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Gen Z Tax Compliance: The Role of Digital Literacy and Coretax

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ABSTRACT

This study examines the effect of digital literacy and Coretax understanding on tax compliance among Generation Z students at the Faculty of Economics and Business, Universitas Muslim Indonesia. A quantitative explanatory research design was employed, involving 90 respondents selected through purposive sampling. Data analysis was conducted using SMART PLS. The results reveal that digital literacy has a positive and significant effect on tax compliance, indicating that students' ability to use digital technologies contributes to improved compliance behaviour. Conversely, Coretax understanding shows a positive but insignificant effect on tax compliance, suggesting that technical familiarity with the Coretax system has not yet directly influenced the compliance behaviour of Generation Z. The study concludes that digital literacy plays a crucial role in supporting digital transformation in taxation, whereas the implementation of Coretax still requires stronger educational support and greater user readiness, particularly among younger taxpayers.

1. Introduction

Digital transformation in tax administration is one of the Indonesian government's priority agendas to enhance effectiveness, transparency, and taxpayer compliance.[4] Through the Directorate General of Taxes, the government has begun implementing the Coretax Administration System as an integrated tax administration system designed to gradually replace conventional systems starting in 2025. The implementation of this policy aims to improve the quality of tax services, data integration, and oversight based on digital technologies.[5][6] By 2026,

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[4] Wala, Gevan Naufal, and Retha Tesalonika. "Transformasi administrasi perpajakan melalui Coretax: Analisis hukum dan akuntansi." Jurnal Komunikasi Dan Ilmu Sosial 2.4 (2024): 149-158.
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[6] Syahril, Muh Akbar Fhad, and Hamida Hasan. "A Comparative Research on the Effectiveness of Progressive versus Proportional Tax Systems in Enhancing Social Justice." Administrative and Environmental Law Review 5.2 (2024): 97-106. https://doi.org/10.25041/aelr.v5i2.3479

more than 11 million taxpayers have used the Coretax system. However, its implementation still faces various challenges, particularly related to user readiness and the level of understanding of the system. In the student context, several issues persist, such as low understanding of Coretax features, difficulties in accessing digital tax services, and limited hands-on experience with tax systems. These conditions indicate that the success of tax digitalization is influenced not only by technological aspects but also by users' readiness, experience, and competencies.

Conceptually, tax compliance behaviour can be explained through the Theory of Planned Behavior (TPB) and the Technology Acceptance Model (TAM), which emphasize that individual behaviour is shaped by perceived ease of use, perceived usefulness, and the ability to use technology.[7] In this context, digital literacy becomes a crucial variable that reflects an individual's ability to access, understand, evaluate, and effectively use digital technologies. Previous studies show that digital literacy influences taxpayer compliance because it facilitates the use of digital tax services such as e-Filing and Coretax.[8]

In addition to digital literacy, understanding Coretax as part of digital tax literacy is also a crucial factor in shaping taxpayer compliance. Familiarity with the mechanisms, procedures, and benefits of the Coretax system can enhance taxpayers' awareness and capability to fulfil their tax obligations independently and in a timely manner.[9] Nevertheless, several studies indicate that the use of digital tax systems does not automatically lead to increased compliance if it is not supported by adequate user readiness and literacy. In practice, many students still perceive digital tax systems as complex and not fully relevant to their current needs, as the majority of them are not yet active taxpayers.[10]

Empirical studies on Coretax are also still relatively limited, as this system is a recent innovation in Indonesia's tax administration reform. Most prior research has focused on earlier generations of digital tax systems, such as e-Filing and e-Billing.[11] Moreover, studies that integrate digital literacy, understanding of Coretax, and tax compliance among students as members of Generation Z are still rare. Yet Generation Z is a cohort with high levels of technology use, but not necessarily with sufficient readiness and understanding of digital taxation.[12]

Based on these empirical phenomena, government policy, and the identified research gap, this study aims to analyse the effect of digital literacy and Coretax understanding on tax compliance among Generation Z students in the Faculty of Economics and Business at Universitas Muslim Indonesia.

2. Methode

This study employs a quantitative approach with an explanatory research design to analyse the effect of digital literacy and Coretax understanding on tax compliance among Generation Z. This approach is chosen because it enables the objective examination of relationships between variables through statistical analysis.[13] The study was conducted in 2026

[7] Ajzen, I. (1991). The theory of planned behaviour. Organisational Behaviour and Human Decision Processes.
[8] Nurina, Lia. "Transformasi Digital Perpajakan: Menganalisis Pengaruh E-System, Pelayanan, dan Sanksi terhadap Kepatuhan Wajib Pajak." Jurnal Ekonomi STIEP 10.2 (2025): 66-82. https://doi.org/10.54526/jes.v10i2.601
[9] Elvina, Santi, and Dwi Ari Pertiwi. "Kualitas Pemahaman Pelayanan dan Kepuasan Wajib Pajak setelah Penggunaan Coretax System." JAPP: Jurnal Akuntansi, Perpajakan dan Portofolio 5.1 (2025): 47-55. https://doi.org/10.24269/japp.v5i1.12868
[10] Purnamasari, Elisabeth Dyah Ayu, et al. *Digital Tax System: Peluang, Tantangan, dan Implementasi di Indonesia*. Siega Publisher, 2025.
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[12] Kadir, Khatmi Tamtami Nisa, et al. "Digitalisasi Prosedur Pajak Melalui Coretax: Studi Kualitatif Tentang Tantangan dan Peluang Bagi Pengguna di Sektor UMKM." Atestasi: Jurnal Ilmiah Akuntansi 9.1 (2026): 89-102. https://doi.org/10.57178/atestasi.v9i1.2045
[13] Creswell, J. W. (2014). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*. Sage Publications.

at the Faculty of Economics and Business, Universitas Muslim Indonesia, with Generation Z students as the research subjects. The population comprised all active students of the Faculty of Economics and Business at Universitas Muslim Indonesia. The sampling technique used was purposive sampling, with the criteria of active students who possess basic knowledge of taxation.[14] The study involved 90 student respondents. The primary data were collected via an online questionnaire distributed through Google Forms. A five-point Likert scale was employed to measure digital literacy (X_1), Coretax understanding (X_2), and tax compliance(Y). Data analysis was carried out using SmartPLS. The model assessment included the outer model to test construct validity and reliability, and the inner model to examine relationships between variables through path coefficients, R-squared, t-statistics, and p-values.[15]

3. Results and Discussion

3.1. Statistics Descriptive

Descriptive statistical analysis was conducted to characterise respondents' answers to digital literacy variables, Coretax understanding, and tax compliance. The results of data processing using SmartPLS show that most of the indicators obtain relatively high average values.

Table 1. Descriptive Statistics

	Average	Median	Observed mean	Observed max	Number of observations used	Standard deviation
X_1.1	4.422	5.000	2.000	5.000	90	0.699
X_1.2	3.800	4.000	2.000	5.000	90	0.846
X_1.3	3.822	4.000	2.000	5.000	90	0.902
X_1.4	4.067	4.000	1.000	5.000	90	0.929
X_1.5	3.522	4.000	2.000	5.000	90	0.872
X_2.1	3.622	4.000	1.000	5.000	90	1.141
X_2.2	3.033	3.000	1.000	5.000	90	1.080
X_2.3	3.011	3.000	1.000	5.000	90	1.130
X_2.4	3.700	4.000	1.000	5.000	90	0.971
X_2.5	3.511	3.500	1.000	5.000	90	1.077
Y_1	4.444	5.000	1.000	5.000	90	0.762
Y_2	4.522	5.000	3.000	5.000	90	0.636
Y_3	4.500	5.000	2.000	5.000	90	0.671
Y_4	4.533	5.000	3.000	5.000	90	0.618
Y_5	4.422	4.000	3.000	5.000	90	0.614
Rata-rata	**3.93**	**4.17**	**1.73**	**5.00**	**90.00**	**0.863**

(Source: SmartPLS 2026 processed data)

Based on Table 1, the digital literacy variable shows a relatively high average value, especially in the indicator of the ability to find tax information through the internet (X_1.1), which indicates that respondents have good ability to utilize digital technology. Meanwhile, the Coretax comprehension variable obtained an average score in the medium category, especially in the indicator of understanding the features and procedures of using Coretax, thus showing that the respondents' technical understanding of the system is still not optimal. In the tax compliance variable, most of the indicators had the highest average value compared to other variables, reflecting respondents' awareness of the importance of tax compliance.

In general, descriptive statistical results show that the X_1, X_2, and Y has an average respondent answer score of 3.93 which is included in the category of "Strongly Agree". In

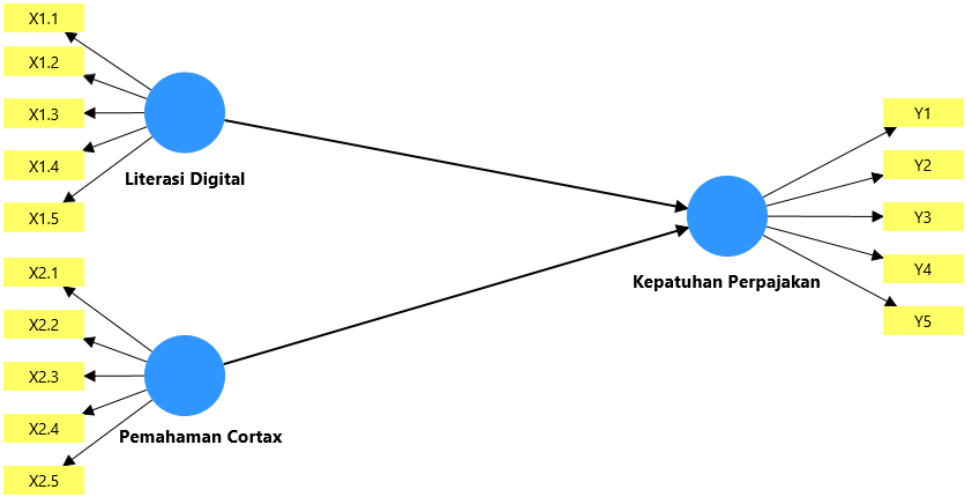
[14] Sugiyono. Metode Penelitian Kuantitatif, Kualitatif, dan R&D. Alfabeta, 2022.

[15] Hair, J. F., et al. (2020). *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)*. Sage Publications. https://doi.org/10.1080/1743727X.2015.1005806

addition, the average standard deviation value of 0.863 which is below the mean value indicates that the variation in respondents' answers tends to be low or homogeneous. Thus, the research data is considered quite representative and suitable for use at the next stage of analysis.

3.2. Data Analysis

The data processing process in this study uses *the Partial Least Squares* (PLS) method. PLS is an alternative method of analysis with *Structural Equation Modelling* (SEM) based on *variance*. The advantage of this method is that it does not require assumptions and can be estimated with a relatively large sample count, i.e. 30 to 500. As in this study, the number of samples is 90. The tool used is the SmartPLS version 4 program which is specifically designed to estimate structural equations on a variance basis. The following is a picture of the structural model in this study:



The image above shows that:
1) The Digital Literacy X_1 variable is measured by five (5) statement indicators;
2) Cortax Comprehension variable X_2 is measured by five (5) statement indicators;
3) Variable Y Tax Compliance is measured by five (5) assessment indicators.

3.2.1 Validity Test

A questionnaire can be said to meet discriminant validity if the value of cross loading the indicator to the measured construct is greater than the loading to another construct. The Outer Loading value is the loading factor value of the latent variable with its indicators. Expected value > 0.7.

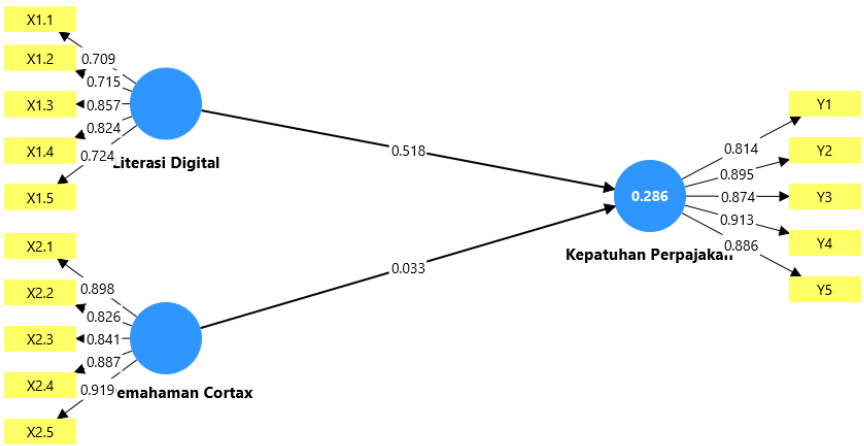


Table 2. *Outer Loading*

	Outer loadings
X_1.1 <- Digital Literacy	0.709
X_1.2 <- Digital Literacy	0.715
X_1.3 <- Digital Literacy	0.857
X_1.4 <- Digital Literacy	0.824
X_1.5 <- Digital Literacy	0.724
X_2.1 <- Understanding Cortax	0.898
X_2.2 <- Understanding Cortax	0.826
X_2.3 <- Understanding Cortax	0.841
X_2.4 <- Understanding Cortax	0.887
X_2.5 <- Understanding Cortax	0.919
Y_1 <- Tax Compliance	0.814
Y_2 <- Tax Compliance	0.895
Y_3 <- Tax Compliance	0.874
Y_4 <- Tax Compliance	0.913
Y_5 <- Tax Compliance	0.886

(Source: SmartPLS.4 2026 processing data)

In the table above, the standard measurement of the value of each item that measures the variable has a Loading Factor (LF) $\geq$ 0.70. Fifteen (15) statements were declared valid because they had a loading factor value of > 0.70; The indicator to the measured construct is larger than the standard loading factor.

Tabel 3. *Cross Loading*

	Tax Compliance	Digital Literacy	Understanding Cortax
X_1.1	0.345	0.709	0.259
X_1.2	0.279	0.715	0.509
X_1.3	0.497	0.857	0.484
X_1.4	0.512	0.824	0.206
X_1.5	0.340	0.724	0.584
X_2.1	0.330	0.493	0.898
X_2.2	0.151	0.402	0.826
X_2.3	0.144	0.436	0.841
X_2.4	0.287	0.382	0.887
X_2.5	0.270	0.486	0.919
Y_1	0.814	0.579	0.268
Y_2	0.895	0.385	0.246
Y_3	0.874	0.396	0.218
Y_4	0.913	0.438	0.241
Y_5	0.886	0.481	0.299

(Source: SmartPLS.4 2026 processing data)

Cross-loading is the evaluation of discriminant validity at the level of measurement items. The table above shows 15 (Fifteen) variable statement indicators that have a higher correlation with related variables compared to other variables.

Table 4. *Fornell – Larcker*

	Tax Compliance	Digital Literacy	Understanding Cortax
Tax Compliance	0.877		
Digital Literacy	0.534	0.768	
Understanding Cortax	0.295	0.505	0.875

(Source: SmartPLS.4 2026 processing data)

In the table above, the root standard of AVE must be greater than its correlation with the other variables, then the discriminant validity for the variable is said to be met. In all of the above variables, the root of AVE is greater than its correlation with other variables, hence the discriminatory validity for Digital Literacy, CORTEX Comprehension, and Tax Compliance.

3.2.2 Data Correlation Contrast Reliability Test

In this study, the results of the model measurement were also used to test the reliability of a construct. Reliability tests are carried out to prove the accuracy, consistency and accuracy of the instrument in measuring constructs. In PLS-SEM using the SmartPLS 4.0 program, to measure the reliability of a construct with reflective indicators can be done in two ways, namely with Cronbach's Alpha and Composite Reliability. Construct is declared reliable if the composite reliability or Cronbach's alpha value is above 0.70.[16]. Table 5 follows:

Table 5. *Composite Reliability*

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average of variance extracted (AVE)
Tax Compliance	0.925	0.937	0.943	0.769
Digital Literacy	0.827	0.861	0.877	0.590
Understanding Cortax	0.927	0.975	0.942	0.765

(Sumber: data olah SmartPLS.4 2026)

The above results show that the *Composite Reliability* value for each of the three variables is greater than 0.7 compared to the correlation value, so that the constructors in this research model can still be said to have good discriminant reliability. And the value of AVE (Average Variance Extracted) is greater than $\geq$ 0.5 so that the constraints in this research model are reliable.

3.3. Structural Model Testing (*Inner Model)*

Internal testing of the model or structural model is carried out to see the relationship between variables, significance values, and *R-square* of the research model. The structural model was evaluated using *the Inner VIF table* for dependent constructs, t-tests, as well as the value of the structural path parameter coefficients. Here is the VIF Table:

Table 6. *VIF*

	Tax Compliance
Tax Compliance	
Digital Literacy	1.000
Understanding Cortax	1.000

(Source: SmartPLS.4 2026 processing data)

[16] Ghozali, I., & Latan, H. (2015). *Partial least squares: Konsep, teknik dan aplikasi menggunakan program SmartPLS 3.0* (2nd ed.). Badan Penerbit Universitas Diponegoro.

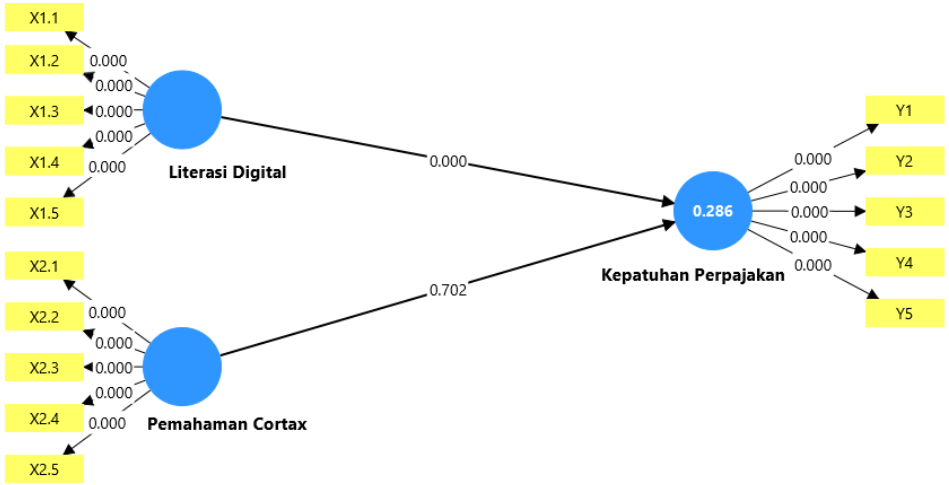
The VIF (Variance Inflated Factor) table explains that dependent variables that interact with moderating variables and dependent variables have a value of less than 10.00. Therefore, it can be concluded that there is no multicollinearity between the variables that affect the understanding of Cortax and digital literacy on tax compliance. Model assessment with PLS begins by looking *at the R-squared* for each dependent latent variable. Changes in *the value of R-square* can be used to assess whether a particular independent latent variable has a substantive influence on the dependent latent variable.

Table 7. *R-Square*

	R-square	Adjusted R-square
Tax Compliance	0.286	0.270

(Source: SmartPLS.4 2026 processing data)

Based on the table above, the *R-square* value for the Tax Compliance variable is 0.286. This means that Tax Compliance is explained by the Digital Literacy variable (X_1) 28.6%, while 71.4% were explained by other variables outside this study. The *R-square* value of 0.286 indicates that the research model is in the weak to medium category. This indicates that tax compliance is not only influenced by digital literacy and understanding of Coretax, but also influenced by other factors such as tax awareness, tax experience, quality of digital services, level of trust in tax authorities, and taxpayers' motivation in fulfilling tax obligations. Nevertheless, this research model is still able to provide an empirical picture of the influence of digital factors on tax compliance in Generation Z.



3.4. Uji Hypothesis

Hypothesis testing is carried out based on the results of the Inner Model test (structural model), which includes R-squared output, parameter coefficients and t-statistics. To see whether a hypothesis can be accepted or rejected, among other things, by paying attention to the significance values between contracts, t-statistics, and p-values. The hypothesis test of this research was carried out with the help of SmartPLS (Partial Least Squares) 4.0 software. These values can be seen from the results of bootstrapping. The rules of thumb used in this study were t-statistics > 1.96 with a significance level of p-value of 0.05 (5%) and a beta coefficient of a positive value. The value of testing the hypothesis of this study can be shown in table 8 below:

Table 8. Uji Hypothesis

	Original sample (O)	Sample average (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P Values
Digital Literacy -Tax Compliance >	0.518	0.526	0.090	5.765	0.000
Understanding Cortax -> Tax Compliance	0.033	0.043	0.087	0.382	0.702

(Source: SmartPLS.4 2026 processed data)

The first hypothesis tests whether digital literacy has a positive positive effect on tax compliance. The test results showed a beta coefficient value of Cortax's Understanding of Tax Compliance of 0.518 and a t-statistic of 5.765. From these results, it is stated that t-statistics are significant because > 1.96 with a p-value of 0.000 < 0.05, so it can be concluded that Digital Literacy has a significant effect on Tax Compliance. The first hypothesis is accepted.

The second hypothesis tests that Cortax's understanding positively has an insignificant effect on tax compliance. The test results showed a beta coefficient value of Cortax's Understanding of Tax Compliance of 0.033 and a t-statistic of 0.382. From these results, it is stated that the t-statistic is insignificant because the < is less than 1.96 and the p-value is 0.702 > 0.05, so it can be concluded that Cortax's understanding positively has an insignificant effect on tax compliance, or that the second hypothesis is rejected.

4. Conclusion

Digital literacy has been proven to have a positive and significant effect on Generation Z tax compliance at FEB UMI, so it is an important factor in supporting the digital transformation of taxation. On the other hand, Coretax's understanding has a positive but not significant effect, which indicates that the technical aspects of the system alone are not enough to encourage compliance, among other things, because Coretax is still new and most of the respondents are not yet active taxpayers.

Practically, these results encourage the need to strengthen digital tax literacy through applicable training, tax reporting simulations, and the integration of digital taxation materials in universities, as well as campus-tax authority cooperation. This research is still limited to one faculty, uses self-report data, and has a low R-square, so it is recommended that further research add variables such as tax awareness, trust in tax authorities, quality of digital services, attitudes towards sanctions, and expand the objects across generations and taxpayer groups.

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