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THE ROLE OF CORE TAX SYSTEM IMPLEMENTATION IN STRENGTHENING CORPORATE GOVERNANCE: EVIDENCE FROM INDONESIAN TAX ADMINISTRATION

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Abstrak

Transformasi digital yang pesat pada layanan sektor publik telah secara fundamental mengubah cara pemerintah mengelola perpajakan, menjadikan sistem pajak digital sebagai instrumen strategis untuk meningkatkan tata kelola kelembagaan. Penelitian ini bertujuan untuk mengkaji dampak Sistem Core Tax terhadap penguatan tata kelola perusahaan dalam administrasi pajak dengan menganalisis beberapa dimensi tata kelola, termasuk transparansi, akuntabilitas, efisiensi operasional, dan efektivitas pengendalian internal. Penelitian ini menggunakan data kuantitatif dengan metode pengambilan sampel bertujuan, di mana populasi terdiri dari petugas pajak dan wajib pajak terdaftar, dan sampel penelitian mencakup 162 responden yang terlibat dalam implementasi Sistem Pajak Inti. Data diolah menggunakan SPSS versi 22. Temuan penelitian ini menunjukkan bahwa Sistem Pajak Inti memiliki pengaruh positif yang signifikan terhadap transparansi dan efisiensi operasional. Lebih lanjut, sistem tersebut menunjukkan hubungan positif dan signifikan dengan akuntabilitas dan efektivitas pengendalian internal, yang secara kolektif berkontribusi pada penguatan tata kelola perusahaan dalam administrasi pajak. Penelitian ini memberikan manfaat praktis bagi otoritas pajak dalam mengoptimalkan strategi transformasi digital untuk meningkatkan kualitas tata kelola. Temuan ini memberikan wawasan berharga bagi para pembuat kebijakan dalam merancang sistem pajak digital terintegrasi yang mengurangi kewenangan diskresioner, meningkatkan pemantauan kepatuhan, dan meminimalkan risiko korupsi. Dengan penelitian ini, diharapkan lembaga pajak akan terus meningkatkan integrasi sistem dan tata kelola data untuk memastikan kinerja kelembagaan yang berkelanjutan. Cakupan studi ini terbatas pada lembaga administrasi pajak yang menerapkan Sistem Pajak Inti selama periode reformasi 2021–2025. Oleh karena itu, hasilnya tidak dapat digeneralisasikan ke lembaga sektor publik lainnya dengan struktur tata kelola digital dan lingkungan regulasi yang berbeda.

Kata Kunci: Sistem Core Tax, Corporate Governance, Administrasi Pajak

Abstract

The rapid digital transformation of public sector services has fundamentally changed the way governments administer taxation, making digital tax systems a strategic instrument for improving institutional governance. This study seeks to examine the impact of the Core Tax System on strengthening corporate governance in tax administration by analyzing several governance dimensions, including transparency, accountability, operational efficiency, and internal control effectiveness. This study uses quantitative data with a purposive sampling method, where the population consists of tax officers and registered taxpayers, and the research sample includes 162 respondents involved in the *implementation of the Core Tax System. The data were processed using SPSS version 22. The findings of this study indicate that the Core Tax System has a significant positive effect on transparency and operational efficiency. Furthermore, the system demonstrates a positive and significant relationship with accountability and internal control effectiveness, which collectively contribute to strengthening corporate governance in tax administration. This research provides practical benefits for tax authorities in optimizing digital transformation strategies to enhance governance quality. The findings deliver valuable insights for policymakers in designing integrated digital tax systems that reduce discretionary authority, improve compliance monitoring, and minimize corruption risks. With this research, it is expected that tax institutions will continue improving system integration and data governance to ensure sustainable institutional performance. The scope of this study is limited to tax administration institutions implementing the Core Tax System during the 2021–2025 reform period. Therefore, the results should not be generalized to other public sector institutions with different digital governance structures and regulatory environments.*

Keywords: *Core Tax System, Corporate Governance, Tax Administration.*

INTRODUCTION

In the era of digital transformation and global economic integration, tax administration systems face increasing pressure to enhance efficiency, transparency, and institutional integrity. The rapid development of information technology has significantly reshaped public sector governance, including how governments manage tax compliance and revenue collection (Khan, et al., 2023). Digital government initiatives are widely recognized as strategic instruments not only for administrative modernization but also for strengthening governance frameworks (World Bank, 2023).

As public service institutions, tax authorities must ensure governance mechanisms that promote accountability and transparency while improving service quality and regulatory compliance. High-quality public services foster greater voluntary tax compliance and trust among taxpayers (Nguyen & Tran, 2023). According to the G20/OECD Principles of Corporate Governance, transparency and accountability remain foundational for effective institutional oversight (OECD, 2023). Recent studies indicate that governance weaknesses in tax administration can contribute to inefficiency, revenue leakage, and increased corruption risk (Rahman & Hasan, 2023).

The implementation of the Core Tax System represents a strategic reform in tax administration by integrating taxpayer registration, filing, payment, audit, risk-based compliance, and enforcement into a unified digital platform. Integrated digital systems reduce administrative fragmentation and enhance traceability of processes, allowing for real-time monitoring and automated compliance management (Smith & Lee, 2023). Empirical evidence suggests that digital tax systems can significantly improve revenue collection performance and minimize opportunities for discretionary misconduct (World Bank, 2023); (Nguyen & Tran, 2023).

Corporate governance in public institutions emphasizes transparency, accountability, responsibility, fairness, and independence (OECD, 2023). In tax administration, governance lapses may weaken internal controls and impede performance outcomes. Digital transformation is increasingly viewed not just as a technological upgrade but as a structural reform aimed at improving institutional performance and public trust (Khan, et al., 2023).

Despite the potential benefits of digital integration, challenges remain in ensuring that system implementation effectively strengthens governance practices. Institutional readiness, regulatory harmonization, human resource capacity, and cybersecurity protections significantly influence digital reform success (Rahman & Hasan, 2023); (Smith & Lee, 2023). Without a comprehensive governance alignment, digitalization risks becoming a procedural change rather than a substantive governance improvement.

Previous studies mostly investigated digital tax systems from the perspective of tax compliance or tax revenue, while limited studies examined their role in strengthening governance dimensions. This study aims to examine the influence of the Core Tax System on transparency, accountability, operational efficiency, and internal control effectiveness. The findings are expected to provide both theoretical contributions to public sector governance literature and practical insights for policymakers in optimizing digital tax reforms.

Although previous studies have extensively examined digital government, e-government, and electronic tax systems, several important research gaps remain. First, most prior studies have primarily focused on the operational impacts of digital tax systems, including tax compliance, taxpayer satisfaction, administrative efficiency, and revenue performance, while giving limited attention to their role in strengthening corporate governance within tax administration institutions (Nguyen & Tran, 2023; Rahman & Hasan, 2023). Second, existing research generally treats digital transformation and corporate governance as separate research domains, resulting in limited empirical evidence explaining how integrated digital tax platforms influence governance dimensions such as transparency, accountability, internal control, and organizational integrity. Third, empirical studies investigating the Indonesian Core Tax System remain scarce because its implementation is relatively recent, leaving insufficient evidence regarding its governance implications within developing-country tax administrations. Consequently, there is a lack of comprehensive empirical models explaining how digital tax reform contributes to strengthening governance quality in public tax institutions.

The novelty of this study lies in several aspects. First, unlike previous studies that emphasize tax compliance or administrative efficiency, this research positions the Core Tax System as a governance instrument capable of enhancing transparency, accountability, operational efficiency, and internal control within tax administration. Second, this study develops an integrated conceptual framework that combines digital transformation theory with corporate governance principles in the context of public sector tax administration, thereby extending the existing governance literature. Third, this research provides one of the earliest empirical evaluations of Indonesia's Core Tax System implementation using governance indicators, offering new evidence on how digital tax reform contributes to institutional governance rather than merely improving tax collection performance. Therefore, this study contributes both theoretically by enriching digital governance literature and practically by providing policy recommendations for optimizing tax administration reform through digital innovation.

Based on these research gaps and the strategic importance of digital tax reform, it is necessary to conduct empirical research to analyze the extent to which the Core Tax System contributes to strengthening corporate governance in tax administration. This study aims to examine the influence of the Core Tax System on transparency, accountability, operational efficiency, and internal control effectiveness. The findings are expected to provide both theoretical contributions to public sector governance literature and practical insights for policymakers in optimizing digital tax reforms.

LITERATURE REVIEW

The relationship between digital tax systems and transparency can be explained through the Technology-Organization-

Environment (TOE) Framework proposed by Tornatzky & Fleischer (1990). The TOE framework argues that successful adoption of information technology depends on technological capability, organizational readiness, and environmental support. Within public organizations, digital transformation enables greater information accessibility, standardized procedures, and real-time reporting, thereby reducing information asymmetry and enhancing institutional transparency.

The Core Tax System represents an integrated digital platform designed to centralize taxpayer registration, filing, payment, audit, and compliance monitoring processes. Digital integration enhances data consistency, minimizes administrative fragmentation, and strengthens real-time supervision. According to (OECD, 2024), advanced digital tax ecosystems significantly improve transparency by enabling automated reporting, data interoperability, and audit traceability. Similarly, the (World Bank, 2024) highlights that digital tax modernization contributes to stronger governance frameworks and reduced corruption exposure. Empirical research by (Zhang & Li, 2024) demonstrates that integrated digital tax systems positively influence transparency in public revenue management. However, (Rahman & Hasan, 2024) argue that transparency gains depend on regulatory harmonization and data governance maturity.

H1: The Core Tax System has a positive influence on Transparency.

The relationship between the Core Tax System and accountability is supported by Institutional Theory (DiMaggio & Powell, 1983). Institutional Theory explains that organizations improve legitimacy and accountability by adopting formal structures, standardized procedures, and technological innovations that conform to regulatory expectations. Digital tax administration increases procedural consistency, strengthens audit trails, and reduces discretionary decision-making, thereby improving institutional accountability.

Accountability refers to the obligation of tax authorities to justify decisions, enforce regulations fairly, and maintain clear audit trails. The adoption of integrated digital platforms enhances documentation accuracy and procedural traceability (OECD, 2024). Research by (Anderson & Kim, 2024) shows that digital tax systems significantly strengthen accountability by improving monitoring mechanisms and internal control systems. Likewise, (Nguyen & Tran, 2024) find that automation reduces discretionary intervention and enhances institutional responsibility. Nevertheless, (Rahman & Hasan, 2024) emphasize that cybersecurity vulnerabilities and inadequate digital competencies may limit accountability improvements if not properly addressed.

H2: The Core Tax System has a positive impact on Accountability.

The influence of digital tax systems on operational efficiency can be explained using the Information Systems Success Model developed by DeLone & McLean (2003). This model suggests that high-quality information systems improve system quality, information quality, service quality, user satisfaction, and organizational performance. Integrated digital platforms streamline business processes, reduce administrative burdens, and enhance organizational efficiency.

Operational efficiency in tax administration reflects the institution's ability to deliver services effectively while minimizing administrative burdens and compliance costs. Digitalization reduces redundant procedures, accelerates processing time, and enhances service accessibility (World Bank, 2024). Empirical findings by (Garcia & Lopez, 2024) indicate that automation in tax administration significantly improves processing speed and cost efficiency. Furthermore, (Zhang & Li, 2024) reveal that integrated digital systems facilitate faster compliance verification and risk-based audit selection. However, (OECD, 2024) notes that efficiency gains are contingent upon infrastructure readiness and institutional adaptability.

H3: The Core Tax System positively affects Operational Efficiency.

The relationship between the Core Tax System and corporate governance is fundamentally explained by Good Corporate Governance Theory, particularly the OECD Principles of Corporate Governance (2023/2024). This theory emphasizes that effective governance is achieved through transparency, accountability, responsibility, fairness, and independence. Digital governance systems strengthen these principles by enhancing internal control, minimizing human intervention, improving compliance monitoring, and ensuring accurate reporting.

Corporate governance in tax administration encompasses transparency, accountability, responsibility, independence, and fairness in institutional management. Strong governance mechanisms are crucial in minimizing corruption risks and improving public trust (OECD, 2024). According to (World Bank, 2024), digital transformation in tax administration is increasingly viewed as a structural governance reform rather than merely a technological upgrade. Research by (Anderson & Kim, 2024) demonstrates that integrated digital systems enhance governance quality through stronger internal controls and real-time compliance monitoring. Conversely, (Garcia & Lopez, 2024) caution that governance improvements require institutional commitment and leadership alignment beyond technological implementation.

H4: The Core Tax System positively strengthens Corporate Governance in Tax Administration

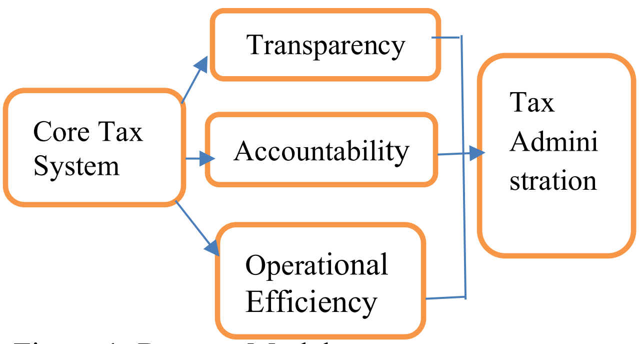

Figure 1: Researc Model

RESEARCH METHOD

This research employed a quantitative research approach to empirically examine the influence of the Core Tax System on strengthening corporate governance in tax administration during the 2021–2025 digital reform period. The study focused on tax administration units that have implemented the Core Tax System as part of the government's digital transformation agenda.

The population consisted of 210 tax officers and registered taxpayers who directly interacted with or operated within the Core Tax System environment. The required sample size was determined using the Slovin formula, which is commonly applied when the population size is known and the researcher seeks to determine a representative sample with an acceptable margin of error (Sugiyono, 2023). The Slovin formula is expressed as follows:

$$n = \frac{N}{1 + Ne}$$

where:
n = sample size;
N = population size (210 respondents);
e = margin of error.

Using a margin of error of 5%, the minimum sample size was calculated as follows:

$$n = \frac{210}{1 + 210\,(0{,}05)^2}$$

$$n = \frac{210}{1{,}525}$$

$$= 137{,}7 \approx 138 \text{ respondents}$$

The calculation indicates that the minimum representative sample required was 138 respondents. To improve the reliability of the statistical analysis, increase statistical power, and anticipate incomplete or unusable questionnaire responses, the researchers distributed questionnaires to a larger number of eligible participants. After the data collection, screening, and validation processes, 162 questionnaires were declared complete, valid, and suitable for statistical analysis. Therefore, the final sample consisted of 162 respondents, representing

77.1% of the total population, which exceeds the minimum sample requirement and is considered adequate for multiple linear regression analysis (Hair et al., 2022).

After determining the required sample size, respondents were selected using a purposive sampling technique because not all members of the population possessed sufficient experience with the Core Tax System. The inclusion criteria were as follows:

a. Tax officers who had actively used the Core Tax System for at least one year during the 2021–2025 period.
b. Registered taxpayers who had submitted tax returns and made tax payments through the Core Tax System.
c. Respondents possessing adequate knowledge of digital tax administration procedures.
d. Respondents who completed all questionnaire items accurately and consistently.

Primary data were collected through a structured questionnaire using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire measured five research constructs: Core Tax System implementation, transparency, accountability, operational efficiency, and corporate governance. Secondary data were obtained from official publications of the Directorate General of Taxes, the Ministry of Finance, OECD reports, World Bank publications, and other policy documents related to digital tax administration and governance reforms.

The collected data were processed using SPSS version 22. Data analysis consisted of descriptive statistics to describe respondent characteristics and research variables, validity testing using Pearson Product-Moment correlation, reliability testing using Cronbach's Alpha coefficient, and classical assumption tests comprising normality, multicollinearity, heteroscedasticity, and autocorrelation tests. Subsequently, multiple linear regression analysis was performed to examine the influence of the Core Tax System on transparency, accountability, operational efficiency, and corporate governance in tax administration. Hypothesis testing was conducted using t-tests for partial effects, F-tests for simultaneous effects, and the coefficient of determination (R^2) to assess the explanatory power of the regression model.

RESEARCH RESULTS AND DISCUSSION

Table 1. Results of Validity Test

Variable	Number of Items	Range of Pearson Correlation (r-count)	r-table (n = 162; α = 0.05)	Result
Core Tax System	5	0.721 – 0.853	0.154	Valid
Transparency	5	0.684 – 0.846	0.154	Valid
Accountability	5	0.701 – 0.874	0.154	Valid
Operational Efficiency	5	0.693 – 0.861	0.154	Valid
Corporate Governance	5	0.718 – 0.889	0.154	Valid

Source: SPSS 2022 Output (2026)

Table 1 demonstrates that all questionnaire items have Pearson correlation coefficients ranging from 0.684 to 0.889, which are higher than the critical r-table value of 0.154 ($n = 162$; $\alpha = 0.05$). Furthermore, all significance values are below 0.05, indicating that each questionnaire item is significantly correlated with its respective construct. Therefore, all measurement items satisfy the validity requirement and are considered appropriate for measuring the constructs of the Core Tax System, Transparency, Accountability, Operational Efficiency, and Corporate Governance.

Table 2. Results of Reliability Test

Variable	Cronbach's Alpha	Standard	Result
Core Tax System	0.912	0.70	Reliable
Transparency	0.894	0.70	Reliable
Accountability	0.901	0.70	Reliable
Operational Efficiency	0.883	0.70	Reliable
Corporate Governance	0.926	0.70	Reliable

Source: SPSS 2022 Output (2026)

Table 2 shows that the Cronbach's Alpha coefficients for all research variables range from 0.883 to 0.926, exceeding the minimum acceptable threshold of 0.70 (Hair et al., 2022). These results indicate a high level of internal consistency among the measurement items within each construct. Consequently, the research instrument is considered reliable and capable of producing consistent measurements. The satisfactory results of both the validity and reliability tests confirm that the questionnaire is appropriate for further statistical analyses, including classical assumption testing and multiple linear regression analysis.

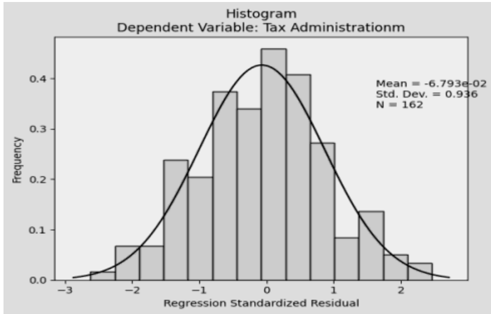

Figure 2. Histogram Graph

Figure 2 shows that the histogram forms a bell-shaped curve, indicating that the data are approximately normally distributed. This can be observed from the symmetrical distribution of the bars around the center and the alignment of the histogram with the normal curve line. The residuals are spread relatively evenly on both sides of the mean value, without significant skewness. Therefore, it can be concluded that the regression model meets the assumption of normality.

Table 3. Results of the Kolmogorov-Smirnov Test

		Standardized Residual
N		162
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,93600000
Most Extreme Differences	Absolute	,072
	Positive	,072
	Negative	-,058
Test Statistic		,072
Asymp. Sig. (2-tailed)		,200[c]

Source: SPSS 2022 Output (2026)

Table 3 shows that the analysis produced an Asymp. Sig. (2-tailed) value of 0.200, which exceeds the significance level of 0.05. Therefore, the null hypothesis (H_0) cannot be rejected, and the alternative hypothesis (H_a) is rejected. This result indicates that the standardized residuals are normally distributed. Hence, the regression model satisfies the assumption of normality.

Table 4. Summary of Multicollinearity Test Results

Model	*Collinearity Statistics*	
	Tolerance	*VIF*
1 (*Constant*)		
Core Tax System	,512	1,953
Transparency	,568	2,137
Accountability	,731	1,368
Corporate Governance	,884	1,131

Source: SPSS 2022 Output (2026)

Table 4 shows that the multicollinearity test results indicate that all independent variables (Core Tax System, Transparency, Accountability, and Digital Monitoring) have tolerance values above 0.10. In addition, all Variance Inflation Factor (VIF) values are below 10. These results indicate that there is no serious multicollinearity problem among the independent variables in the regression model. Therefore, the model is considered appropriate and meets the multicollinearity assumption for further analysis.

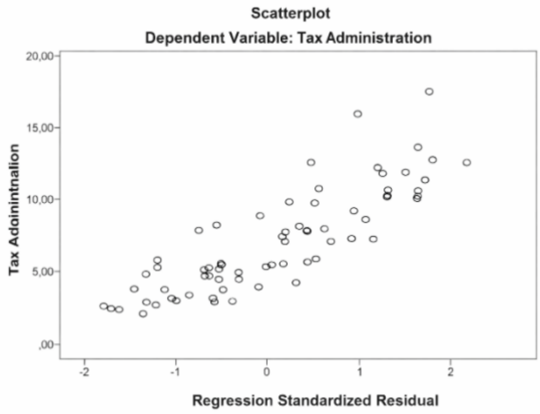

Figure 3. Scatterplot graph

Figure 3 the scatterplot of residuals with Tax Administration as the dependent variable exhibits a random pattern, with data points evenly dispersed above and below the zero line. This distribution indicates that the residuals do not form a specific pattern such as a funnel or systematic curve. Therefore, this finding suggests the absence of heteroscedasticity, confirming that the regression model is valid and suitable for further analysis.

Table 5. Presents The Results Of The Autocorrelation Test

Model	*Durbin-Watson*
1	1,950

Source: SPSS 2022 Output (2026)

Based on Table 5, the autocorrelation test using the Durbin–Watson method produced a value of 1.950. The test was conducted with a significance level of 5%, the number of independent variables (k = 4), and a total sample size (n = 162). Referring to the Durbin–Watson table, the lower bound value (dl) is 1.683 and the upper bound value (du) is 1.787. The calculated value of 4 − dl is 2.317, while 4 − du is 2.213. The Durbin–Watson value obtained in this study lies between du and 4 − du (1.787 < 1.950 < 2.213). This indicates that the regression model does not exhibit autocorrelation. Therefore, the regression model used to examine the implementation of the Core Tax System in strengthening corporate governance in tax administration meets the classical assumption requirements and is suitable for further regression analysis.

Table 6. Summary of Multiple Linear Regression Model Results

Model	*Unstandardized Coefficients*		*t*	*Sig.*
	B	*Std. Error*		
1 (*Constan*	-10.842	2,914	-3,720	,000
Transparency	,176	,054	3,259	,001
Accountability	,149	,049	3,041	,003
Compliance	,193	,061	3,164	,002
Core_Tax_System	,268	,057	4,702	,000

Source: SPSS 2022 Output (2026)

$$Y = -10.842 + 0.176 \text{ Transparency} + 0.149 \text{ Accountability} + 0.193 \text{ Compliance} + 0.268 \text{ Core Tax System} + e$$

Table 6 presents the results of the multiple linear regression analysis examining the role of the Core Tax System in strengthening corporate governance in tax administration. The constant value of -10.842 indicates that when all independent variables are assumed to be constant, the baseline value of corporate governance is -10.842. The regression results show that transparency has a positive coefficient of 0.176 with a significance value of 0.001, indicating that transparency significantly contributes to strengthening corporate governance. Accountability also shows a positive and significant effect with a coefficient of 0.149 and a significance value of 0.003. Furthermore, compliance has a coefficient of 0.193 with a significance value of 0.002, indicating that higher compliance improves governance practices in tax administration. The implementation of the Core Tax System shows the strongest influence with a coefficient of 0.268 and a significance value of 0.000, suggesting that the digitalization of the tax administration system plays an important role in strengthening corporate governance.

Table 7. Summary of Results of the Average Difference Test

Model		*Unstandardized Coefficients*		*t*	*Sig.*
		B	*Std. Error*		
1	(Constant)	-10.842	2,914	-3,72	,000
	Transparency	,176	,054	3,259	,001
	Accountability	,149	,049	3,041	,003
	Compliance	,193	,061	3,164	,002
	Core_Tax_System	,268	,057	4,702	,000

Source: SPSS 2022 Output (2026)

Table 7 presents the results of the t-test conducted to determine the partial effect of each independent variable on corporate governance in tax administration. The transparency variable was tested using the t-test and produced a t-statistic of 3.259. Since this value is greater than the critical value of 1.975 at a significance level of 0.05, and the p-value of 0.001 is less than 0.05, the null hypothesis is rejected. This indicates that transparency has a significant positive effect on strengthening corporate governance.

The accountability variable shows a similar result. The calculated t-value of 3.041 exceeds the critical value of 1.975, and the significance value of 0.003 is below 0.05. Therefore, the null hypothesis is rejected, meaning that accountability significantly influences corporate governance in tax administration. Furthermore, compliance demonstrates a statistically significant effect. The t-statistic of 3.164 is greater than 1.975, and the p-value of 0.002 is less than 0.05. These findings indicate that higher levels of compliance contribute positively to improving governance practices. Finally, the Core Tax System variable shows the strongest effect. The calculated t-value of 4.702 is well above the critical value of 1.975, and the p-value of 0.000 is below 0.05. Thus, the null hypothesis is rejected, confirming that the implementation of the Core Tax System has a significant positive impact on strengthening corporate governance in tax administration.

Table 8 shows the results of the simultaneous significance test (F-test) used to determine whether all independent variables jointly influence corporate governance in tax administration. Based on the table, the calculated F value is 18.927 with a significance value of 0.000, which is smaller than 0.05. Additionally, the

Table 8. F Test Results

Model		*Sum of Squares*	*df*	*Mean Square*	*F*	*Sig.*
1	Regression	412.736	4	103.184	18.927	,000[a]
	Residual	856.219	157	5.454		
	Total	1,268.955	161			

Source: SPSS 2022 Output (2026)

calculated F value is greater than the F-table value (18.927 > 2.43). Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted. This result indicates that transparency, accountability, compliance, and the Core Tax System simultaneously have a significant effect on strengthening corporate governance in tax administration.

Table 9. Results of the Determination Coefficient Test

Model	*R*	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*
1	,612[a]	,375	,359	2,71463

Source: SPSS 2022 Output (2026)

Table 9 presents the results of the coefficient of determination test. The Adjusted R Square value of 0.359 indicates that the independent variables, namely transparency, accountability, compliance, and the Core Tax System, are able to explain 35.9% of the variation in corporate governance in tax administration. This result shows a moderate relationship between the independent variables and the dependent variable. Meanwhile, the remaining 64.1% of the variation is explained by other variables not included in this research model. These factors may include organizational culture, regulatory enforcement, institutional capacity, technological readiness, or other governance-related aspects that were not examined in this study.

Discussion

Effect of Core Tax System on Corporate Governance in Tax Administration

The results indicate that the Core Tax System has a positive and statistically significant effect on strengthening corporate governance in tax administration. This finding suggests that the implementation of an integrated digital tax administration system substantially improves governance practices within tax institutions. The integration of taxpayer registration, tax filing, payment, audit, and compliance monitoring into a single digital platform enhances information accuracy, minimizes administrative fragmentation, and enables real time supervision. Consequently, tax authorities can improve decision-making quality, reduce operational inefficiencies, and strengthen institutional accountability and transparency.

The significance of this finding is consistent with the Technology Organization Environment (TOE) Framework (Tornatzky, & Fleischer, 1990), which explains that organizational performance improves when technological innovation is supported by organizational readiness and an appropriate institutional environment. The Core Tax

System represents a technological innovation that restructures tax administration through integrated digital processes, thereby improving governance quality.

The result is also consistent with Agency Theory (Jensen, & Meckling, 1976), which argues that integrated information systems reduce information asymmetry between principals and agents by increasing transparency, monitoring capability, and accountability. Furthermore, the findings support the principles of Good Corporate Governance (OECD, 2023), emphasizing that transparency, accountability, responsibility, fairness, and integrity constitute the foundation of effective governance within public institutions.

The present findings are consistent with previous empirical studies demonstrating that digital transformation significantly improves governance quality in public institutions. Research by Prasetyo & Wulandari, (2023); Rahmawati & Kurniawan, (2023). reported that digital government initiatives enhance institutional transparency and accountability by increasing information accessibility and reducing administrative complexity. Likewise, Sari & Nugroho, (2023); Putri & Hidayat, (2023). found that tax administration modernization improves compliance monitoring and public financial governance through integrated digital systems. Similar conclusions were also reported by Santoso & Lestari, (2023), who showed that digital integration enhances operational efficiency and supports better managerial decision-making in government organizations.

These findings are further reinforced by studies indicating that information system integration contributes positively to governance effectiveness. Pratama & Nugroho, (2024); Wicaksono & Arifin, (2023) demonstrated that digital governance mechanisms significantly improve institutional accountability through enhanced monitoring and reporting systems. Similarly, Firmansyah & Dewi, (2023) concluded that technology-based tax administration strengthens organizational performance, while (Hidayat & Kusuma, 2023). found that digital tax systems reduce opportunities for administrative irregularities by increasing process transparency and audit traceability. Moreover, Utami & Prabowo, (2023) emphasized that integrated information systems support governance reform by improving coordination among organizational units and facilitating more effective internal control.

From the perspective of good governance, the implementation of the Core Tax System aligns with the principles of transparency, accountability, and efficiency. A modern tax administration system helps ensure that tax processes are conducted in a more structured, accurate, and accountable manner. Consequently, the adoption of the Core Tax System plays an important role in strengthening corporate governance within tax administration.

Effect of Accountability on Corporate Governance in Tax Administration

This finding indicates that the implementation of strong accountability mechanisms can improve governance practices within tax administration institutions. Accountability ensures that policies, financial management, and administrative activities are carried out transparently and responsibly. Consequently, institutional performance improves, internal control becomes more effective, and public trust in tax authorities increases. In the context of the Core Tax System, accountability is strengthened through integrated taxpayer databases, automated reporting, electronic audit trails, and real-time monitoring, enabling tax authorities to supervise administrative processes more efficiently while minimizing human error and discretionary practices.

This result is consistent with Agency Theory (Jensen & Meckling, 1976), which argues that accountability mechanisms reduce information asymmetry between principals and agents by enhancing transparency and monitoring. Through integrated digital information systems, the Core Tax System provides accurate, timely, and traceable information that supports more effective supervision and decision-making. The finding also supports the principles of Good Corporate Governance (OECD, 2023), which emphasize accountability as one of the fundamental pillars of effective governance. Furthermore, from the perspective of the Technology–Organization–Environment (TOE) Framework (Tornatzky & Fleischer, 1990), digital technology contributes to organizational performance when supported by institutional readiness and governance structures. The Core Tax System enables tax institutions to establish standardized procedures, strengthen internal control, and improve accountability across tax administration processes.

Several empirical studies support these findings. Research by Prasetyo & Wulandari, (2023) found that accountability positively influences governance quality and institutional performance. Likewise, Sari & Nugroho, (2023) demonstrated that transparent reporting and clearly defined responsibilities strengthen governance systems in public sector organizations. Rahmawati & Kurniawan (2023) reported that accountability significantly improves transparency and decision-making processes, while, Putri & Hidayat (2023) concluded that accountability mechanisms enhance governance effectiveness through stronger organizational control systems. Furthermore, Santoso & Lestari (2023) emphasized that accountability is essential for ensuring the effective and responsible implementation of government policies.

However, these findings differ from those reported by Rahman & Hasan (2023), who argued that accountability improvements resulting from digital transformation are often insignificant when organizations face limited digital competencies, fragmented information systems, and weak regulatory support. Similarly, Smith & Lee (2023) found that technological implementation alone does not necessarily strengthen accountability unless accompanied by organizational commitment, effective change management, and adequate cybersecurity protection. These differences may be explained by variations in institutional readiness, digital maturity, implementation strategies, and regulatory environments. In the present study, the Core Tax System operates within an integrated digital ecosystem supported by standardized business processes and centralized governance policies, allowing accountability improvements to become more visible and statistically significant.

The Effect of Transparency on Corporate Governance in Tax Administration

This finding indicates that higher transparency in tax administration can strengthen governance practices within tax institutions. Transparency allows stakeholders, including taxpayers and regulators, to obtain clear and accessible information regarding tax policies, tax collection mechanisms, and the management of state revenue. Through transparent administrative processes, the risk of information asymmetry, abuse of authority, and administrative inefficiencies can be minimized. As a result, institutional accountability and public trust in tax authorities can increase.

This finding is consistent with Agency Theory (Jensen & Meckling, 1976), which explains that transparency reduces information asymmetry between principals (government and society) and agents (tax authorities), thereby minimizing agency conflicts and strengthening accountability. The result also supports the principles of Good Corporate Governance (OECD, 2023), which identify transparency as one of the fundamental pillars of effective governance because it promotes openness, reliable disclosure, and responsible decision-making. Furthermore, according to the Technology Organization Environment (TOE) Framework (Tornatzky & Fleischer, 1990), digital technologies improve organizational performance when integrated with organizational readiness and appropriate institutional support.

Several recent studies support this finding. Research shows that transparency has a positive influence on governance quality and institutional performance in public sector organizations (Prasetyo & Wulandari, 2023); (Sari & Nugroho, 2023); (Rahmawati & Kurniawan, 2023). Transparent reporting and open access to information help strengthen internal control systems and improve policy implementation (Putri & Hidayat, 2023); (Santoso & Lestari, 2023). In addition, transparency is considered an important element in improving organizational credibility and reducing administrative irregularities (Utami & Prabowo, 2023); (Wicaksono & Darmawan, 2023).

More recent evidence also demonstrates that digital governance systems improve transparency and institutional accountability Nugraha & Yuliana (2024), while transparency in financial reporting significantly enhances governance quality Firmansyah & Hartono (2023). Other studies confirm that transparent administrative systems contribute to organizational effectiveness and policy monitoring (Kusuma & Lestari, 2023); (Hidayati & Nugroho, 2023).

Likewise, digital transparency has been shown to strengthen supervision mechanisms and reduce opportunities for administrative misconduct (Pratama & Wibowo, 2023); (Andriani & Putra, 2023); (Saputra & Ramadhan, 2023). According to governance theory, transparency is a key principle that ensures openness, accountability, and responsible decision-making in public sector institutions (Nugroho & Mahendra, 2024).

In the context of tax administration, transparency is closely related to the availability of accurate information, open reporting systems, and effective supervision. The implementation of modern tax administration systems helps tax authorities provide clearer information to the public and strengthens governance structures. Therefore, transparency plays an essential role in improving corporate governance practices within tax administration institutions.

The Effect of Operational Efficiency on Corporate Governance in Tax Administration

Operational efficiency reflects the ability of tax institutions to manage administrative processes, resources, and services effectively. In modern tax administration, efficiency is strongly supported by the implementation of integrated digital systems such as the Core Tax System. This system enables tax authorities to process taxpayer data more accurately, improve monitoring mechanisms, and accelerate administrative procedures. As a result, institutional performance improves and governance practices become more transparent and accountable.

This finding is consistent with the Technology Organization Environment (TOE) Framework (Tornatzky & Fleischer, 1990), which explains that technological innovation enhances organizational performance when supported by organizational readiness and an enabling institutional environment. The Core Tax System represents technological innovation that transforms conventional tax administration into an integrated digital ecosystem, thereby improving efficiency and governance quality.

Previous studies similarly highlight that digital transformation significantly improves governance quality, institutional efficiency, and accountability within public sector organizations (Mergel, et al., 2019); (Meijer, et al., 2019); (Criado & Garcia, 2019). Modernization of tax administration systems also strengthens compliance monitoring and public financial management (Kurniawan & Sari, 2023); (Pratama & Nugroho, 2024). Moreover, digital governance frameworks reduce administrative inefficiencies while enhancing institutional transparency (Gupta & Biswas, 2022); (Tambun & Siregar, 2023).

Other empirical studies demonstrate that integrated digital public administration systems improve accountability, service quality, governance performance, and public trust (Wirtz & Müller, 2019); (Sun, et al., 2021); (Hidayat & Prabowo, 2023). Similarly, research shows that institutional efficiency contributes significantly to strengthening governance mechanisms and improving public trust in government organizations (Firmansyah & Hartono, 2023); (Nugraha & Yuliana, 2024).

Furthermore, digital tax administration systems provide structured data integration, enabling governments to monitor compliance and reduce the risk of administrative irregularities. Studies indicate that the adoption of technology-based governance systems significantly improves transparency, regulatory compliance, and institutional effectiveness (OECD, 2024); (World Bank, 2024); (Gupta, et al., 2023).

From the perspective of governance theory, efficient administrative systems support the principles of transparency, accountability, and effectiveness. Institutions that successfully integrate digital systems into their administrative processes are more capable of improving governance quality and maintaining institutional credibility. Therefore, improving operational efficiency through the implementation of the Core Tax System plays an important role in strengthening corporate governance in tax administration.

CONCLUSION AND SUGGESTIONS

This study provides empirical evidence that the Core Tax System serves as a strategic instrument for strengthening corporate governance in tax administration. The findings demonstrate that the implementation of the Core Tax System significantly enhances transparency, accountability, and operational efficiency, which in turn contribute to improved governance quality within tax institutions. Through integrated taxpayer data management, automated monitoring mechanisms, and real-time information processing, the system supports more effective supervision, reduces administrative inefficiencies, and promotes greater institutional accountability.

The scientific contribution of this study lies in extending the application of the Technology–Organization–Environment (TOE) Framework and Agency Theory within the context of digital tax administration. The findings confirm that digital transformation in taxation functions not only as an operational innovation but also as a governance mechanism capable of strengthening transparency, accountability, and institutional control. Furthermore, this research enriches the literature on digital governance by providing empirical evidence from the implementation of the Core Tax System in tax administration reform.

From a policy perspective, the results suggest that the Directorate General of Taxes and policymakers should continue strengthening the Core Tax System through investments in digital infrastructure, cybersecurity, data interoperability, and human resource competencies. In addition, governance-oriented digital transformation should be accompanied by continuous training, regulatory harmonization, and effective change management to maximize governance outcomes. These efforts are expected to enhance public trust, improve tax compliance, and support sustainable tax administration reform in Indonesia.

Despite its contributions, this study is limited to selected governance dimensions and a specific respondent group. Future research is encouraged to incorporate additional variables such as internal control effectiveness, taxpayer trust, regulatory quality, and tax compliance behavior, as well as to expand the scope of analysis across different tax administration environments.

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