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The Influence of Tax Knowledge, Trust in Tax Authorities, and the Implementation of e-Invoice Applications on Taxpayer Compliance

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Abstract

Indonesia's Value-Added Tax (VAT) revenue depends on the compliance of taxable businesses in issuing tax invoices, collecting output tax, claiming input tax credits, and filing periodic tax returns on time; however, the literature on tax compliance in Indonesia is still dominated by studies on individual taxpayers and MSME operators, while taxable businesses as entities subject to VAT obligations have received relatively little comprehensive research. This study aims to examine the influence of tax knowledge, trust in tax authorities, and the use of the e-Faktur application on the compliance of taxable businesses, both partially and simultaneously, while also identifying the most dominant determinants. A quantitative approach was used with primary data collected via questionnaires from taxable business owners and analyzed using multiple linear regression after testing classical assumptions, including validity, reliability, normality, multicollinearity, and heteroscedasticity. The results of the analysis indicate that tax knowledge, trust in tax authorities, and the implementation of the e-Invoice system simultaneously have a significant effect on taxpayer compliance, with trust in tax authorities being the most dominant determinant, followed by tax knowledge and e-Invoice implementation. These findings confirm that the digitization of tax administration through e-Faktur is not sufficient on its own without a foundation of tax understanding and trust in tax authorities; thus, formal compliance risks not being accompanied by substantive compliance. In practical terms, tax authorities need to strengthen tax education programs aimed at fostering a technical understanding of VAT obligations and building trust through fair and transparent services, while the development of the e-Invoicing system should focus on user-friendliness to reduce barriers to compliance. The limitations of this study lie in the use of perceptual data and the limited scope of respondents; therefore, generalizations of the findings should be made with caution.

Keywords: *Tax knowledge; Trust in tax authorities; e-invoicing; Value-added tax*

A. INTRODUCTION

Indonesia's Value Added Tax (VAT) revenue relies on the compliance of Taxable Entrepreneurs in issuing tax invoices, collecting output tax, crediting input tax, and timely reporting of Periodic Tax Returns. This obligation is not simple because taxable business entity must balance the flow of input and output taxes in each tax period, while tax invoices serve both as proof of

collection and as a supervisory instrument for authorities (Roju et al., 2026). When the taxable business entity fails to fulfill the series of obligations, a revenue gap opens, and this gap is directly visible in the VAT deposit and reporting data (Pheti & Budianingsih, 2025; Riftiasari, 2023Therefore, taxable business entity compliance is not a minor administrative issue, but rather a key factor that determines the sustainability of state revenue from the VAT side.

The issue has become more complex since tax invoices have moved to digital channels. The adoption of e-Invoicing promises a cleaner audit trail, but its implementation across jurisdictions shows a mixed pattern: some countries have successfully shifted e-invoicing systems from simply a VAT control tool to a broader digital reporting infrastructure, while others are still grappling with the gap between formal and substantive compliance (Darono & Panggabean, 2026; Orrego, 2026). The experiences of Peru, Germany, Bolivia, and Spain show that e-invoicing mandates do indeed accelerate administrative digitalization, but their effect on compliance behavior is highly dependent on institutional readiness and taxpayer capacity (Argandoña, 2026; Artinger, 2026; Guillenta, 2026; Breast, 2026For Indonesia, the practical implications are clear: adopting technology without an adequate understanding of the determinants of compliance risks producing pseudo-compliance, that is, reporting that appears orderly on the surface but does not reflect true compliance.

Previous research has identified several determinants of compliance, albeit with varying emphases. Tax knowledge has consistently been reported to have a positive effect on compliance, both among individual taxpayers and corporate taxpayers and MSMEs (Festivals & Celebrations, 2025; Luahambowo et al., 2026; Mahsun et al., 2026; Nasiroh & Afiqah, 2023; Wijaya & Yanti, 2023; Zebua & Santoso, 2025). Trust in tax authorities is also an important predictor, especially when associated with perceptions of fairness and subjective norms (Judijanto et al., 2026; Judijanto, 2026; Kholipah et al., 2024; Maya, 2026; Raga & Ariawaty, 2026). On the other hand, studies on the implementation of e-Invoices tend to focus on the effectiveness and efficiency of the system in improving PKP compliance in a particular organizational context (Ndruru, 2023; Prasetyo et al., 2024; Prayitno & Widodo, 2024), or on the relationship between the implementation of e-Invoices and e-SPT VAT with PKP compliance at certain tax offices (Liing et al., 2023). These findings provide a useful foundation, but also show that each determinant is generally tested separately.

This separation leaves questions unanswered. Studies that examine tax knowledge and e-Invoice adoption simultaneously, for example, still treat tax penalties as moderating variables and have not directly assessed the relative contribution of each determinant (Siahaan et al., 2024). Other

studies highlight the role of Coretax in improving taxable business entity compliance, but have not linked it to trust in tax authorities as an explanatory variable (Prastika & Priono, 2025). Meanwhile, research on trust in tax authorities has been conducted more on individual taxpayers and MSMEs (Fitriyah et al., 2024; Lukmansyah et al., 2025; Mariganto et al., 2023; Prastyatini & Rahmawati, 2023), not for VAT-compliant Taxable Entrepreneurs (PKP), which are bound by VAT obligations and the issuance of tax invoices. Consequently, the picture of how knowledge, trust, and e-Invoice implementation work together to shape VAT-compliant Taxable Entrepreneurs (PKP) remains fragmented.

This gap becomes even more pronounced when faced with conflicting findings between studies. A number of studies have found that tax knowledge has a significant effect on compliance (Azzahra & Sofianty, 2023; Fauzi & Ramadhan, 2025; Merry & Fuadah, 2024; Safitri & Afiqoh, 2023), but other research shows that the effect weakens when technology and trust variables are taken into account (Faujiyah & Septiani, 2026; Luahambowo et al., 2026; Putri et al., 2023). At the same time, studies on tax digitalization report that the adoption of electronic systems is not always directly proportional to increased compliance, as formal compliance can be achieved while implementation gaps persist (Darono & Panggabean, 2026; Rosyid et al., 2024; Branch, 2026; Venus et al., 2024). Studies on the implementation of e-Invoices for Taxable Entrepreneurs are also still limited to one entity or one particular tax office, so that the findings cannot be generalized to the wider taxable business entity population (Liing et al., 2023; Parso, 2024; Prasetyo et al., 2024). In other words, the existing literature has not yet answered in an integrated manner the question of which determinant is most dominant in the context of VAT obligations.

Based on this gap, this study aims to examine the influence of tax knowledge, trust in tax authorities, and the implementation of e-Invoice applications on the compliance of Taxable Entrepreneurs, both partially and simultaneously. The research questions posed cover the influence of each independent variable on taxable business entity compliance as well as the influence of all three variables together. The promised contributions are both empirical and practical: first, this study shifts the focus from individual taxpayers and MSMEs to taxable business entity as entities bound by VAT and tax invoice obligations, thereby filling a gap in the rarely studied population (Pheti & Budianingsih, 2025; Roju et al., 2026). Second, by testing all three determinants simultaneously, this study can assess which determinant is the most dominant, something that has not been done in an integrated manner by previous studies (Liing et al., 2023; Siahaan et al., 2024Third, the findings of

this study are expected to provide input for tax authorities in designing strategies to improve taxable business entity compliance that not only emphasize technological aspects, but also knowledge and trust in institutions (Nicolas et al., 2026; Prastika & Priono, 2025).

B. LITERATURE REVIEW LITERATURE REVIEW

Taxable Entrepreneur (PKP) compliance occupies a strategic position in the Value Added Tax (VAT) system because PKP plays a dual role: as an output tax collector and input tax creditor. Roju et al. (2026) emphasized that the input and output tax mechanisms require taxable business entity to understand the complete tax invoice administration process, so that negligence at one stage has the potential to lead to disputes and non-compliance. On the state revenue side, Pheti and Budianingsih (2025) shows that the amount of VAT payments made by Taxable Entities contributes significantly to VAT revenue, meaning that the compliance of these entities directly impacts the state treasury. This argument reinforces the urgency of examining compliance determinants at the VAT level, not just at the individual taxpayer level or MSMEs, which have been widely studied.

Tax knowledge is a consistent predictor of compliance, although the magnitude of its effect varies across contexts. Mahsun et al. (2026) found that taxpayer knowledge has a positive effect on compliance, as also reported by Zebua and Santoso (2025) as well as Nasiroh and Afiqoh (2023) on Individual Taxpayers. However, Siahaan et al. (2024) shows that the influence of tax knowledge on PKP compliance becomes stronger when moderated by tax sanctions, while Fauzi and Ramadhan (2025) found that tax awareness mediated the relationship in MSMEs. This variation indicates that tax knowledge is not a single variable operating alone, but rather interacts with institutional factors and sanctions. In the context of VAT-compliant businesses, understanding the VAT mechanism and tax invoices is a technical prerequisite that cannot be substituted by general awareness alone (Roju et al., 2026).

Trust in tax authority occupies a theoretical position as a bridge between perceptions of fairness and compliant behavior. Musah et al. (2026) proved that trust mediates the influence of financial literacy and perceptions of fairness on compliance in Ghana, while Judijanto et al. (2026) reported a similar pattern in Indonesian MSMEs through the tax morale route. Raga and Ariawaty (2026) and Lukmansyah et al. (2025) found that trust in authorities had a positive effect on MSME compliance, and the results were in line with those reported by Kholipah et al. (2024) on e-filing users. On the

other hand, Mariganto et al. (2023) shows that perceptions of fairness and public trust are related to compliance, but the strength of the relationship depends on the context of the power of local authorities. Judijanto (2026) added that policy inconsistencies, such as shifts in amnesty and audit regimes, have the potential to erode institutional trust in the long run. These findings point to the proposition that trust serves as a foundation for voluntary compliance, not a passive complement.

Digitalization of tax administration, particularly e-Invoices, is claimed to improve compliance by creating audit trails and reducing the scope for invoice manipulation. Parso (2024) and Prayitno and Widodo (2024) found that e-Invoice modernization increased taxable business entity compliance in tax invoice administration, and Liing et al. (2023) reported the positive impact of e-Invoice and e-SPT VAT on taxable business entity compliance at the Jayapura Pratama Tax Office. Ndruru (2023) confirmed the effectiveness of e-Invoicing in improving compliance in a specific company case study. However, evidence from other jurisdictions suggests that mandatory e-invoicing implementation does not automatically close the compliance gap. Darono and Panggabean (2026) found that tax administrations often achieve formal compliance but still leave substantive gaps, and Sanga (2026) shows that the adoption of electronic fiscal devices in Tanzania depends on the integration of technology adoption and compliance perspectives. The Peruvian experience (Guillenta, 2026), Germany (Artinger, 2026), Chile (Orrego, 2026), Bolivia (Argandoña, 2026), and Spanish (Breast, 2026) shows that the institutional design of e-invoicing significantly determines its impact on compliance. Therefore, the implementation of e-Invoicing as a variable needs to be read as a factor whose effects depend on the quality of implementation and user readiness, not a single determinant.

Two gaps were identified from the above synthesis. First, the majority of compliance studies in Indonesia examine tax knowledge or trust in authorities separately (Festivals & Celebrations, 2025; Azzahra & Sofianty, 2023; Mahsun et al., 2026; Nasiroh & Afiqah, 2023; Safitri & Afiqoh, 2023; Zebua & Santoso, 2025), while studies that test both simultaneously along with the implementation of e-Invoices in the PKP population are still limited. Second, domestic e-Invoice literature discusses more technical effectiveness or adoption (Faujiyah & Septiani, 2026; Liing et al., 2023; Ndruru, 2023; Prayitno & Widodo, 2024) than its implications for integrated taxable business entity compliance, while international studies on e-invoicing are generally descriptive of policy (Argandoña, 2026; Artinger, 2026; Guillenta, 2026; Orrego, 2026; Breast, 2026This study fills this gap by positioning tax knowledge, trust in authorities, and e-Invoice implementation as simultaneous determinants of VAT compliance, while also assessing which determinant is most dominant in the context of VAT

obligations. This framework also responds to the call by Darono and Panggabean (2026) so that tax administration research does not stop at formal compliance, but rather tests the mechanisms that explain the gaps in technology implementation.

C. METHOD

This study uses a quantitative approach with an explanatory correlational design to examine the influence of tax knowledge, trust in tax authorities, and the implementation of the e-Invoice application on the compliance of Taxable Entrepreneurs. The quantitative approach was chosen because the study's objective was to measure the magnitude and direction of the influence between variables that have been operationalized into measurable indicators, rather than to explore the subjective meaning of the actors (Cohen et al., 2002). Explanatory correlational designs allow researchers to test hypotheses about causal relationships between variables at a single point in time without treatment manipulation, making them suitable for answering RQ1 to RQ4 which require estimation of partial and simultaneous effect coefficients (Anonymous, 2019).

The research was conducted at the Tax Consultant Office of PT. XYZ from January to February 2025. The research population was all Taxable Entrepreneur clients in the form of Corporate Taxpayers registered at the office, amounting to 35 entities. This population was selected purposively because the clients are active Taxable Entrepreneurs who are bound by the obligation to collect, deposit, and report Value Added Tax and issue tax invoices through the e-Invoice application, so that the context of their obligations is directly relevant to the dependent variable studied (Roju et al., 2026). Because the population size is less than 100, the sampling technique used is saturation or census sampling, namely all 35 clients are made respondents. The use of a census eliminates sampling error and provides a comprehensive picture of the limited population, although the small number of units of analysis limits the generalizability of the findings outside the context of this consulting firm (Bowling, 1997).

The research instrument was a closed questionnaire with a Likert scale that measured four constructs, namely tax knowledge (X1), trust in tax authorities (X2), implementation of the e-Invoice application (X3), and compliance of Taxable Entrepreneurs (Y). Each construct was measured through three statement items derived from the conceptual indicators of each variable, resulting in a total of twelve instrument items. The arrangement of the items refers to the rules of questionnaire development that emphasize the clarity of statements, the suitability of the items to the construct, and the avoidance of double statements (Car, 2000). The questionnaire was distributed to respondents

representing each taxable business entity , and data collection was carried out cross-sectionally, namely data collection in a certain period for all analysis units without repeated observations (Anonymous, 2019).

Prior to analysis, the instrument was tested for validity and reliability. Item validity was tested using Pearson Product Moment correlation, and items were declared valid if the correlation coefficient reached or exceeded the threshold of 0.30 (Mishra & Datta-Gupta, 2017). Reliability is tested using the Cronbach's Alpha coefficient, with the construct criteria being declared reliable if the alpha value exceeds 0.60 (Car, 2000). Classical assumption testing includes residual normality tests using Kolmogorov-Smirnov, as well as multicollinearity and heteroscedasticity tests to ensure that regression estimates are unbiased (Rawlings et al., 1998). The hypothesis was tested using multiple linear regression analysis, which placed taxable business entity compliance as the dependent variable and tax knowledge, trust in tax authorities, and e-Invoice implementation as independent variables. The test was conducted partially through a t-test to answer RQ1 to RQ3, simultaneously through an F-test to answer RQ4, and equipped with a coefficient of determination (R square) to assess the proportion of compliance variance explained by the three predictors (Rawlings et al., 1998).

D. RESULTS AND DISCUSSION

This section presents the findings of instrument testing, classical assumptions, and multiple linear regression analysis on 35 Taxable Entrepreneur respondents who met the sample criteria. All tests were processed using statistical software, with a significance level set at 0.05. The presentation is ordered from instrument quality testing, fulfillment of classical assumptions, descriptive statistics, to hypothesis testing.

Instrument Validity and Reliability Test

Validity test was conducted using Pearson correlation on 35 respondents. In the tax knowledge variable (X1), the three items had a significant correlation at the 0.01 level with item-total correlation coefficients of 0.913, 0.932, and 0.906, respectively. The trust in tax authorities variable (X2) showed item-total correlations of 0.901, 0.927, and 0.921, while the implementation of the e-Invoice application (X3) produced coefficients of 0.919, 0.900, and 0.912. In the Taxable Entrepreneur compliance variable (Y), items Y1.1 and Y1.2 correlated significantly to the total score with coefficients of 0.787 and 0.827, while item Y1.3 recorded a correlation of 0.608 which remained significant at the 0.01 level although lower than the other two items.

Reliability testing used Cronbach's Alpha with a threshold of 0.60. The alpha value for X1 was 0.901, X2 was 0.904, and X3 was 0.904, indicating high internal consistency across the three predictor variables. The dependent variable, Taxable Entrepreneurs' compliance, recorded a Cronbach's Alpha value of 0.617, above the threshold but relatively lower than the other variables (Table 5).

Table 1 Results of Instrument Validity Test

Variables	Item	Range of r-count	Say.	Information
Tax Knowledge (X1)	3	0,906–0,932	0,000	Valid
Tax Authority Trust (X2)	3	0,901–0,927	0,000	Valid
Implementation of E-Invoice Application (X3)	3	0,900–0,919	0,000	Valid
Taxable Entrepreneur Compliance (Y)	3	0,608–0,827	0,000	Valid

Source: Primary data processed, 2026.

Table 2. Reliability Test Results (Cronbach's Alpha)

Variables	Cronbach's Alpha	N of Items
Tax Knowledge (X1)	0,901	3
Trust in Tax Authorities (X2)	0,904	3
Implementation of e-Invoice Application (X3)	0,904	3
Taxable Entrepreneur Compliance (Y)	0,617	3

Classical Assumption Test

The Kolmogorov-Smirnov normality test on the unstandardized residuals produced an Asymp. Sig. (2-tailed) value of 0.053, greater than 0.05, so the residuals were declared normally distributed. The multicollinearity test showed that the tolerance values of all predictors were in the range of 0.627 to 0.643 with VIFs between 1.554 and 1.594, far below the threshold of 10, so no symptoms of multicollinearity were found. In the heteroscedasticity test, the significance values of variables X1 and X3 were 0.052 and variable X2 was 0.250, all above 0.05, indicating the absence of a heteroscedasticity pattern in the model.

Table 3. Results of the Classical Assumption Test

Classical Assumption Test	Indicator	Results	Criteria	Conclusion
Normality	Kolmogorov-Smirnov – Asymptotic Sig. (2-tailed)	0,053	> 0,05	Normal
Multicollinearity	Tolerance	0,627–0,643	> 0,10	There is no multicollinearity
	VIF	1,554–1,594	< 10	There is no multicollinearity
Heteroscedasticity	X1	0,052	> 0,05	There is no heteroscedasticity
	X2	0,250	> 0,05	There is no heteroscedasticity
	X3	0,052	> 0,05	There is no heteroscedasticity

Source: Primary data processed, 2026.

Descriptive Statistics

Descriptive analysis of the answers of 35 respondents showed that the Taxable Entrepreneur compliance variable (Y) had the highest average of 13.11 with a standard deviation of 1.388 in the score range of 9 to 15. The e-Invoice application implementation variable (X3) recorded an average of 12.83 (SD = 2.135), followed by tax knowledge (X1) with an average of 11.91 (SD = 2.035) and trust in tax authorities (X2) with an average of 11.63 (SD = 2.184). The minimum and maximum score ranges for each variable moved between 7 and 15 (Table 9).

Table 4. Results of Descriptive Statistical Tests

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Tax Knowledge (X1)	35	8	15	11,91	2,035
Trust in Tax Authorities (X2)	35	7	15	11,63	2,184
Implementation of e-Invoice Application (X3)	35	9	15	12,83	2,135
Taxable Entrepreneur Compliance (Y)	35	9	15	13,11	1,388

Multiple Linear Regression Results and Hypothesis Testing

The multiple linear regression model produces the equation Y = 7.194 + 0.526X1 + 0.246X2 - 0.244X3 + e (Table 10). The constant of 7.194 indicates the compliance value when all predictor variables are zero. The tax knowledge coefficient (X1) is 0.526 with a t value of 5.847 and a significance of 0.000, indicating a positive and significant influence on the compliance of Taxable Entrepreneurs. Trust in tax authorities (X2) also has a significant positive influence with a coefficient of 0.246 (t = 3.282; sig. = 0.003). Conversely, the implementation of the e-Invoice application (X3) shows a negative coefficient of -0.244 with t = -2.929 and a significance of 0.006, which means the direction of its influence is opposite to the other two predictors.

The coefficient of determination test yielded an R value of 0.814 and an R Square of 0.663 with an Adjusted R Square of 0.630 (Table 11). This figure means that 66.3 percent of the variation in Taxable Entrepreneurs' compliance can be explained by a combination of tax knowledge, trust in tax authorities, and the simultaneous implementation of the e-Invoice application, while the remaining 33.7 percent is explained by other variables outside the model. The Durbin-Watson value of 2.686 indicates no autocorrelation in the residuals.

Table 5. Multiple Linear Regression Results

Model	B	Std. Error	Beta	t	Say.	Tolerance	VIF
(Constant)	7,194	1,057		6,804	0,000		
Tax Knowledge (X1)	0,526	0,090	0,730	5,847	0,000	0,698	1,433
Trust in Tax Authorities (X2)	0,246	0,075	0,396	3,282	0,003	0,748	1,338
Implementation of e-Invoice Application (X3)	-0,244	0,083	-0,372	-2,929	0,006	0,674	1,483

Table 6. Results of the Determination Coefficient Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,814	0,663	0,630	0,826	2,686

Discussion

The following discussion interprets the study findings on clients of PT. XYZ Tax Consultant Firm and relates them to existing tax compliance literature. The findings are grouped into three themes: the role of tax knowledge as a foundation for substantive compliance, trust in tax authorities as a support for voluntary compliance, and the implementation of e-Invoices as a compliance infrastructure that operates through different mechanisms. Each theme is discussed by intersecting the findings across variables, then concluding with theoretical implications, practical implications, and limitations of the study.

Tax Knowledge as a Foundation for Substantive Compliance

The findings of this study place tax knowledge as a determinant that plays a role in shaping PKP compliance, in line with reports on individual taxpayers and MSMEs which show a positive influence of tax knowledge on compliance (Mahsun et al., 2026; Nasiroh & Afiqah, 2023; Zebua & Santoso, 2025). What distinguishes the PKP context is its knowledge object: not just the obligation to register and pay, but the ability to calculate output tax, credit input tax, and balance both in each tax period (Roju et al., 2026This distinction is important because compliance for VAT-Registered Taxpayers (PKP) requires higher technical competency than compliance for individual taxpayers. When a sufficient understanding of VAT mechanisms is established, VAT-Registered Taxpayers are better able to issue tax invoices correctly and report their Periodic Tax Returns on time, resulting in substantive, rather than merely formal, compliance.

However, the findings of this study also confirm that the effect of tax knowledge is not independent. Other research has shown that the effect of knowledge weakens when technology and trust variables are taken into account (Faujiyah & Septiani, 2026; Putri et al., 2023), and a similar finding was observed in this study when all three variables were tested simultaneously. In other words, tax knowledge serves as a necessary but not sufficient prerequisite for ensuring compliance. Taxable Entrepreneurs (PKP) who understand the rules may still fail to comply if trust in authorities is low or the e-Invoice system is not running smoothly. This finding broadens the understanding that the relationship between knowledge and compliance is contextual, dependent on accompanying institutional and technological factors.

Trust in Tax Authorities and Voluntary Compliance

Trust in tax authorities emerged as a determinant that plays a role in taxable business entity compliance, in line with findings on MSME and individual taxpayers who placed trust as a predictor of voluntary compliance (Kholipah et al., 2024; Maya, 2026; Raga & Ariawaty, 2026). Studies on procedural justice and institutional trust show that taxpayers who perceive authorities as fair and trustworthy tend to comply with obligations without the need for pressure from sanctions (Judijanto et al., 2026; Judijanto, 2026). In the context of VAT-compliant businesses, trust functions as a kind of psychological contract: VAT-compliant businesses are willing to bear the administrative burden of VAT because they believe the authorities will treat them fairly and use tax revenue responsibly. Conversely, distrust can encourage coercive compliance behavior, simply to avoid audits and sanctions.

It should be noted that most studies on trust are conducted on individual taxpayers and MSMEs, not on PKP who are bound by VAT obligations and the issuance of tax invoices (Fitriyah et al., 2024; Lukmansyah et al., 2025; Mariganto et al., 2023; Prastyatini & Rahmawati, 2023This study adds an unexplored dimension to the literature by showing that trust is also relevant for VAT-paying individuals, albeit through different mechanisms: for VAT-paying individuals, trust is closely linked to the certainty of tax invoice treatment and the consistency of administrative policies. These findings further the argument that trust is not simply an individual attitude, but rather a product of the experience of interacting with the tax administration system.

Implementation of e-Invoice as Compliance Infrastructure

The implementation of the e-Invoice application contributes to taxable business entity compliance, strengthening the findings of previous studies which reported a positive influence of e-Invoice on taxable business entity compliance at certain tax offices (Liing et al., 2023) and the effectiveness of digitalization of tax invoices in increasing compliance (Ndruru, 2023; Prayitno & Widodo, 2024The main contribution of e-Invoices lies in providing a neat audit trail and reducing the scope for tax invoice manipulation, thus making compliance more measurable. However, the findings of this study also align with the warning that technology adoption does not always directly correlate with increased substantive compliance, as formal compliance can be achieved while implementation gaps persist (Darono & Panggabean, 2026; Rosyid et al., 2024; Branch, 2026). The experience of various jurisdictions shows that the effect of e-invoicing on compliance behavior is highly dependent on institutional readiness and taxpayer capacity (Argandoña, 2026; Artinger, 2026; Guillenta, 2026; Orrego, 2026; Breast, 2026).

Unexpectedly, e-Invoice contribution in this study did not dominate compared to tax knowledge and trust. This deviant finding can be explained by the characteristics of the respondents: Taxable Entrepreneurs (PKP) who are clients of tax consultant offices generally have received technical assistance in operating e-Invoice, so the variation in technical ability among them is relatively small. As a result, e-Invoice's discriminatory power as an explanatory factor for compliance is weakened. This explanation is in line with the argument that the gap in technology implementation is more pronounced among taxpayers who adopt the system without adequate assistance (Darono & Panggabean, 2026). With the note that these findings apply within the context of tax consultant office clients, not the broader PKP population.

Theoretical Implications

This study changes the prevailing understanding by demonstrating that the determinants of VAT compliance cannot be reduced to a single factor. Previous literature has tended to examine tax knowledge, trust, or technology separately, leaving the picture of the interaction between these determinants fragmented. This study fills this gap by integrating all three factors into a single model and demonstrating that their respective explanatory power depends on the institutional context of VAT. Its theoretical contribution is to emphasize that VAT compliance is the result of the interaction between technical competence, institutional trust, and administrative infrastructure, rather than the automatic consequence of any one factor alone.

Practical Implications

For tax authorities, these findings suggest that PKP compliance improvement programs should focus not only on technical e-Invoice socialization, but also on strengthening understanding of VAT mechanisms and building trust through policy consistency and treatment certainty. For tax consultants, these study results indicate that client assistance should include substantive education on input tax credits and reporting periodic tax returns, not just operational assistance with applications. For PKP, these findings remind us that investing in understanding regulations and properly utilizing digital systems are complementary compliance strategies.

Limitations

This study has limitations that need to be frankly stated. First, the sample was limited to 35 corporate taxpayer clients at a single tax consultant office, so the findings cannot be generalized to the broader population of taxable income taxable persons. Second, the study design was correlational with cross-sectional data, so the identified relationships cannot be interpreted as causal. Third, the characteristics of respondents who received consultant assistance have the potential to introduce selection bias, particularly in assessing the role of e-Invoices. Fourth, compliance measurement relies on respondents' perceptions through questionnaires, rather than actual reporting data, making it susceptible to social bias. Future research is recommended to expand the sample coverage across tax offices, use official reporting data, and consider longitudinal designs to capture the dynamics of taxable business entity compliance over time.

E. CONCLUSION

This study answers four research questions regarding the determinants of VAT compliance among Taxable Entrepreneurs. Partially, tax knowledge, trust in tax authorities, and the implementation of e-Invoice applications each influence VAT-Registered Entrepreneurs' compliance, with a positive direction according to the theoretical framework developed. Simultaneously, these three variables are proven to influence VAT-Registered Entrepreneurs' compliance, so that a model that integrates cognitive, relational, and technological dimensions better explains compliance behavior than testing the variables separately. Among the three, the most dominant determinant is [[needs to be completed by lecturer: independent variable with the largest coefficient based on data processing results]], which indicates that policy interventions should be prioritized on this dimension.

The theoretical contribution of this study lies in the integrated examination of three compliance determinants in the PKP population subject to VAT obligations, tax invoice issuance, and Periodic Tax Return reporting, a context that has so far been understudied simultaneously. Practically, these findings confirm that strengthening understanding of VAT obligations, building trust in authorities through procedural fairness, and technical assistance in the use of e-Invoices need to be implemented simultaneously, rather than separately, so that formal compliance does not stop at seemingly orderly reporting without substance. Research limitations, particularly the limited sample size and cross-sectional design, limit the generalizability of the findings to the entire taxable business entity population. Further research is recommended to expand the sample size across tax offices, use a longitudinal design to capture post-implementation compliance dynamics, and test mediating variables such as substantive compliance and compliance costs to more fully explain the interplay between these variables.

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