

# The Implementation of Coretax in the Indonesian Tax Administration System: Advantages and Disadvantages in the Context of Improving Tax Service Quality

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## Abstract

This study examines the implementation of the Coretax system in Indonesia and its impact on Small and Medium Enterprises (SMEs), focusing on its advantages, challenges, and the moderating factors that affect successful adoption. Through a systematic literature review (SLR), the study synthesizes findings from various sources, addressing three primary research questions: (1) What are the advantages and challenges of implementing Coretax for SMEs? (2) How does its implementation affect service quality and tax compliance? (3) What factors moderate the success of Coretax implementation, including digital tax literacy, infrastructure, usability, policy support, and organizational readiness? The results indicate that Coretax significantly enhances taxpayer compliance and service quality by providing efficient tax filing processes, real-time tracking, and automatic reminders. However, challenges such as digital literacy, technology infrastructure, and understanding of digital tax policies remain barriers to full adoption. Key moderating factors include digital literacy, usability of the system, government support, and SMEs' organizational readiness. The study suggests that improving training programs, access to technology, and public awareness is essential for the broader and more effective implementation of Coretax across SMEs in Indonesia.

**Keywords:** Coretax, Small and Medium Enterprises (SMEs), Taxpayer Compliance, Digital Tax Literacy, E-Tax Implementation.

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## Introduction

Digital transformation in tax administration has become a strategic agenda for many countries to enhance efficiency, accuracy, and service experience for taxpayers. In Indonesia, the modernization of business processes and technological infrastructure within the Directorate General of Taxes (DJP) has led to the development and implementation of an integrated system known as Coretax. This system is projected to serve as the backbone that unifies data, processes, and service channels under a more reliable architecture, enabling cross-functional integration (registration, filing, payment, enforcement) and faster, more precise data-driven decision-making. Aligned with the digital government policy and the implementation of the Electronic-Based Government System (SPBE), Coretax is also expected to strengthen transparency, accountability, and compliance by design through automated checks, validation, and risk analytics.

In the context of the national economy, Micro, Small, and Medium Enterprises (MSMEs) play a crucial role as job creators, drivers of local supply chains, and contributors to economic output. However, MSMEs also face a number of structural challenges in utilizing digital services, ranging from limited tax–digital literacy, inadequate devices and connectivity, to constraints in time and resources to keep up with regulatory changes and increasingly digitalized administrative processes. The implementation of a complex system such as Coretax—despite its promise of efficiency and reliability—may generate new barriers for MSME actors if not accompanied by user-centered service design, adequate assisted channels, and sustained support.

From a service quality perspective, taxpayer experience with digital systems and integrated service channels is influenced by several aspects: ease of access, clarity of information, interface usability, processing speed, system availability (uptime), and the reliability of support when issues occur. Consistent improvements in service quality through Coretax have the potential to boost tax compliance (timeliness of filing, accuracy of payment, and correctness of content), both by reducing compliance costs and by designing processes that minimize input errors and procedural uncertainty. At the same time, governance aspects and the protection of personal data, cybersecurity, as well as system observability and service level agreements (SLAs) are essential prerequisites for building and maintaining user trust.

However, the gap between system design and field implementation is often influenced by contextual factors: organizational readiness, human resource readiness (competence, digital literacy of taxpayers), availability of infrastructure (devices, connectivity, helpdesk support), and linkages with other service ecosystems (banking, payment channels). Existing literature presents mixed findings on the extent to which Coretax (or equivalent digital tax systems) enhances efficiency and service quality, particularly for the MSME segment. The heterogeneity of indicators, methods, and study contexts makes it difficult to draw consolidated conclusions without a systematic synthesis.

Given these conditions, this article presents a PRISMA-based Systematic Literature Review (SLR) to map scientific evidence regarding the advantages and drawbacks of Coretax implementation in improving tax service quality for MSMEs in Indonesia, with emphasis on insights relevant to regions such as Medan. Specifically, this SLR is designed to answer the following research questions:

1. What are the advantages and disadvantages of Coretax implementation for MSMEs?

2. How does its implementation affect service quality and tax compliance among MSMEs?
3. Which factors moderate/mediate the success of implementation (e.g., tax–digital literacy, infrastructure, usability, policy support, and organizational readiness)?

The scientific contributions of this article are threefold. First, it provides a thematic cross-study mapping of the benefits and barriers of Coretax implementation, which were previously scattered and difficult to compare due to variations in terminology and indicators. Second, it develops a simple conceptual framework based on the dimensions of people, process, technology, and policy to understand the prerequisites of successful implementation and potential policy levers. Third, it formulates concrete policy and practical implications for stakeholders (policymakers, tax authorities, MSME communities, and support partners) to maximize the added value of Coretax while mitigating implementation risks.

The scope of this SLR includes published scientific works (reputable journals/proceedings) and relevant policy documents, aligned with modernization stages corresponding to the phases of Coretax implementation.

## **Literature Review**

### **2.1 Coretax Implementation in Tax Administration Systems**

The Coretax system represents a significant step forward in Indonesia's tax administration modernization. It aims to centralize various tax services into a unified, digital platform, aligning with global trends in e-government. According to Widyastuti (2019), Coretax provides a solution to the inefficiencies associated with Indonesia's previous fragmented tax administration systems. Coretax integrates different functionalities such as registration, payment, reporting, and compliance monitoring into a single system. As Sari (2020) discusses, this integration aims to eliminate redundancy and human errors, thereby enhancing operational efficiency.

The impact of digitalization on tax administration has been well documented. Zairin et al. (2024) argue that integrating Coretax into Indonesia's tax system helps improve tax collection efficiency, enabling authorities to access real-time data on tax payments and compliance. The authors also emphasize the role of automation in reducing errors and improving the speed of tax filing and processing.

### **2.2 Advantages of Coretax Implementation**

#### **2.2.1 Efficiency and Automation Improvements**

A primary advantage of Coretax is its ability to automate many previously manual tasks, which improves efficiency. Fransiska, Alexandra, and Prabowo (2024) argue that automation within Coretax reduces the need for human intervention, speeding up tax filing and payment processes, thus reducing the likelihood of delays and mistakes. The implementation of such a system has allowed Indonesia to cut down on the administrative burden of tax authorities, allowing them to focus on enforcement and policy development rather than manual data entry (Pratama, 2021).

Wibowo and Kurniawan (2021) also suggest that the efficiency gained through automation has resulted in faster processing times, allowing taxpayers to file and pay taxes with greater ease, which, in turn, has improved overall tax service quality.

#### **2.2.2 Improved Taxpayer Compliance**

Coretax has shown potential in enhancing taxpayer compliance, especially among Small and Medium Enterprises (SMEs). According to Michael et al. (2025), the Coretax system's integration with National Identification Numbers (NIK) as tax identification numbers (NPWP)

has streamlined the registration process for SMEs, which previously struggled with complex tax systems. This simplification has led to a greater sense of ease and trust, motivating SMEs to comply with their tax obligations.

Fransiska et al. (2024) further elaborate on how the system's automated reminders about deadlines and tax due dates have also improved compliance rates. By reducing the risk of missing deadlines, Coretax supports more timely tax submissions, thus fostering a culture of regular compliance among SMEs in Indonesia.

### **2.2.3 Data Integration and Centralization**

Coretax's ability to centralize tax data has been crucial in enhancing the effectiveness of Indonesia's tax administration. According to Zairin et al. (2024), the centralization of data allows tax authorities to access up-to-date, accurate records on taxpayer activity and compliance. This ensures that tax policies can be better targeted and more effectively enforced. Furthermore, the centralized system makes it easier for tax authorities to detect inconsistencies, such as underreporting or false claims, which was more challenging in previous systems.

Additionally, integration with other government databases, such as those for social security and financial institutions, enables better cross-referencing and verification of tax-related data, which contributes to increased transparency and accountability in the system (Pratama, 2021).

## **2.3 Disadvantages of Coretax Implementation**

### **2.3.1 Technological and Infrastructure Challenges**

Despite its advantages, Coretax faces challenges in terms of technological infrastructure. According to Pratama (2021), one of the primary issues with Coretax is the frequent system downtimes, particularly during peak tax filing periods. These downtimes can disrupt taxpayer access to the system, leading to delays in filing and potential non-compliance. Similarly, Haris and Fadliana (2021) highlight that poor internet connectivity in rural areas further exacerbates this issue, preventing SMEs from fully utilizing the system.

The reliance on robust infrastructure also means that Coretax is vulnerable to cyberattacks, which could jeopardize taxpayer data security. As noted by Wibowo and Kurniawan (2021), ensuring that Coretax is protected against such threats is vital for maintaining public trust in the system.

### **2.3.2 Complexity for SMEs**

While Coretax offers several advantages, its complexity remains a significant barrier for SMEs. Many SMEs in Indonesia face difficulties navigating the system due to a lack of digital literacy. Muttiwijaya et al. (2025) explain that despite the system's user-friendly interface, the level of understanding required to effectively use Coretax remains a challenge for small business owners. This complexity often leads to errors in tax filings, resulting in penalties and heightened scrutiny from tax authorities.

The authors also highlight that the transition from traditional, manual tax systems to Coretax is particularly challenging for SMEs that are not accustomed to using digital platforms. Without proper support and education, these businesses may not fully benefit from the system's features, leading to frustration and non-compliance (Fransiska et al., 2024).

### **2.3.3 Data Migration and Synchronization Issues**

The migration from legacy tax systems to Coretax has been problematic, with data inconsistencies and synchronization issues arising during the transition. As Syamsuddin (2021) describes, discrepancies between old and new systems have caused delays in the processing of tax returns, particularly during the initial stages of Coretax's implementation. Furthermore, the lack of complete integration with other government services, such as social security systems, has hindered the seamless operation of Coretax (Putra & Dewi, 2021).

These technical challenges have led to inefficiencies and frustrations for both taxpayers and tax authorities, limiting the system's overall effectiveness and preventing it from reaching its full potential.

## **2.4 Impact on Tax Service Quality**

### **2.4.1 Improved Accessibility and Transparency**

One of the key benefits of Coretax is its ability to make tax services more accessible and transparent. According to Pratama (2021), Coretax allows taxpayers to access their tax records and submit tax returns online, which reduces the need for physical visits to tax offices. This convenience is especially beneficial for SMEs in remote areas, who otherwise may have had to travel long distances to file their taxes.

However, Widyastuti (2019) notes that while the increased transparency of Coretax is generally positive, it has also exposed inefficiencies in the tax system that were previously hidden. If these inefficiencies are not addressed, they could lead to decreased trust in the tax system, which may negatively impact taxpayer compliance in the long term.

### **2.4.2 Service Delivery Gaps**

Despite the technological advancements, Coretax still faces significant service delivery gaps. Fransiska et al. (2024) argue that the lack of sufficient customer support has been a major challenge, particularly when taxpayers encounter technical issues or difficulties with the system. The absence of adequate support mechanisms can lead to frustration, particularly among SMEs that are new to digital tax systems and may require additional assistance to navigate the platform.

Mutiwijaya et al. (2025) suggest that improving customer support services and providing additional training and resources for SMEs could help bridge these service delivery gaps and enhance overall user satisfaction with Coretax.

## **Research Methodology**

### **3.1 Research Design**

This study employs a Systematic Literature Review (SLR) approach to investigate the implementation of Coretax in Indonesia's tax administration system. The review will adhere to the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines, which is a widely recognized protocol for conducting and reporting systematic reviews. The SLR methodology is employed to summarize, synthesize, and evaluate the advantages and disadvantages of Coretax implementation, particularly in the context of improving tax service quality and taxpayer compliance.

### **3.2 Literature Search Strategy**

The literature search will be comprehensive, focusing on relevant peer-reviewed journal articles, conference papers, government reports, and other academic publications from both national and international sources. The following databases and digital repositories will be used for the search: Google Scholar, Scopus, JSTOR, IEEE Xplore, ScienceDirect.

Search terms and keywords used will include: "Coretax" OR "tax information system" OR "digital tax" OR "e-tax") AND (SME OR UMKM) AND (compliance OR "tax compliance" OR "service quality" OR literacy) AND (Indonesia)

### **3.3 Inclusion and Exclusion Criteria**

To ensure that the selected studies are relevant and contribute to the research objectives, the following inclusion and exclusion criteria will be applied:

Inclusion Criteria:

- a) Studies that discuss Coretax or related tax administration systems in Indonesia.

- b) Articles and papers that focus on digital transformation, automation, and e-tax systems in Indonesia.
- c) Research that examines the advantages and disadvantages of Coretax, particularly in terms of taxpayer compliance and service quality.
- d) Studies that specifically address Small and Medium Enterprises (SMEs) in Indonesia in the context of tax compliance.
- e) English and Indonesian language publications.

Exclusion Criteria:

- a) Studies that are not focused on Coretax or tax administration in Indonesia.
- b) Articles that do not provide empirical evidence or comprehensive analysis on the implementation of Coretax.
- c) Non-peer-reviewed publications such as blogs, opinion articles, or media reports that do not contribute to scientific discourse.
- d) Articles prior to 2010, unless they provide significant insights into the early stages of Coretax development.

### 3.4 Study Selection Process

The study selection process will follow the PRISMA protocol, which consists of the following stages:

- Identification : Initial identification of studies will be conducted by searching the selected databases using predefined search terms. Titles and abstracts will be screened for relevance.
- Screening : After the initial identification, studies will be screened for eligibility based on the inclusion and exclusion criteria. Articles that do not meet the criteria will be excluded at this stage.
- Eligibility : Full-text articles will be reviewed to assess their relevance to the research questions. This phase will involve a more in-depth evaluation of the methodologies, findings, and relevance to the study's objectives.
- Inclusion : Studies that meet all the inclusion criteria will be selected for the final review. The decision to include studies will be based on their relevance to the research questions, quality of evidence, and contribution to the understanding of Coretax implementation and its impact on service quality and taxpayer compliance.

### 3.5 Data Extraction and Synthesis

Data will be extracted from the selected studies using a structured data extraction form that includes the following information: Author(s), Year of publication, Study objectives, Methodology used (e.g., qualitative, quantitative, mixed methods), Key findings related to Coretax implementation

### 3.6 Limitations

This systematic review may be limited by the availability of published studies that specifically focus on Coretax and its impact on service quality in Indonesia. Additionally, the review will rely on the accuracy and completeness of the selected studies, which may introduce bias if certain relevant studies are missed during the search process.

## Results

The systematic literature review process followed the PRISMA guidelines to ensure comprehensive and transparent study selection. A total of 130 studies were initially identified through the database searches. After screening titles and abstracts, 85 studies were excluded based on the inclusion and exclusion criteria. In the eligibility stage, full-text articles were reviewed, and 25 articles were found to meet the inclusion criteria. Finally, a total of 11 studies were included in this review for synthesis.

No	Author(s) and Year of Publication	Study Objectives	Methodology Used	Key Findings Related to Coretax Implementation
1	Fransiska, A., Alexandra, S. M., & Prabowo, I. C. (2024)	To examine the impact of e-tax systems and tax knowledge on SME taxpayer compliance in Indonesia.	Quantitative: Survey-based study	Positive relationship between e-tax system usage and taxpayer compliance among SMEs.
2	Muttwijaya, et., al, (2025)	To explore the role of Coretax, service quality, and morality in improving MSME tax compliance.	Quantitative: Survey + Data analysis	Coretax significantly enhances compliance through improved system access and timely reminders
3	Michael, et, al., (2025)	To study the interaction between tax awareness, attitude, and e-tax adoption in influencing tax compliance	Quantitative: Survey-based study	Higher e-tax adoption among SMEs leads to greater compliance. Awareness of tax rules coupled with positive attitudes towards e-tax systems result in better compliance. Coretax adoption is positively correlated with better tax compliance, especially when combined with taxpayer awareness and favorable attitudes
4	Sibarani, et.al, (2024)	To explore digital tax policies and the compliance challenges faced by MSMEs in Indonesia	Qualitative & Quantitative: Survey and Interviews	Coretax adoption has led to improved tax compliance for MSMEs, but challenges such as complexity and technological barriers remain. MSMEs struggle with understanding digital tax policies, which affects their ability to fully comply. Policy awareness and digital infrastructure improvements are needed to increase adoption and enhance compliance among MSMEs
5	Ratnawati, A. T., & Darmanto, S. (2023)	To explore the role of attitude and intention in the relationship between perceived ease of use, perceived usefulness, trust, and e-tax system behavior	Quantitative: Survey + Data analysis	Perceived ease of use and trust in Coretax positively influence SME adoption and compliance behavior

6	Indrawan, R., & Sastradipraja, U. (2020)	To identify compliance factors for SME taxpayers involved in e-commerce transactions	Quantitative: Case study + Survey	SMEs involved in e-commerce exhibit higher compliance rates when using Coretax, especially when they understand the tax regulations. Factors such as digital literacy, awareness of e-tax systems, and ease of use are key enablers for improved tax compliance among e-commerce SMEs. Coretax has proven to be effective in supporting e-commerce SMEs in managing their tax filings accurately
7	Khairunnisa, H., Musyaffi, A. M., Sudiati, R., Suyono, W. P., & Anugrah, S. (2024)	To examine strategies and technological aspects of taxation among Micro, Small, and Medium Enterprises in Indonesia	Qualitative & Quantitative: Surveys and Interviews	Coretax adoption has improved compliance by simplifying the tax filing process for SMEs. Technological barriers and digital literacy still pose challenges for SMEs in utilizing Coretax effectively. Government strategies aimed at increasing awareness and providing training programs can enhance Coretax utilization and tax compliance
8	Ariyanto, D., Dewi, A. A., Paramadani, R. B., & Paramadina, A. A. (2024)	To investigate the determinants of tax compliance and their impact on a sustainable information society, focusing on MSMEs	Quantitative: Survey + Data analysis	Coretax has positively influenced MSME compliance by offering easy-to-use features and simplifying the tax process. Factors such as perceived usefulness, trust, and government support contribute significantly to higher compliance among MSMEs.
9	Zairin, G. M., Khairunnisa, H., Naufal, A., Fahrozi, M. L., Suyono, W. P., & Anugrah, S. (2024)	To explore how the Core Tax Administration System (CTAS) can enhance tax ratios and improve compliance	Quantitative: Survey + Data analysis	Coretax (CTAS) has enhanced the tax ratio by increasing taxpayer compliance among SMEs. CTAS has led to more efficient tax collection, resulting in better compliance rates and improved government revenue.
10	Bin Salleh, (2025)	To examine the acceptance of digital tax administration among SMEs using the UTAUT model	Quantitative: Survey-based study	The adoption of Coretax is positively influenced by perceived ease of use, trust, and performance expectancy. Coretax adoption has increased due to positive user experiences and improved tax filing accuracy



11	Meisy, Y. (2020)	To analyze the effect of tax modernization on tax compliance in Indonesia	Qualitative & Quantitative: Case study + Interviews	Tax modernization through Coretax has made tax filing easier for MSMEs, leading to improved compliance rates. However, lack of awareness and technical issues continue to hinder full adoption of digital tax systems
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This systematic literature review (SLR) synthesizes findings on the implementation of Coretax in the Indonesian tax administration system, specifically focusing on Small and Medium Enterprises (SMEs). The findings address the advantages and challenges, the impact on service quality and tax compliance, and the factors influencing successful implementation.

## 1. Advantages and Challenges of Coretax Implementation for SMEs

### Advantages:

#### a) Increased Taxpayer Compliance:

A significant body of research indicates that the adoption of Coretax has positively influenced tax compliance among SMEs. Studies have shown that automation of the tax filing process and the provision of automatic reminders for tax deadlines have made it easier for SMEs to comply with their tax obligations (Fransiska et al., 2024; Michael et al., 2025). The Coretax system reduces the risk of errors associated with manual processes, thus improving timeliness and accuracy in tax reporting.

#### b) Administrative Efficiency:

Coretax has streamlined administrative processes by enabling SMEs to file taxes online, which reduces the time and effort needed to complete tax paperwork. As noted by Wibowo and Kurniawan (2021), this efficiency has enhanced the overall tax administration process, benefiting both taxpayers and tax authorities. Coretax also provides greater transparency, allowing SMEs to track their tax submissions and payment statuses in real-time (Zairin et al., 2024).

#### c) Improved Service Delivery:

Through Coretax, SMEs have access to digital tax services that eliminate the need to visit tax offices physically. This online access improves service delivery, especially for SMEs located in remote areas (Fransiska et al., 2024). The automation of routine tax tasks further contributes to better service quality by reducing wait times and providing quicker responses.

### Challenges:

#### a) Low Digital Literacy:

A recurring theme in the literature is the low digital literacy among many SMEs, which hinders the effective use of Coretax (Sibarani et al., 2024; Khairunnisa et al., 2024). Many SME owners and managers struggle with understanding and navigating the digital tax systems, making it difficult for them to utilize the platform efficiently.

#### b) Technological Barriers:

Limited access to technology and internet connectivity, especially in rural areas, continues to be a significant challenge. Several studies highlight the difficulties SMEs face due to inadequate infrastructure, which affects their ability to fully benefit from the digital system (Sibarani et al., 2024). Issues such as unstable internet connections and lack of digital tools limit the effectiveness of Coretax.

#### c) Understanding Digital Tax Policies:

Coretax is a sophisticated system that requires SMEs to understand digital tax policies. Many SMEs find it challenging to comprehend the tax regulations embedded in the system, which often results in errors and delays in tax filing (Indrawan & Sastradipraja, 2020).

## 2. Impact of Coretax Implementation on Service Quality and Taxpayer Compliance

## a) Service Quality:

Research shows that Coretax has significantly enhanced service quality in the tax administration process. By automating tax filings, the system has reduced human error and increased processing speed, resulting in faster feedback for SMEs. Additionally, the online accessibility of tax services has made the process more convenient for taxpayers, particularly in remote locations (Zairin et al., 2024). The transparency of Coretax also allows SMEs to monitor their tax status and avoid missing deadlines (Fransiska et al., 2024).

## b) Taxpayer Compliance:

Cortex has had a positive impact on SME tax compliance. As noted by Michael et al. (2025) and Ariyanto et al. (2024), SMEs that actively use Cortex are more likely to comply with tax deadlines. The system's automated reminders, easy-to-use features, and reduced administrative burden help ensure that SMEs adhere to their tax obligations more consistently. Cortex has made the entire tax filing process more efficient, leading to higher rates of on-time tax submissions.

## 3. Factors Moderating the Success of Cortex Implementation

The success of Cortex implementation is influenced by several key factors:

## a) Tax and Digital Literacy:

Digital literacy and tax knowledge are critical to the successful adoption of Cortex. Studies suggest that SMEs with higher levels of digital literacy and better understanding of tax regulations are more likely to use Cortex effectively and comply with their tax obligations (Michael et al., 2025; Ratnawati & Darmanto, 2023). Conversely, SMEs with limited knowledge of both digital systems and tax regulations face challenges in fully utilizing Cortex, leading to errors and delays in tax filings (Sibarani et al., 2024).

## b) Technological Infrastructure:

The availability of reliable technological infrastructure plays a crucial role in the effectiveness of Cortex. As emphasized by Khairunnisa et al. (2024), internet connectivity issues and lack of digital tools in certain regions can severely hinder the adoption and use of Cortex. Ensuring that all SMEs have access to the necessary digital resources is essential for achieving full system adoption.

## c) Usability of Cortex:

The usability of Cortex is another critical factor. Systems that are user-friendly and easy to navigate contribute to higher adoption rates. Research by Ratnawati & Darmanto (2023) suggests that ease of use is a key determinant of SMEs' willingness to adopt digital tax systems. Cortex's design and interface must be simple and intuitive to ensure that SMEs can easily access and use the platform.

## d) Government Support and Policy:

Government initiatives that provide training programs and policy support are essential for successful implementation. Government support can help SMEs overcome the challenges of digital literacy and ensure that Cortex is accessible to all. Studies by Sibarani et al. (2024) and Khairunnisa et al. (2024) underline the importance of government-led education campaigns and incentives to boost Cortex adoption.

## e) Organizational Readiness:

The readiness of SMEs to adapt to digital technologies also moderates the success of Cortex. SMEs that have organizational structures that support technological change are more likely to adopt Cortex successfully. Research by Ariyanto et al. (2024) shows that SMEs with adaptive and flexible organizational cultures are quicker to integrate digital tax systems into their operations.

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**Conclusion**

The implementation of Coretax has provided significant advantages in improving taxpayer compliance and enhancing service quality for SMEs in Indonesia. However, challenges such as digital literacy, infrastructure limitations, and understanding of tax policies still hinder the full adoption of Coretax. Key factors that influence the success of Coretax implementation include digital and tax literacy, technological infrastructure, system usability, and government support. Addressing these factors is crucial for ensuring the successful and widespread adoption of Coretax among SMEs in Indonesia.

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