





“Tax morality and patriotism under public fiscal reform: Evidence from Indonesian MSMES”

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ARTICLE INFO	Deranika Ratna Kristiana, Atika Jauharia Hatta and Theresia Trisanti (2025). Tax morality and patriotism under public fiscal reform: Evidence from Indonesian MSMES. <i>Public and Municipal Finance</i> , 14(4), 26-37. doi: 10.21511/pmf.14(4).2025.03
DOI	http://dx.doi.org/10.21511/pmf.14(4).2025.03
RELEASED ON	Wednesday, 03 December 2025
RECEIVED ON	Monday, 20 October 2025
ACCEPTED ON	Tuesday, 25 November 2025
LICENSE	 This work is licensed under a Creative Commons Attribution 4.0 International License
JOURNAL	"Public and Municipal Finance"
ISSN PRINT	2222-1867
ISSN ONLINE	2222-1875
PUBLISHER	LLC “Consulting Publishing Company “Business Perspectives”
FOUNDER	LLC “Consulting Publishing Company “Business Perspectives”



NUMBER OF REFERENCES

51



NUMBER OF FIGURES

0



NUMBER OF TABLES

4

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BUSINESS PERSPECTIVES



LLC "CPC "Business Perspectives"
Hryhorii Skovoroda lane, 10,
Sумы, 40022, Ukraine
www.businessperspectives.org

Type of the article: Research Article

Received on: 20th of October, 2025

Accepted on: 25th of November, 2025

Published on: 3rd of December, 2025

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Conflict of interest statement:

Author(s) reported no conflict of interest

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TAX MORALITY AND PATRIOTISM UNDER PUBLIC FISCAL REFORM: EVIDENCE FROM INDONESIAN MSMEs

Abstract

The effectiveness of public tax reform in improving tax compliance is shaped not only by institutional and administrative factors, but also by social and humanitarian conditions. This study analyzes how morality and patriotism influence tax compliance within the context of public tax reform in Indonesia, and investigates whether political connections moderate these relationships. The sample consists of 401 MSME taxpayers in Java; convenience random sampling techniques were used from July to August 2025. MSMEs are an intriguing subject in tax compliance because they make a large contribution to national GDP, but their level of tax compliance is relatively low. Using a hierarchical linear regression for data analysis, the findings show that morality has a significantly positive effect on tax compliance with a positive beta (0.0471 for non-CTAS and 0.540 for CTAS group), a *p*-value of 0.000, and an increase in the *R*² value (ΔR^2 : 0.222 for non-CTAS and 0.219 for CTAS group). Patriotism significantly affects tax compliance with a beta of 0.453, a *p*-value of 0.000, and an increase in the *R*² value of 0.105 only in the non-CTAS group. Political connections act more as the main determinant rather than as a moderating variable. The results suggest that public tax reform should not rely solely on technological upgrades; it must also reinforce the moral and civic foundations of taxation. Sustainable compliance can be achieved only when system improvements are accompanied by greater public trust and taxpayer morality.

Keywords

morality, patriotism, tax reform, tax compliance, political connection, MSMEs

JEL Classification

H26, Z13, H83

INTRODUCTION

Taxes are a vital component of national development, and the government has enacted various measures to enhance revenue, including from the MSME sector. Based on data from the Indonesian Financial Services Authority (OJK) in 2025, the number of MSMEs in 2025 reach around 65.5 million units, contributing 61.9% to Gross Domestic Product (GDP) and absorbing more than 119 million workers, or around 97% of the total national workforce (OJK, 2025), but they only have an estimated tax compliance rate of 15%. Data from the Directorate General of Taxes (DGT) show that Indonesia's tax compliance rate has only reached 65–72% (DJP, 2024), which is still relatively low compared to Singapore's 95%, Malaysia's 85%, and Thailand's 80% (OECD, 2023).

The Coretax Administration System (CTAS) is a strategic measure by the government in tax reform to enhance tax compliance. However, the success of tax reforms does not rest solely on institutional capacity or administrative modernization. Social and humanitarian factors, including morality and patriotism, also shape it. Therefore, further research is needed on the social and humanitarian context that determines tax compliance in the MSME sector under tax reform.

Addressing this issue requires integrating behavioral insights and socio-cultural dimensions to design more inclusive and effective tax reform strategies. Previous studies linking morality and patriotism with tax compliance have been primarily focused on developed countries; empirical evidence, especially in developing countries, is still limited and underexplored. Existing studies have focused mainly on institutional and economic determinants of tax compliance, overlooking the role of social morality and patriotism.

1. LITERATURE REVIEW AND HYPOTHESES

Public tax reform is an essential component of national economic transformation. Beyond restructuring the fiscal system, such reforms aim to strengthen citizens' social and moral awareness. One of the main objectives of public tax reform is to increase taxpayer compliance, namely the willingness of individuals or entities to report, calculate, and pay taxes correctly and on time (Darmayasa & Hardika, 2024). In the context of economic transformation, public tax reform will broaden the tax base to be fairer, simplify regulations and administrative systems to be more efficient, and increase trust and fiscal fairness (Cahyonowati et al., 2023; Inasius et al., 2020), which will further encourage voluntary compliance. Thus, public tax reform is not merely administrative but also has behavioral and social dimensions, as tax compliance is strongly influenced by perceptions of fairness and public trust in the state. Tax policy does not operate independently; tax compliance is determined by the interaction between institutional factors and social factors such as norms, morality, or perceptions of justice (Lamantia & Pezzino, 2018, 2021).

The Coretax Administration System (CTAS) is a public tax reform designed to integrate existing tax systems, such as e-forms, e-filing, e-billing, e-invoices, and others that are still standalone. According to the DGT (DJP, 2025), the main objective of developing CTAS is to integrate all core business processes of tax administration, from taxpayer registration and tax return reporting, tax payments, to tax audits and collection, thus facilitating taxpayers in fulfilling their tax obligations. CTAS is one of the strategic policy implementations following the tax amnesty and voluntary disclosure programs, which are considered suboptimal (Darmayasa & Hardika, 2024; Muhammadiyah et al., 2025). Public tax reforms

are often carried out as an effort to improve suboptimal tax ratios (Cahyonowati et al., 2023; Inasius et al., 2020), and the most recent reform in the tax sector in Indonesia is the introduction of CTAS. CTAS began its implementation in 2025, but not all taxpayers have used it yet. Although this system is expected to simplify reporting and improve service efficiency, its existence does not automatically guarantee high levels of compliance.

Furthermore, compliance in the micro, small, and medium enterprises (MSMEs) remains low (DJP, 2024). Tax compliance has been linked to several aspects, such as religion (Othman et al., 2024; Silveus & Stoddard, 2020; Wang & Lu, 2021), social norms (Abraham et al., 2017; Bethencourt & Kunze, 2019; Lamantia & Pezzino, 2021), fairness (Farrar et al., 2019, 2020; Jang & Eger, 2019), and transparency (De Simone et al., 2017). Furthermore, aspects of education (Nagel et al., 2019; Trawule et al., 2022; Ussholehah et al., 2025), emotions (Enachescu et al., 2019, 2021), and even gender (Bruner et al., 2017) have been explored in their relationship to compliance. Fiscal aspects (Lamantia & Pezzino, 2018; Tatenko et al., 2025), trust (Easter, 2018; Hunt et al., 2019), politics and regulations (Wu et al., 2022; Inga et al., 2025), fiscal reform (Lamantia & Pezzino, 2018; Desyatnyuk et al., 2025), and law (Demir & Javorcik, 2020; van Rooij, 2016) have also been linked to tax compliance. Several emerging theories link tax compliance to patriotism and moral values (Grundmann & Graf Lambsdorff, 2017; Payne & Raiborn, 2018).

The slippery slope framework is an approach that can be used to explain taxpayer compliance. It emphasizes two dimensions: trust in authorities (trust) and perceived power of authorities (power), as the main factors in determining tax compliance (Darmayasa & Hardika, 2024; Twesige et al., 2024). The power dimension is formed from audit probabilities, fines, and tax rates. In contrast,

trust is formed from subjective tax knowledge and participation, attitudes toward taxes, personal, social, and national norms, and perceived fairness (Darmayasa & Hardika, 2024). Taxpayers who trust the authorities will willingly comply with their taxes. In contrast, the authorities' power, such as sanctions, audits, or law enforcement, will force taxpayers to comply with tax regulations.

Meanwhile, morality and patriotism are internal motivations that encourage taxpayers to comply with tax regulations without any coercion from the tax authorities. Tax morale is an important aspect of intrinsic motivation to pay taxes honestly (Grundmann & Lambsdorff, 2017; Rodriguez-Justicia & Theilen, 2018). Morality serves as an internal ethical standard regarding right and wrong in fulfilling tax obligations. Taxpayers will act honestly in reporting their tax obligations as a social obligation, not out of fear of fines or sanctions if they fail to report (Grundmann & Lambsdorff, 2017). Within the slippery slope framework, morality will encourage individuals to comply with tax regulations because compliance arises from intrinsic motivation, not simply from external pressure. Taxpayers with a high level of morality will not evade taxes even if the likelihood of being audited is small.

Patriotism is an identification and feeling of affective attachment to one's country (Alshira'h et al., 2021; Gangl et al., 2016). It reflects a psychological state of love and pride for one's country. Taxpayers with a strong sense of patriotism believe taxes are a tangible contribution to national development, so it will impact tax compliance (Alshira'h & Abdul-Jabbar, 2020; Gangl et al., 2016). Regarding the slippery slope framework, patriotism will increase trust in the authorities; the greater the trust, the greater the willingness to pay taxes. Taxpayers who are proud of their country will be more willing to pay taxes because they believe taxes will be used for the common good.

However, when political connections come into play, the economics of crime model for tax compliance proposed by Becker (1968), which was later developed by Allingham and Sandmo (1972) in the tax context, suggests that such intrinsic motivation may be undermined if politically connected taxpayers perceive a lower probability of

detection or lower sanctions. From an economic perspective, a rational actor decides to pay taxes by comparing the benefits and costs. The benefit of tax evasion is the amount of tax not paid, while the cost is the probability of being audited and fined if caught not paying taxes. Political connections can impact taxpayer compliance (Hunt et al., 2019; Nyantakyi et al., 2024). It can reduce the risk of an audit, leading to lighter sanctions or protection from law enforcement. As this risk decreases, morality becomes less effective at preventing tax evasion, especially among individuals with lower morality. Thus, political connections weaken the influence of morality on taxpayer compliance, as economic calculations favor non-compliance. Taxpayer compliance driven by individual morality is compromised by the guarantee of political "security."

Related to the value of patriotism, political connections can reduce the probability of being audited and subject to tax sanctions, weakening patriotism's influence on tax compliance. Patriotism fosters pride in one's country, thereby increasing the perception of the social benefits of paying taxes. Within the economics of crime framework, patriotism displaces rational calculations. Even if the probability of being audited is low, taxpayers still comply due to the moral and social utility of their contribution to the country. With political connections, even if a taxpayer possesses a strong sense of patriotism, if they discover loopholes through their political connections to avoid taxes without significant risk, taxpayer compliance can decrease because they are tempted to disobey tax regulations, with the cost-benefit calculation being higher in favor of non-compliance.

Research linking morality, patriotism, and political connections with tax compliance has been primarily focused on developed countries (Marè et al., 2020; Rodriguez-Justicia & Theilen, 2018; Hunt et al., 2019). However, empirical evidence of this relationship is still limited and underexplored, especially in developing countries. Previous studies have typically examined compliance using intrinsic motivation theory (Grundmann & Lambsdorff, 2017; Rodriguez-Justicia & Theilen, 2018). Limited studies integrated the slippery slope framework and economics-of-crime model of tax compliance

under digital fiscal transformation, using a comparative approach between MSME groups that have and have not adopted CTAS.

Morality and patriotism play a crucial role in determining taxpayer compliance as a form of ethical motivation and civic responsibility. However, this influence can be altered when political connections act as a moderator, allowing taxpayers to receive preferential treatment or avoid legal consequences. In the context of CTAS-based tax reform, understanding the interactions among morality, patriotism, and political connections is key to assessing the effectiveness of policies in promoting equitable tax compliance.

This study aims to investigate how social and humanitarian values, particularly morality and patriotism, influence tax compliance within the broader framework of public tax reform in Indonesia, and whether political connections weaken the influence of morality and patriotism on taxpayer compliance. Based on the literature review, the hypotheses are as follows:

H_1 : *Morality has a positive effect on taxpayer compliance.*

H_2 : *Patriotism has a positive effect on taxpayer compliance.*

H_3 : *Political connections weaken the influence of morality on taxpayer compliance.*

H_4 : *Political connections weaken the influence of patriotism on taxpayer compliance.*

2. METHODOLOGY

The study was conducted using a questionnaire instrument from July to August 2025. The subjects were MSMEs in the Special Region of Yogyakarta, Central Java, East Java, and West Java using convenience sampling techniques. MSMEs are an interesting research subject in the context of tax compliance because they make a large contribution to national GDP, but their level of tax compliance is relatively low. We distributed the questionnaire directly to MSMEs by visiting them at markets or their businesses. For some elderly respondents, we read the questionnaire and asked them to answer each ques-

tion item, due to limited literacy and understanding. Some questionnaires were distributed using Google Forms with a statement that the data obtained will only be used for research purposes and that we will maintain the confidentiality of respondent data. The total sample comprised 401 market traders spread across the Yogyakarta Special Region, Central Java, East Java, and West Java.

Table 1. Demographic data

	Criteria	Total	Percentage
Gender	Male	244	61%
	Female	157	39%
Age	20-30	95	24%
	30-40	47	12%
	40-50	103	26%
	> 50	156	39%
Educational Background	Elementary	13	3%
	Junior High School	34	8%
	Senior High School	206	51%
	Diploma	41	10%
	Bachelor	97	24%
	Others	10	2%
Marital Status	Married	323	81%
	Single	78	19%
Profit per day	≤ Rp100,000	93	23%
	> Rp100,000-Rp500,000	151	38%
	> Rp500,000-Rp1,000,000	35	9%
	> Rp1,000,000	91	23%
	Not filling	31	8%
Type of Business	Agriculture	16	4%
	Manufacture	107	27%
	Trading	147	37%
	Construction	10	2%
	Transportation	2	0%
	Hotel	72	18%
	Information & Communication	12	3%
	Bank and Insurance	0	0%
	Education and Training	5	1%
	Health and Social Sphere	1	0%
Art and Entertainment	2	0%	
Domicile	Others	27	7%
	DIY	134	33%
	Central Java	90	22%
	West Java	89	22%
	East Java	88	22%
Taxation Training	Yes	116	29%
	No	285	71%
Using CTAS	Yes	56	14%
	No	345	86%

Table 1 shows that most respondents were male, with an average age of 50 years, married, and had a senior high school degree. In terms of business char-

acteristics, the majority of respondents operated in the trading sector with average daily profits ranging from Rp100,000 to Rp500,000. Most respondents resided in the Yogyakarta area. Regarding tax literacy, only a small proportion had attended tax training, and the majority had not yet used Coretax Administration System (CTAS) for tax reporting. The data also indicated that the majority of respondents have annual turnover below Rp180,000,000, consequently, based on government regulation (PP) No. 23 of 2018 which was revised into PP No. 55 of 2022, many respondents were therefore not yet subject to income tax obligations.

The research instrument for each variable is based on the results of previous studies. Patriotism, political connection, and tax compliance constructs were modified from the indicators of Night and Bananuka (2020). Morality was measured using items adapted from Nemore and Morone (2018) and Night and Bananuka (2020). Although the measurement items had previously demonstrated validity and reliability, the questionnaire was reviewed by subject-matter experts to ensure that the wording did not bias respondents' perceptions. All items on morality, patriotism, political connections, and tax compliance were assessed using a five-point Likert scale ranging from 1 ("strongly disagree") to 5 ("strongly agree"). Six models were estimated for two taxpayer groups, those who use CTAS and those who do not, and the results were compared. The estimated regression model is as follows:

$$TChat = b_0 + b_1K1 + b_2K2 + \mu, \quad (1)$$

$$TChat = b_0 + b_1K1 + b_2K2 + b_3MRL + \mu, \quad (2)$$

$$TChat = b_0 + b_1K1 + b_2K2 + b_3MRL + b_4PTR + \mu, \quad (3)$$

$$TChat = b_0 + b_1K1 + b_2K2 + b_3MRL + b_4PTR + b_5PC + \mu, \quad (4)$$

$$TChat = b_0 + b_1K1 + b_2K2 + b_3MRL + b_4PTR + b_5PC + b_6MRL \cdot PC + \mu, \quad (5)$$

$$TChat = b_0 + b_1K1 + b_2K2 + b_3MRL + b_4PTR + b_5PC + b_6PTR \cdot PC + \mu, \quad (6)$$

where *TChat*: Tax Compliance; *K1* (Control Variable 1) – Educational Background; *K2* (Control Variable 2) – Training on Taxation; *MRL*: Morality; *PTR*: Patriotism; *PC*: Political Connection; μ : Residual.

Instrument validity was tested using Pearson correlations, with *p*-values < 0.05 indicating valid items. Reliability was assessed using Cronbach's Alpha, with coefficients greater than 0.60 deemed acceptable (Algifari & Rahardja, 2020). Hierarchical linear regression was performed in SPSS. Prior to regression, normality and classical assumptions were evaluated. Normality was assessed using a scatterplot, which indicated a normal distribution. Multicollinearity was examined through tolerance and VIF values; all tolerance values exceeded 0.10, and VIF values were below 10, indicating no multicollinearity. Heteroscedasticity was tested using the Glejser method, with all *p*-values > 0.05, confirming homoscedasticity. Thus, the data met the assumptions required for regression analysis.

3. RESULTS

Table 2 presents descriptive statistics for the key variables. Responses to morality, patriotism, and tax compliance items tended toward agreement, with mean values close to 4. Conversely, responses to political-connection items centered around neutrality (mean = 3.33), indicating uncertainty regarding such connections.

Table 2. Descriptive statistics

Variable	N	Min	Max	Mean	Std. Deviation
EDU	401	1.00	6.00	3.5062	1.11830
TRAIN	401	.00	1.00	.2843	.45164
MRL	401	1.00	5.00	4.0928	.58962
PTR	401	1.00	5.00	4.1110	.60302
PC	401	1.00	5.00	3.3312	.75209
TC	401	2.00	5.00	3.8727	.61007

All items on the statements of morality, patriotism, political connection, and tax compliance showed *p*-values under 0.05, indicating a single star and a double star in the Pearson Correlation. It means the correlation was significant at the 0.01 level (2-tailed) and the 0.05 level (2-tailed). As a result of reliability testing, the four instruments showed a value of 0.915 for morality, 0.944 for patriotism,

0.777 for political connection, and 0.913 for tax compliance, all of which were above 0.6, so the overall research instrument was reliable.

Normality tests using scatterplots indicated that the data were normally distributed. All tolerance values were above 0.1, and the VIF value was below 10 (ranging from 1 to 2), showing no sign of multicollinearity. Meanwhile, for heteroscedasticity testing, we used the Glejser test, which showed that all variables had p -values > 0.05 (not significant), indicating no heteroscedasticity. Thus, the research data were free from bias. Therefore, the regression assumptions were satisfied. Tables 3 and 4 summarize the hierarchical regression findings.

Table 3 shows the test results for taxpayers who had not yet used Coretax Administration System (CTAS). Model 1 shows that neither educational background nor training in taxation significantly affects tax compliance. Model 2 introduces morality, which strongly predicts tax compliance ($B = 0.471$ and p -value = 0.000). The R^2 value increases from -0.003 to 0.219, indicating that 21.9% of the variation in compliance can be explained by morality (p -value = 0.000). These results provide support for hypothesis 1 ($H1$). Model 3 adds patriotism, which also significantly increases compliance ($B = 0.453$, p -value = 0.000). The R^2 value increases to 0.324, meaning there is an additional explanatory contribution of 10.5%, and morality remains significant ($B = 0.471$, p -value = 0.021).

Table 3. Hypotheses results (non-CTAS)

Variable	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6	
	B	Sig	B	Sig	B	Sig	B	Sig	B	Sig	B	Sig
Demographic Factor												
Education	.029	.374	.008	.785	.014	.614	.008	.767	.009	.720	.007	.794
Training	.007	.937	.029	.699	.015	.826	.042	.533	.042	.532	.042	.527
Independent Factor												
MRL	–	–	.0471	.000	.147	.021	.124	.041	.403	.967	.124	.042
PTR	–	–	–	–	.453	.000	.395	.000	.008	.000	.440	.014
PC	–	–	–	–	–	–	.215	.000	.072	.767	.277	.234
Moderating Factor												
MRL*PC	–	–	–	–	–	–	–	–	.033	.554	–	–
PTR*PC	–	–	–	–	–	–	–	–	–	–	–0.015	.787
F Test	.476		31.645		40.409		43.134		35.934		35.858	
F Sig	.622		.000		.000		.000		.000		.000	
R ²	–0.003		.219		.324		.390		.391		.390	
ΔF	–		31.169		8.764		2.725		–7.200		–0.096	
ΔR ²	–		.222		.105		.066		.001		.000	

Table 4. Hypothesis results (using CTAS)

Variable	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6	
	B	Sig	B	Sig	B	Sig	B	Sig	B	Sig	B	Sig
Demographic Factor												
Education	.056	.503	–0.014	.854	–0.025	.743	–0.022	.777	–0.037	.646	–0.027	.735
Training	.006	.975	–0.119	.473	–0.064	.715	–0.093	.616	–0.037	.853	–0.073	.708
Independent Factor												
MRL	–	–	.540	.000	.357	.127	.384	.114	.834	.188	.373	.130
PTR	–	–	–	–	.215	.313	.205	.343	.254	.262	.472	.493
PC	–	–	–	–	–	–	–0.048	.637	.608	.476	.288	.727
Moderating Factor												
MRL*PC	–	–	–	–	–	–	–	–	–0.149	.438	–	–
PTR*PC	–	–	–	–	–	–	–	–	–	–	–0.076	.682
F Test	.241		4.936		3.965		3.167		2.720		2.622	
F Sig	.786		.004		.007		.015		.024		.028	
R ²	.009		.228		.245		.248		.258		.251	
ΔF	–		4.695		–0.971		–0.798		–0.447		–0.098	
ΔR ²	–		.219		.017		.003		.010		–0.007	

The results provide support for hypothesis 2 (*H2*). Model 4 adds political connection as an independent variable. The result shows that taxpayer compliance increases; R^2 increases to 0.390 (6.6%), and political connection is significant ($B = 0.215$, p -value = 0.000). Models 5 and 6 include the interaction terms $MRL*PC$ and $PTR*PC$, neither of which is significant ($p = 0.554$ and $p = 0.787$, respectively). Thus, political connections do not moderate the relationship between morality or patriotism and tax compliance. *H3* and *H4* are not supported.

Table 4 shows the test results for taxpayers who have used CTAS. Model 1 again shows no significant effect of education or training. Model 2 includes morality, showing that it has a strong influence on tax compliance ($B = 0.540$, p -value = 0.000). This is also evident in the R^2 value, which increased to 0.228, providing an additional 21.9% explanation compared to model 1. The results provide evidence supporting *H1*. Models 3 to 6 did not yield improved results, as evidenced by all additional variables becoming insignificant (p -values > 0.05). Although the F -test results remained significant, R^2 increased very slightly, indicating that the additional variables did not significantly improve the model. The R^2 was much smaller, at only around 25% compared to the group that did not use CTAS, which was 39%. Therefore, *H2*, *H3*, and *H4* are not supported.

Thus, morality (*H1*) significantly influences compliance for both CTAS and non-CTAS taxpayers. Patriotism (*H2*) is only significant for non-CTAS users. Political connections (*H3* and *H4*) do not function as moderators in either group.

4. DISCUSSION

The findings show that morality and patriotism have a positive effect on taxpayer compliance, meaning that the higher an individual's level of morality and patriotism, the greater the taxpayer's tendency to comply with tax obligations, both in terms of reporting, calculating, and paying taxes correctly and on time. These findings indicated that non-economic social and psychological factors play an important role in shaping tax compliance behavior in a developing country such as Indonesia. The findings imply that public tax

reform should not only emphasize technological modernization, but also needs to strengthen tax morale and civic dimension, such as patriotism. These results are in line with the slippery slope framework and the economics of crime model.

The results also indicated a pattern in the determinants of tax compliance among taxpayers who have used Coretax Administration System (CTAS) and those who have not (non-CTAS). In the non-CTAS group, taxpayer compliance is more determined by morality, patriotism, and political connections. This means that when the tax administration system is still not integrated as CTAS, the decision to comply is more dependent on the taxpayer's moral awareness. The results are consistent with Grundmann and Lambsdorff (2017), who found that morality influences compliance, but tax morale decreases as individual income increases. The findings are also in line with Rodriguez-Justicia and Theilen (2018), who implicitly show that the higher a person's tax morale, the greater the likelihood that he or she will comply voluntarily. The analysis of morality showed consistent results for both CTAS and non-CTAS taxpayers. In the non-CTAS group, morality had a strong influence, even after adding other effects to the model, whereas in the CTAS group, the CTAS effect became insignificant after adding other effects. The results indicate that moral values remain the primary foundation of tax compliance, regardless of the system used. Morality acts as an internal driver that influences the intention to comply with applicable regulations. Meanwhile, in the CTAS group, morality functions more as an intrinsic driver (Grundmann & Lambsdorff, 2017; Rodriguez-Justicia & Theilen, 2018) rather than as a primary behavioral differentiator, because some aspects of the compliance process have been automated by machines.

Patriotism reinforces the perception that paying taxes is a manifestation of love for the country, and political connections or social relationships with tax officials can lead individuals to comply either to maintain their social reputation or out of fear of sanctions or informal supervision. The results were in line with Alshira'h and Abdul-Jabbar (2020) and Gangl et al. (2016). In the non-CTAS group, patriotism shows a strong and

significant influence, indicating that the higher the love for the homeland and national awareness, the greater the taxpayer's desire to fulfill their tax obligations (Alshira'h & Abdul-Jabbar, 2020; Gangl et al., 2016) or strengthen the influence in increasing tax compliance (Nastiti et al., 2025). The results are in line with Torgler (2003), who found that national pride and national identity factors can increase tax morale in developing countries, and Engel et al. (2020), Kemme et al. (2020), and Marè et al. (2020) regarding the influence of morality and patriotism on taxpayer compliance in developing countries. Conversely, for taxpayers who have used CTAS, the results indicated that morality was the only determinant of taxpayer compliance, while patriotism and political connections are no longer relevant. This finding indicates that the digitalization of taxation through CTAS has changed the basic character of tax compliance behavior, shifting it from a social and relational basis to a formal control system. The CTAS system reduced direct interaction between taxpayers and tax officials, so that nationalistic and emotional elements in paying/reporting taxes were reduced, and tax compliance became technical and transactional, no longer a patriotic decision, but the result of an automated electronic system and regulatory mechanism. The success of public tax reform as part of national economic transformation depends heavily on the extent to which moral and patriotic values can be internalized within the community's tax compliance culture. These findings indicated that non-economic social and psychological factors play an important role in shaping tax compliance behavior in a developing country such as Indonesia.

The role of political connections as an independent variable in the non-CTAS group showed a significant influence on taxpayer compliance, indicating that social relations and closeness to public officials may contribute to taxpayer com-

pliance (Hunt et al., 2019; Nyantakyi et al., 2024), possibly due to a sense of social responsibility or the informal monitoring effect of the political environment. However, this effect can also be interpreted as a form of strategic compliance, namely, compliant behavior due to maintaining political or social relations, rather than due to moral awareness. Conversely, in the CTAS user group, the influence of political connections is insignificant because the digitalization of taxation via CTAS reduces the opportunity for socio-political intervention. CTAS strengthens the principles of fairness and transparency in tax administration, so that social and political relations no longer play a role in determining taxpayer compliance.

Political connections as a moderating variable in the influence of morality and patriotism on taxpayer compliance failed to gain support. This is likely because digitalization neutralizes social and relational influences on tax compliance behavior. The CTAS system acts as an institutional equalizer, subjecting all taxpayers to the same rules regardless of their socio-political status. Overall, the research results successfully provide evidence supporting the slippery slope framework and the economics of crime model used to explain tax compliance in Indonesia. Morality will encourage individuals to comply with tax regulations because compliance arises from intrinsic motivation rather than external pressure. Taxpayers who are proud of their country will be more willing to pay taxes because they believe taxes will be used for the common good. For taxpayers who have not implemented CTAS, compliance is more determined by social, moral, and political connections. However, after CTAS implementation, compliance behavior becomes more objective, impersonal, and system-based. Morality remains a key factor that persists across both groups, indicating that the value of personal integrity remains a universal element that cannot be completely replaced by machines.

CONCLUSION

This study aims to analyze how morality and patriotism influence tax compliance within the broader framework of public tax reform in Indonesia, and test whether political connections moderate these relationships. The study's results indicate that morality and patriotism are factors that determine tax compliance in the context of tax reform. The research results also show that political connections fail

to weaken the influence of morality and patriotism on tax compliance. The findings reinforce the view that public tax reform should not focus solely on technical and administrative aspects but should also encompass the transformation of society's social values and behavior. Public tax reform must be accompanied by tax moral education and campaigns promoting citizenship and social responsibility. With increased morale and a sense of nationalism, the public will be more confident that the reformed tax system is fair, efficient, and oriented toward the public interest. With the tax reform through Coretax Administration System (CTAS), tax administration has become fairer and more transparent, so that social or political connections no longer determine taxpayer compliance.

This study provides support for the theory of the slippery slope framework and the economics of crime model in the context of taxation. Taxpayers comply because they believe in moral values and a sense of nationalism, not because they fear the system. Meanwhile, for taxpayers using CTAS, compliance results from the system's power and detection risk, rather than moral values and patriotism. The results of the CTAS digitalization have shifted the orientation of taxpayer compliance, from voluntary compliance based on values and personal awareness to system-based compliance based on regulations and technology. CTAS implementation increases the power of authority and strengthens formal compliance, but to achieve sustainable compliance, the government must balance the power of the system with building institutional trust through education, transparency, and public communication. Therefore, the Directorate General of Taxes (DGT) needs to develop public communications that emphasize the system's role as a compliance supporter, rather than a detection tool. The government needs to provide moral reinforcement through tax education and integrity campaigns, and a balance between incentives and sanctions is needed to ensure taxpayers comply consciously and rationally.

Although the study used hierarchical linear regression to examine changes in the contributions of variables, this model does not fully capture the nonlinear dynamics among morality, patriotism, and political connections in tax compliance. The regression results may oversimplify the more complex relationships between moral, social, and structural factors. Therefore, future research could use structural equation modeling (SEM) or PLS-SEM to further analyze the potentially more complex relationships between social factors and compliance. This study was cross-sectional, so it cannot capture changes in taxpayer behavior over time. Future research is recommended to use longitudinal data, for example, examining the periods before and after the implementation of the CTAS.

AUTHOR CONTRIBUTIONS

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ACKNOWLEDGMENT

This paper was funded by the Directorate General of Research and Development, Ministry of Higher Education, Science and Technology of the Republic of Indonesia in 2025 with the National Competitive Fundamental Research Grant scheme.

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