very important, as it ensures that these revenues are used efficiently and effectively for various programs and projects that have a positive impact on the lives of citizens. Having a fair and quality government work system in the use of tax revenues is important for achieving sustainable economic growth and enabling the welfare of the Indonesian people to increase evenly.

Governments that effectively manage taxpayer tax revenues and ensure the production of high-quality jobs have the potential to increase taxpayer compliance in terms of tax payments and reporting. With assistance from taxpayers, state tax revenues can increase. To encourage tax revenue in Indonesia, there is an approach that can be used, namely by increasing the level of compliance of individuals as taxpayers. Taxes paid by a country's residents will naturally increase according to their level of compliance. The 2022 Annual SPT compliance ratio reached 58.61 percent, according to the Deputy Minister of Finance (Kemenkeu, 2023), who reported that 2022 Annual SPT receipts were 11.39 million, or an increase compared to last year in the same period of 4.97 percent. Tax revenue contribution is significantly influenced by individual taxpayer compliance.

The tax system in Indonesia is known to keep pace with the digitalization that is occurring. The latest tax technology continues to be developed to make it easier for taxpayers, especially during the pandemic, when it is quite difficult to interact directly. Tax digitalization is a new form of innovation aimed at reform to help taxpayers fulfill their tax responsibilities. The Directorate General of Taxes has developed several systems to make things easier for taxpayers. This is intended so that taxpayers can carry out their obligations digitally. However, there are still many people who are less familiar with the technological changes that are occurring. According to research from Dwianika & Biasini (2021) and Ermanis et al. (2021), shows that tax compliance can be influenced positively and significantly by the digitalization of taxation.

Several previous studies have found that several factors can increase tax compliance, namely: tax morale (Fachrainy et al, 2021). Taxpayer compliance is influenced by the taxpayer's willingness to carry out taxation in accordance with established rules. The taxpayer's will is called tax morale. When someone has tax morale If it is good then tax compliance will also be good and tax revenue will be more optimal. Asih and Adi's research (2020) shows tax morale influence on the level of taxpayer compliance. Tax morale is seen as the basic motivation for paying taxes.

The application of technology to streamline tax administration, increase transparency, and provide superior tax services to taxpayers is a strategic step known as administrative system modernization. This act adopts the latest practices in taxation, increases the availability of information, and brings about reforms in tax administration. According to Gulo (2021), administrative system modernization is the implementation of an administrative system with technology as its basis, which aims to simplify and improve the implementation of various administrative programs and procedures in the realm of taxation. The main objective of this transition is to ease the burdensome regulations and processes that existed under the previous tax administration and to encourage increased compliance among taxpayers.

According to research by Gulo (2021), modernization of administrative systems has a major impact on required compliance. Limajatini et al. (2019) said that modernization of the administrative system had a good impact on taxpayer compliance, while Setyobudi and Muchayatin (2022) said that modernization of tax administration had a good impact and was not too important on taxpayer compliance. Contrary to the latest study by Haryanti, Pitoyo and Napitupulu (2022) show that improvements to the tax system do not produce a substantial and positive impact on the level of compliance demonstrated by taxpayers. Pratama and Kurnia

(2021) say that modernizing tax management does not have a big impact on how well people comply with the rules.

Based on the discussion above, there are inconsistencies between previous studies. Therefore, research will be carried out again regarding the influence of Tax Digitalization, Tax Morale and Modernization of the Administrative System for Taxpayer Compliance.

Compliance Theory (compliance theory)

Stanley Milgram, in 1963, introduced the Obedience Theory (Compliance Theory) to explain why someone obeys predetermined rules or orders. In sociological reading sources, compliance with the law is viewed from two different perspectives, namely the normative and instrumental perspectives. The instrumental view states that individuals' motivation arises from their subjective perceptions of the potential consequences of actions as well as personal interests. In contrast, the normative perspective is based on the idea that individuals comply with legal regulations. People who obey the law are considered to be in line and consistent with the internal regulations they follow. This is what is called a normative view. Normative commitment can be established through personal morality, where compliance with the law is considered mandatory; In contrast, legitimacy-based commitment is motivated by compliance with regulations which stems from the belief that the management body has legitimate authority to regulate behavior (Marlina, 2018 in Purwoko, Prasetyo, Wijayanti, & Setiawan, 2022).

Taxpayer compliance is adjusted to behavior where the taxpayer consistently follows the applicable legal rules. According to Permata & Zahroh (2022), external and internal motivation act as two factors that influence tax compliance. Internal motivation is described as a drive from within a person, such as awareness of the importance of paying taxes. Meanwhile, external motivation is described as encouragement that comes from outside the individual, such as sanctions from the government. To maximize tax compliance, DGT implements various services e-system, for example e-billing, SPT, e-filing, and e-registration. These services aim to increase taxpayers' external motivation.

Attribution Theory

An individual's behavior can be analyzed or evaluated using attribution theory, which takes into account both internal and external influences. Internally driven behavior is that which is controlled by the individual, whereas externally driven behavior is that which is impacted by other circumstances, such as the context or surroundings (Dian et al. 2022).

In order to support factors like tax socialization, tax morale, and modernization of the tax system as an external factor to promote tax compliance, this study use attribution theory.

Theory of Planned Behaviour

According to Ajzen (1991), Theory Of Planned Behaviour explained as a theory that predicts individual behavior based on the individual's intentions (intention to comply). Individual intentions, in turn, are influenced by three components, namely impressions of behavioral control, attitudes towards behavior, and subjective norm. Theory Of Planned Behaviour adds a new variable, namely perceived control of behavior, which is not contained in Theory of Reasoned Action. Deep behavioral intentions Theory of Planned Behavior is an important

element that determines a person's behavior. Intention is defined as a person's tendency to carry out a certain behavior. The more determined a person is, the more likely it is that the behavior will be carried out (Ajzen, 1991). According to Theory of Reasoned Action work (Ajzen, 1975), behavior is solely influenced by intentions. So, paying one's taxes on time shows that the taxpayer takes his or her tax responsibilities seriously and complies with all rules and regulations.

Inside Theory of Planned Behaviour explained. First, the desire to act is shaped by a person's mindset, where mindset plays an important role in the desire to act when an individual chooses an item with consequences that have the potential to be detrimental or beneficial. Second, individuals motivated to influence the decision to perform or not perform an action can be influenced by subjective standards, the influence of views and norms accepted by individuals in their environment. Third, behavior modification is an important aspect, which highlights the extent to which an action is considered simple or complicated (Nelawati & Utami, 2023). According to (Anugrah & Fitriandi, 2022) The theory of planned behavior explains that a person's attitude towards a behavior is the main factor that is able to predict whether the individual will take a certain action. If the attitude is positive and gets support from the surrounding environment, and if the individual feels there is ease and minimal obstacles in behaving then the individual's intention to carry out this behavior will be high

Taxpayer Compliance

Compliance in a community reveals how well a society follows its regulations and fulfills its tax responsibilities. Compliance does not only include the actions and attitudes of taxpayers, but also the timeliness of tax payments and the accuracy of collecting assets, income, tax objects, or tax calculations. To increase the level of taxpayer compliance, this can be done by maximizing their understanding of tax regulations, creating a transparent and fair tax system, and providing training and assistance to taxpayers. According to Reno, Wibisana and Masruri (2020) tax compliance is where the voluntary and obedient attitude of taxpayers pays the taxes borne sincerely within the specified time limits.

Individual taxpayer compliance as referred to by Wulandari and Limajantini (2021) elucidates The term individual taxpayer compliance refers to an individual's effort to learn and fulfill their duties in relation to tax laws and regulations.. As stated by Haryanti et al (2022) in the context of taxation, compliance is the process of fulfilling all tax obligations and implementing tax rights by referring to relevant laws and regulations. Formal and material compliance are two different types of taxpayer compliance. Formal compliance is achieved when there is harmony between tax responsibilities and the provisions stated in tax laws and regulations. On the other hand, if the general public follows the concepts and contents contained in tax laws and regulations, then they will achieve material fulfillment by complying with all actual tax provisions.

Digitalization of Taxation

According to Alpha & Wahyudin (2020), in improving the performance of tax administration services, there are several components that must be reviewed for tax reform, such as increasing taxpayer compliance, and supported by fostering a sense of integrity in the attitude of tax officials. Lack of understanding and difficulties in tax administration services is one of the obstacles that is often encountered, this is also caused by long queues so that taxpayers take a

long time to carry out tax administration.

According to Widilestariningtyas (2017) the modern tax administration system is an improvement in the performance of the overall administration system which is more economical, flexible and makes things easier for tax actors.

Digitalization is the transformation of various aspects of life, including economic, educational and social processes that utilize technology and information. Digitalization has had an impact, one of which is in the field of taxation. The impact of digitalization includes the tax administration system and state policies at the domestic and international levels.

Digitalization has an impact on tax policy and administration at both domestic and international levels. Electronic SPT is one of the products of the digitalization process in the taxation sector. This product is a digital form designed to provide tax services in the tax reporting process through the delivery of E-Filing at the DJP, which includes application facilitators and electronic SPT distributors (Tambun, Sitorus & Atmojo, 2020).

According to the aforementioned definition, the term "digitalization of the tax system" refers to the enhancement of the tax system to enhance administrative performance, which gives taxpayers the ability to efficiently complete their tax duties. The tax E-system is one of the outcomes of the tax digitization process. The goal of the tax e-system's constant updates is to make it easier and more efficient for taxpayers to fulfill their duties (Widjaja & Siagian, 2017).

Dwianika & Biasini (2021) shows that the direct influence of tax technology on tax compliance has proven to be positive and significant. Ermanis et al. (2021) conducted research showing that both partial and overall results are positively influenced by the digitalization of administration. Thus, it can be hypothesized that the digitalization of taxation has a positive effect on individual taxpayer compliance.

In research conducted by Dwianika & Biasini (2021), the direct influence of tax technology on tax compliance has proven to be positive and significant. Therefore, there is no harm in the tax authorities increasing their tax digitalization in order to obtain maximum tax realization.

Ermanis et al. (2021) revealed that the research conducted showed that the results, both partially and overall, were that tax revenues at KPP Pratama Pekanbaru Tampan in 2020 to 2021 were positively influenced by the digitalization of tax administration.

Swari et al. (2023) demonstrates that taxpayer compliance is impacted by tax digitization. This demonstrates that raising taxpayer awareness won't always come from more advanced technology.

Therefore, based on the research above, the hypothesis proposed is:

H1: Digitalization of Taxation has a significant positive effect on Taxpayer Compliance.

Tax Morale is the motivation to pay taxes that arises from moral obligations (Dian, et al. 2022). This also refers to a person's intention to carry out and comply with taxation, such as paying taxes on time. Tax morale is the motivation of someone who voluntarily or without coercion

carries out their obligation to pay taxes. Tax morale is the basic motivation for paying taxes (Wardani, et al. 2022).

According to research by Wardani, et al (2022) there are 4 indicators to measure level tax morale, that is:

- 1) There is an intention to comply with tax regulations
- 2) Trust in government
- 3) National pride
- 4) Tax system

Tax morale related to attribution theory because tax morale is the motivation that arises from oneself/individuals to carry out or carry out their tax obligations, such as paying taxes (Sriniyati, 2020).

Tax compliance will rise if potential taxpayers already have strong tax ethics since they were already morally upright before they filed their taxes. This is corroborated by research findings by Dian et al. (2022) that tax morale significantly influences younger generations' tax compliance and by Palimbong and Tangdialla (2021) that tax morale significantly influences tax compliance.

Tax compliance will decline as a result of the low tax morale among people, particularly potential taxpayers. This is corroborated by research by Wardani et al. (2022), which claims that tax morale has no discernible impact on tax compliance because potential taxpayers do not yet feel a moral need to pay taxes and do not yet possess the fundamental drive to feel proud of setting aside money from their paychecks to pay taxes.

Tax morale can improve tax compliance. If the younger generation has tax morale high, it is hoped that the younger generation can become taxpayers who comply with taxes. Students as the younger generation have tax morale those who are high can contribute to society and the country. Tax morale plays an important role as a key in understanding tax compliance which is the achievement of a country. Prospective taxpayers, especially students, have motivation that comes from themselves and have the awareness that they contribute to increasing state revenue by paying taxes obediently. If taxpayers have high awareness, this can encourage or increase their compliance in carrying out tax obligations in accordance with tax regulations.

H2: Tax morale has a significant positive effect on Taxpayer Compliance

An effort to change and improve the tax administration system, technology and governance in order to achieve efficiency, speed and increase the quality of service is the modernization of the administration system. The process of modernizing the administrative system involves the use of technology, information and policy reform to ensure that tax administration can develop with the times, increase the level of transparency, reduce bureaucracy and provide more effective services to taxpayers. According to (Haryanti et al, 2022) modernization of tax administration is a system that faces improvements in using information technology to provide services to taxpayers, which is expected to improve the quality of training, increase the level of compliance, and optimize tax revenues. Conveyed by Haryanti et al (2022) that the Directorate General of Taxes (DJP) implements e-Billing, e-Invoicing, e-Filing, and e-Registration to make it easier for people to carry out their tax obligations. It is hoped that these services will increase taxpayer compliance.

The ongoing modernization process is an integral component of comprehensive tax reform initiatives in Indonesia. Administrative, regulatory and supervisory aspects are the three main domains that are directly impacted by this reform and form the basis of taxation (Pratama & Kurnia, 2020).

Compliance theory or Compliance Theory explain the reasons for people's compliance with laws and regulations set by the state, including paying taxes. Beneficiaries can access tax-related data more efficiently and at lower costs through the implementation of administrative modernization that utilizes information and technology. Subjective norms, which embody individuals' beliefs regarding the legitimacy of rules or standards, are a component of compliance theory. Gulo (2021) provides a definition of modernization of tax administration as an effort to manage administration with advanced technology which aims to make individual compliance with their duties more effective. Modernization has a significant impact on the level of taxpayer compliance. This is shown by the increasing number of taxpayers who are obedient in making tax payments.

Apart from this, the application of simplified tools in the tax administration modernization process has the capacity to increase taxpayer involvement, increase the level of public trust, and strengthen the credibility of tax officials. Researchers argue that if the government has a good administrative system, the government will be able to get more tax money and make people obey the rules more often. According to Pratama and Kurnia (2022), the pace of modernization has a positive impact on the extent of taxpayer satisfaction.

According to compliance theory, knowledge of taxpayers' responsibilities towards tax regulations and laws increases when they perceive tax services to be more efficient. This is because taxpayers are more likely to do this when they feel the information is easily accessible and up to date. Formal compliance is an additional area that benefits from modernization. In general, taxpayers show a higher tendency to comply with tax laws and regulations. Individuals who make payments in a straightforward and adaptable manner may find the tax filing process tortuous. This view is in accordance with the findings of Wulandari and Limajatini (2021) who stated that increased taxpayer compliance occurred due to the implementation of a computerized accounting system.

Currently, modernizing the administrative system is beyond the capabilities of the government and the Directorate General of Taxes. This is caused by taxpayers who do not understand the benefits of modernizing the administrative system which can increase their compliance. Therefore, the modernization process is not running as it should. This explanation is supported by empirical data. Haryanti et al (2022) did not find a positive or statistically significant relationship between individuals following the rules and modernization of the tax system in their study in 2022.

The introduction and application of information technology as well as changes to administrative procedures constitute the modernization of the administrative system. The aim is to increase the effectiveness, speed and accuracy of managing tax information data, including SPT. One of the beneficial aspects of administrative system updates is the incorporation of technology solutions to simplify administrative tasks. This is able to increase taxpayers' understanding of their tax-

paying responsibilities by facilitating their access to tax information and instructions. Based on this explanation, the second hypothesis examined in this research is as follows:

H3: Modernization of the Administrative System has a significant positive effect on Taxpayer Compliance.

The research framework is presented as follows:

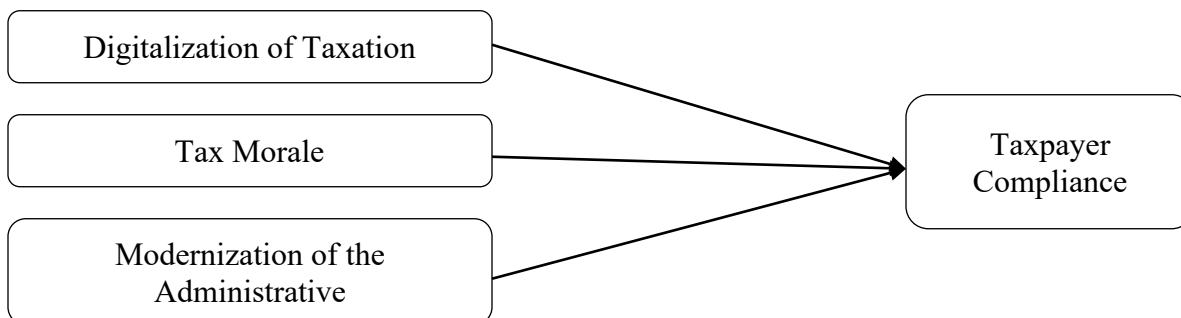


Figure 1. Research Model

2. RESEARCH METHOD

A descriptive study design was employed in this investigation. Individual taxpayers in the regions of Jakarta, Tangerang, and Bekasi have been selected as the research's target group. Data on 152 respondents who completed the questionnaire was gathered based on the distribution of the questionnaires. The following criteria apply to the study's sample: 20–50 years old, TConvenience sampling was the sample strategy employed in this study. Convenience sampling is a study sample technique that is predicated on the participants' affordability or convenience (Sugiyono, 2021). Validity and reliability are the two primary prerequisites for data. This research uses structural equation modelling (SEM) which is divided into two analyzes namely inner model And outer model. (Hair, Sarstedt, Hopkins, & Kuppelwieser., 2014).

3. RESULTS AND DISCUSSIONS

The following are the characteristics of the respondents

Table 1. Sample Criteria

No	Sample Criteria	Amount
1.	Age 20 - 40 Years	106
2.	Age 41 - 50 Years	46
Number of Respondents by Age		152
1.	Domiciled in Jakarta	112
2.	Domiciled in Tangerang and Bekasi	40
Number of Respondents based on domicile		152

Based on Table 1, there were 152 respondents with various predetermined criteria. For the age criteria of 20-40 years there are 106 data, while for ages 41 - 50 years there are 46 data. In the criteria for domicile in Jakarta, there is 112 data, while for domicile in Tangerang and Bekasi, 40 data are collected which will be processed using Smart Pls 3 in this research.

In this research, after testing outer model, The data that must be analyzed next is inner model. Inner model analysis This includes several tests such as coefficient of determination (R^2), path coefficients, And effect size (f^2).

Coefficient of Determination (R^2)

R^2 used in research to find out how much Taxpayer Compliance can be explained by tax digitalization, tax morale and modernization of the tax administration system. Based on the results of R analysis² table 1 shows

Table 2. Coefficient of Determination

	R Square	R Square Adjusted
Taxpayer Compliance	0.171	0.154

R analysis results² is 15.4% of the Taxpayer Compliance variable can be explained by variables tax digitalization, tax morale, modernization of the tax administration system and the remaining 74.6% is explained by other variables outside the variables above.

Path Coefficients

Path Coefficients used to explain the relationship between variables tax digitalization, tax morale, modernization of the tax administration system and hypothesized taxpayer compliance.

The following table 3 explains the results Bootstrapping

Table 3. Results Bootstrapping

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Tax Digitalization -> Taxpayer Compliance	0.115	0.141	0.088	1.300	0.194
Modernization of Administrative Systems_ -> Taxpayer Compliance	0.353	0.357	0.071	4.941	0.000
Tax Morale -> Taxpayer Compliance	-0.115	0.000	0.176	0.654	0.514

From the data results *bootstrapping* on an equation can be made, namely

$$KP = a + 0.115X_1 - 0.115X_2 + 0.353X_3 + error$$

In the taxpayer compliance variable, the tax digitalization variable contributes to path coefficients of 0.115, tax morale contributes with path coefficients amounting to -0.115 and modernization of the administrative system contributed with path coefficients of 0.353. Thus, it can be concluded that the tax digitalization and administrative system modernization variables have a positive relationship with taxpayer compliance, while the tax morale variable has a negative relationship.

Effect Size (f^2)

Effect size used to see how much power the variables Digitalization of Taxation, Tax Morale and

Modernization of Administrative Systems explain Taxpayer Compliance.

Table 4. Test Results Effect Size

Variable	Effect Size
Tax Digitalization -> Taxpayer Compliance	0.115
Modernization of Administrative Systems -> Taxpayer Compliance	0.353
Tax Morale -> Taxpayer Compliance	-0.115

Based on table 4 above, the tax digitalization variable has a value f^2 0.115 (small), tax morale f^2 -0.115 (not significant) and modernization of the administrative system has value f^2 0.353 (large). From each value results f^2 The resulting tax digitization variable provides a relatively small explanation for taxpayer compliance because it is below 0.15 (Hair et al., 2014), while the tax morale variable does not have a significant effect in explaining the taxpayer compliance variable because it is below 0.02 (Hair et al., 2014), while the administrative system modernization variable has a large explanation for taxpayer compliance because it is above 0.35.

In testing this hypothesis it can also be seen in the results of bootstrapping table 3 where:

- 1) Tax digitalization variable where value t statistics as big as 0.130 and value p value of 0.194 means value t statistics under 1.96 and value p value above 0.05 which can be concluded that H_1 rejected, tax digitalization has a positive but not significant relationship with taxpayer compliance.
- 2) Tax morale variable where value t statistics as big as 0,654 and value p value of 0.514 means value t statistics under 1.96 and value p value above 0.05 which can be concluded that H_2 is rejected, tax morale has a negative and insignificant relationship with taxpayer compliance.
- 3) Administrative System Modernization variable where value t statistics as big as 4.941 and value p value of 0,000 means value t statistics above 1.96 and value p value below 0.05 which can be concluded that H_3 is not rejected, administrative system modernization has a significant positive relationship with taxpayer compliance.

First hypothesis testing: H_1 : Digitalization of taxation has a significant positive effect on taxpayer compliance was rejected. The research findings are shown in Table 3, where the test results show a p value of 0.194 and an effect size of 0.115 (Table 4). This indicates that the tax digitalization variable has a positive but not significant influence on taxpayer compliance. The findings shown here are not consistent with those of studies by Dwianika & Biasini (2021), Ermanis et al. (2021), and Swari et al. (2021), which found that digitization of taxes significantly improves taxpayer compliance.

Even though it has a positive direction, it is not significant, perhaps because of the leaks and hacking of taxpayer data that we often hear about. The data match of 6 million taxpayers was discovered after cyber security expert, Alfons Tanujaya, checked the sample data shared by hacker Bjorka via the Population Identification Number (NIK), and Taxpayer Identification Number (NPWP) from the Directorate General of Taxes (DJP). (<https://nasional.kompas.com/>). This makes taxpayers very worried that their personal data will be sold or publicly exposed, as a result, taxpayer compliance will be greatly reduced.

Actually taxpayers will be very satisfied if the Directorate General of Taxes (DGT) is able to provide a tax administration system that has easy access, good infrastructure, qualified employee

capabilities and efficiency. If the DGT is able to provide sufficient updates regarding this matter, taxpayers can carry out their tax obligations properly.

Second hypothesis testing: H₂: Tax morale has a significant positive effect on taxpayer compliance is rejected based on the research findings on the tax morale variable, which are shown in Table 3. The test results show a p value of 0.514 and an effect size of -0.115 means value p value above 0.05. This suggests that the variable has a negative and negligible effect on taxpayer compliance. This research is not in line with research conducted by Budi Juniult and Hidayat (2016), who stated tax morale has a positive effect on tax compliance and research by Dian, et al (2022) and Palimbong, et al (2021) which states that tax morale significant effect on tax compliance. However, this research is in line with research conducted by Wardani, et al (2022) which states that tax morale insignificant effect on tax compliance. Tax morale is the motivation and intention contained in individuals in making tax payments. Tax morale is expected to have an influence on increasing tax compliance for taxpayers as taxpayers must be equipped or given encouragement regarding tax compliance in order to create or grow tax morale so that they can carry out their tax obligations obediently. If the taxpayer has tax morale Good ones will increase tax compliance because they already have good morals whatever the conditions experienced by taxpayers. If the taxpayer has tax moral those who are not good will become less obedient taxpayers due to the lack of morals as taxpayers.

Third hypothesis testing: This study supports the findings of Feny and Nurdin (2022), who found that modernization of the tax system has a positive effect on tax compliance, and deviates from Dede et al. (2023), who found that tax modernization has a negative influence on taxpayer compliance. The research findings are presented in Table 3, where the test results show a p value of 0.000000 and an effect size of 0.353 means value p value below 0.05. Therefore, it can be concluded that modernization of the administrative system has a positive and significant influence on taxpayer compliance, ensuring that H₃: Modernization of the administrative system has a significant positive effect on taxpayer compliance is not rejected. Simplifying the taxes process requires modernizing the tax system in a way that is both beneficial and understandable to the general population. Because it will be simpler for taxpayers to obtain information and fulfill their responsibilities as compliant taxpayers, the modernization of the tax system, which keeps evolving by keeping up with technological advancements, has a significant impact on raising tax compliance. An increasingly sophisticated tax system will be simple for taxpayers who utilize communication technologies on a regular basis to comprehend. Taxpayers will typically be unwilling to use the current taxation system if the implementation procedure is hard to comprehend and access.

4. CONCLUSIONS AND SUGGESTIONS

The research results show that H₁ is rejected, which means that digitalization of taxation has no significant effect on taxpayer compliance, meaning that errors are frequent and taxpayers find it difficult to access tax applications and leaks, hacking of taxpayer data that we often hear about, even the data compatibility of 6 million taxpayers was discovered after security experts cyber, Alfons Tanujaya, checked the sample data shared by hacker Bjorka via the Population Identification Number (NIK) and Taxpayer Identification Number (NPWP) from the Directorate General of Taxes (DJP). The results of this research are not in line with research conducted by

Dwianika & Biasini (2021), Ermanis et al. (2021), and Swari et al. (2021) where the results of their research show that digitalization of taxation has a significant positive influence on taxpayer compliance. Likewise, Tax Morale also does not have a significant influence on taxpayer compliance so that H2 is rejected, meaning Tax morale Good ones will probably increase tax compliance because they already have good morals, but uncertain business conditions, even tending to decline, mean that taxpayers will try to avoid the obligation to pay taxes. This research is not in line with research conducted by Budi Juniult and Hidayat (2016), Dian, et al (2022) and Palimbong, et al (2021) and is in line with research conducted by Wardani, et al (2022) which states that tax morale insignificant effect on tax compliance. Meanwhile, the results obtained show that H3 is accepted, namely that modernization of the administrative system has a significant positive effect on taxpayer compliance. The modernization of the tax system which continues to develop by following the technological era and taking advantage of current technological advances has a great influence on increasing tax compliance because it will be easier for taxpayers to access information and carry out their obligations as compliant taxpayers. This research is in line with research conducted by Feny and Nurdin (2022) and is not in line with Dede, et al (2023) which states that tax modernization has a negative influence on taxpayer compliance.

This research has inherent limitations that must be modified or further developed in future research. The limitations of this research are adjusted R^2 analysis results is 15.4% of the taxpayer compliance variable can be explained by the variables Digitalization, tax morale and modernization of the administrative system and the remaining 74.6% is explained by other variables outside the variables above; Carrying out a more in-depth analysis related to determining variables that are able to explain taxpayer compliance such as tax authority competence, tax sanctions, transparency in the use of taxes and so on; and the questionnaire is via Google Form, so there is the possibility that several limitations may be found, such as misunderstanding the meaning of the contents of the questionnaire.

Based on the conclusions and limitations of this research, suggestions for further research is that considering several other variables used such as the competency of the tax authorities, tax sanctions, transparency in the use of taxes; the research involves tax officials, so that the research results can provide input and improvements to taxpayer compliance; and Research results that show inconsistency with previous research require further research on the variables above.

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