THE STRATEGIC ROLE OF TRUST IN THE E-TAX SYSTEM TO ENCOURAGE TAX COMPLIANCE AND E-TAX SUSTAINABILITY

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ABSTRACT

This study examines the influence of business actors' patriotism and tax penalties on trust in e-tax, tax compliance, and the sustainability of the e-tax system. Although taxes constitute the primary source of state revenue, Indonesia's tax ratio remains low. This study used the campuran method, combining quantitative analysis using structural equation model (SEM) analysis using partial least squares (PLS) and qualitative analysis with ten UMKM participants in Jawa Tengan. The findings indicate that tax compliance has a positive and significant effect on e-tax sustainability. Trust in e-tax exerts a negative effect on sustainability and does not significantly affect compliance. Business actors' patriotism positively influences sustainability, compliance, and trust in e-tax. Tax penalties have a positive effect on sustainability, a positive but not significant effect on compliance, and a negative effect on trust. Overall, e-tax sustainability is shaped by the interplay of compliance, patriotism, trust, and sanctions, with complex relationships observed between trust and penalties. These results underscore the need for an integrative strategy that combines regulatory, persuasive, and emotional approaches to ensure the effective and sustainable operation of the e-tax system and to foster public support.

Keywords : Sustainability Of The E-Tax System; Tax Compliance; Trust In E-Tax; Tax Penalties; Patriotism Of Business Actors

ABSTRAK

Penelitian ini mengkaji pengaruh patriotisme pelaku usaha dan denda pajak terhadap kepercayaan e-tax, kepatuhan pajak, serta keberlanjutan sistem e-tax. Meskipun pajak merupakan sumber utama penerimaan negara, rasio pajak Indonesia masih rendah. Metodologi yang digunakan adalah campuran, yaitu kualitatif melalui wawancara dengan minimal 10 pemilik UMKM di Jawa Tengah dan kuantitatif dengan analsis Structural Equation Model (SEM) menggunakan PLS. Hasil penelitian menunjukkan: kepatuhan pajak berpengaruh positif dan signifikan terhadap keberlanjutan e-tax; kepercayaan terhadap e-tax berpengaruh negatif terhadap keberlanjutan dan tidak signifikan terhadap kepatuhan; patriotisme pelaku usaha berpengaruh positif terhadap keberlanjutan, kepatuhan, dan kepercayaan terhadap e-tax; denda pajak berpengaruh positif terhadap keberlanjutan, positif namun tidak signifikan terhadap kepatuhan, serta negatif terhadap kepercayaan. Secara keseluruhan, keberlanjutan e-tax dipengaruhi oleh kombinasi faktor kepatuhan, patriotisme, kepercayaan, dan sanksi, dengan dinamika yang kompleks antara kepercayaan dan denda. Temuan ini menegaskan pentingnya strategi integratif yang memadukan pendekatan regulatif, persuasif, dan emosional agar sistem e-tax dapat berjalan efektif, berkelanjutan, serta memperoleh dukungan publik.

Kata Kunci : Keberlanjutan Sistem E-Tax; Kepatuhan Pajak; Kepercayaan E-Tax; Denda Pajak; Patriotisme Pelaku Usaha

INTRODUCTION

The development of a country depends on the effective mobilization of tax revenue by its government. Taxes serve as a vital instrument for governments to manage the economy efficiently. Domestic tax mobilization promotes good governance by creating a focal point for negotiation between the state and its citizens (Boogaard et al., 2020), while also supporting economic growth (Tanzi et al., 2023). In Central Java, the government has encouraged the public especially micro, small, and medium enterprises (MSMEs) to pay taxes electronically. This initiative aims to provide greater ease and convenience, allowing taxpayers to make payments seamlessly through the e-tax system. Taxes are a primary source of public funding, infrastructure development, and service delivery. They also impact expansion of business in between rich and developing nations. Thus, taxation can significantly influence government financial decisions (Hanlon et al., 2015).

The government's larger transformation objective depends on the e-tax system's continuous success. Maintaining the development of infrastructure also requires this work. However, the e-tax system and tax compliance have received little attention in prior study (Nurhapsari et al., 2024). Assessing the significance of the e-tax system's ongoing adoption is crucial since the more taxpayers utilize it, the more successfully it will support tax administration in the future.

In addition to streamlining tax administration, the e-tax system is anticipated to enhance tax adherence. MSME taxation, in particular, has drawn increasing attention (Alshira'h & Abdul-Jabbar, 2020). Amid the challenge of low tax revenue faced by many developing countries—including Indonesia, which in 2023 recorded a tax-to-GDP ratio of just 10.21%, compared to the Asia-Pacific average of 19% (OECD, 2023). MSMEs represent a significant tax base, accounting for 99.99% of all business units in Indonesia. Because of this, investigating the relationship among tax compliance and sustainability in the MSME sector is particularly pertinent. Since taxes sustain societal demands and contribute to public funding, they continue to be a crucial issue for both the government and corporate actors (Alshira'h et al., 2021).

When business actors' patriotism, e-tax trust, and the existence of tax penalties are balanced, the effects of the e-tax system's sustainability and tax compliance will be greater. Trust in e-tax increases the intention to continue using it (Pulungan & Imani, 2022). Patriotic principles, on the other hand, are essential in directing citizens' adherence to their tax duties. Prior studies have examined how corporate actors' patriotism affects tax compliance both directly and indirectly (Alshira'h et al., 2021; Alshira'h & Abdul-Jabbar, 2020; Nastiti et al., 2025). Moreover, customs non-compliance is positively correlated with tax fines (Sinnasamy & Bidin, 2017). Tax penalties are positively associated with sales tax compliance (Tawfik &

Elmaasrawy, 2024). However, a number of research efforts indicate that tax penalties have no effect on sales tax compliance (Faridy et al., 2018).

Based on these arguments, this study seeks to bridge gaps in the existing literature. It analyzes how business owners' patriotism and tax penalties positively influence trust in e-tax, tax compliance, and the sustainability of the e-tax system. Furthermore, it examines how trust in e-tax and tax compliance contribute to the long-term viability of the system. The ultimate objective is to assist tax authorities in creating strategies and policies that promote favorable attitudes toward tax compliance and the sustainability of e-tax, which will ultimately increase tax collection. By highlighting the need of maintaining the e-tax system and this research is expected to assist tax authorities in ensuring that taxpayers receive adequate instruction on the importance of tax compliance.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Sustainability of The E-Tax System

Sustainability practices in MSME businesses are often perceived as more advantageous compared to those in large corporations (Ernst et al., 2022; Moursellas et al., 2024; Shields & Shelleman, 2015). However, the concept of sustainability remains relatively new to most MSME actors (Al-Shaikh & Hanaysha, 2023). Several factors hinder the implementation of sustainability in this sector, including limited resources, significant initial investment requirements, lack of expertise, and issues such as data security, weak leadership support, and resistance to adopting new technologies (Basit et al., 2024; Purwandani & Michaud, 2021). As a result, most research on sustainability performance continue to focus on large corporations, while research related to MSMEs remains relatively scarce (Ferro et al., 2019; Mitchell et al., 2019). Trianni et al. (2019) also highlight that measuring sustainability in MSMEs presents unique challenges that cannot be equated with those faced by large-scale enterprises.

The utilization of electronic services, especially with regard to tax payment responsibilities, is one opportunity that MSMEs can take advantage of in the context of creating a sustainable business. A digital platform called the e-tax system gives taxpayers online access to a range of tax services. Tax administration can handle, calculate, report, audit, and input massive amounts of transaction data more quickly, accurately, simply, and efficiently by using the e-tax system. Furthermore, every interaction between tax authorities and taxpayers gives an opportunity to encourage positive engagement in tax payments and increase tax compliance. In line with the self-assessment system that Indonesia has put in place, Grace et al. (2023) contend that the e-tax system is intended to make it easier for taxpayers to complete their tax duties. Therefore, in order to support MSMEs in meeting their tax duties in an efficient and transparent manner and to reinforce the foundations of sustainable economic development, the e-tax system's sustainability must be continuously maintained and improved.

Tax Compliances

Taxes are a vital component of state revenue in both developed and developing countries, implemented through direct and indirect tax mechanisms (Obaid et al., 2020; Tehulu, 2014). Nonetheless, there are still significant obstacles to tax compliance, including the capacity and readiness of taxpayers to adhere to tax laws (Carsamer & Abbam, 2020; Palil & Mustapha, 2011). The lack of a common definition of tax compliance in the literature, as well as elements like ethics, system trust, and views of tax justice, all contribute to the complexity of this problem (James et al., 2019; Kirchler et al., 2006). To improve compliance, a combination of strategies is needed, including decision-making control, law enforcement, and a trust-based approach between tax authorities and taxpayers (Alm & Torgler, 2011). Therefore, efforts to enhance tax compliance must be carried out holistically, addressing both regulatory frameworks and the social interactions between government and society.

A high tax compliance rate is essential to the e-tax system's long-term viability. The e-tax system may function at its best when taxpayers exhibit high compliance since the information gathered via electronic reporting is more precise, transparent, and trustworthy for fiscal policymaking (Grace et al., 2023). Conversely, low compliance will hamper the system's effectiveness, as incomplete or dishonest information reduces the validity of analyses and the efficiency of digital tax management (Kirchler et al., 2006).

The e-tax system relies on the active participation of taxpayers while filing taxes and making payments through a digital platform. This requires trust in data security, ease of system use, and fairness in its implementation (Alm & Torgler, 2011). Therefore, increasing tax compliance not only impacts state revenue but also strengthens the foundation for digitalizing tax administration. The degree to which taxpayers embrace, make use of, and willingly abide by tax laws via the system will ultimately determine how long the e-tax system can be viable (James et al., 2019; Palil & Mustapha, 2011). Therefore, the proposed hypothesis is:

H1: Tax compliance has a positive effect on the sustainability of the e-tax system

Trust In E-Tax

When it comes to digital services like e-tax, trust is essential to ensuring the continuation of high-quality public services. As a crucial element in the relationship between individuals and systems, trust encompasses the dimensions of reliability, honesty, and a sense of emotional and cognitive security (Zahid & Din, 2019). Strong trust in digital services can encourage public adoption of technology, especially when users experience tangible benefits and feel protected from potential risks (Gerhardt et al., 2010). In the context of e-tax, trust is closely related to data security and the confidentiality of user information. Therefore, the higher the level of taxpayer trust in the e-tax system, the greater the system's potential for sustainability. This study proposes the following hypothesis:

H2: Trust in e-tax has a positive effect on the sustainability of the e-tax system

A crucial component of electronic service systems, such as e-tax, is trust. Taxpayers must provide sensitive personal information for this service, including their identity, income, and total assets. Threats from cybercrime, like information theft and hacking, might cause skepticism and decrease taxpayer interest in e-taxation (Rifat et al., 2019; Tahar et al., 2020). In order to preserve user confidence, the government and the Directorate General of Taxation (DGT) must guarantee system performance and security. However, rather than specifically looking at the function of trust in e-tax use, most earlier studies have focused more on the effects of risk and security perceptions (Tahar et al., 2020; Veeramootoo et al., 2018). The willingness of taxpayers to stick with e-tax is crucial to its viability. Users may quit utilizing the service if they lose faith in it, which might eventually jeopardize the viability of the system. On the other hand, if taxpayers think e-tax is reliable and trustworthy, they are more likely to continue using it in the future (Pulungan & Imani, 2022). The conviction that tax authorities are honest, just, and act in the public good is a reflection of this trust in the context of taxes.

Tan & Liu (2016) findings demonstrate that trust has a favorable connection with voluntary tax compliance; taxpayers who perceive fair and transparent treatment tend to be more committed to fulfilling their obligations. Similar results were also found by (Lutfi et al., 2023) showing that trust in the government significantly enhances tax compliance. This suggests that trust can serve as an effective social instrument to strengthen compliance without relying on pressure or sanctions. In the digital era, e-tax has become a symbol of modernized tax services. Its success is highly dependent on taxpayers' trust in the reliability of the technology, data security, and process transparency. The study makes the following hypothesis in light of this explanation:

H3: Trust in e-tax has a positive effect on tax compliance

Patriotism of Business Actors

Patriotism plays a strategic role in encouraging positive taxpayer behavior, particularly among MSMEs (Alshira'h et al., 2021; Bani-khalid et al., 2022). People are motivated to contribute to national development through truthful and complete tax payments when they have a feeling of pride and emotional attachment to their country (Marzęcki & Pedagogical, 2019). In the context of a modern tax system, patriotism can be a key driving factor in three important aspects: the sustainability of the e-tax system, tax compliance, and trust in e-tax.

First, the sustainability of the e-tax system is strongly influenced by taxpayers' willingness to consistently use the service. Taxpayers with a high sense of patriotism tend to view the use of e-tax not merely as an administrative obligation, but as a tangible contribution to national progress. This attitude strengthens user loyalty and ensures the long-term viability of the e-tax system (Pulungan & Imani, 2022). Second, patriotic ideals and tax compliance are tightly related. Because they believe that tax fraud and avoidance are harmful to the country, patriotic people are more inclined to abide by tax laws (Konrad & Qari, 2012; Macgregor & Wilkinson, 2015), although some studies, such as Gangl et al. (2015) discovered no meaningful connection. As a result, patriotic could be employed as an economic strategy to boost tax compliance without just relying on systems of oversight and punishment. Previous research has looked at the direct and indirect effects of corporate patriotism on tax compliance (Alshira'h et al., 2021; Alshira'h & Abdul-Jabbar, 2020; Nastiti et al., 2025). Third, trust in e-tax can also be strengthened by patriotism. Taxpayers who feel pride and commitment to their country are more likely to trust the tax authorities and the systems they manage, including e-tax. Businesses tend to view this system as part of a modernized public service aimed at facilitating compliance, rather than as a threat to privacy or individual freedom (Makeel et al., 2023).

Thus, the patriotism of business actors is expected not only to increase their willingness to utilize and sustain the e-tax system, but also to strengthen tax compliance and build trust in the system. Based on this framework, the following hypotheses are proposed:

H4: Patriotism of business actors has a positive effect on the sustainability of the e-tax system

H5: Patriotism of business actors has a positive effect on tax compliance

H6: Patriotism of business actors has a positive effect on trust in e-tax

Tax Penalty

Sales tax penalties are sanctions imposed on MSMEs that commit violations, such as sales tax fraud (Alshira'h & Abdul-Jabbar, 2020). The implementation of fines and sanctions aims to reduce the level of tax non-compliance. Although proven to encourage compliance, this method is considered to involve relatively high costs (Dunn et al., 2016). Regarding sales tax, empirical studies on the effect of tax fines on compliance are still limited and have produced mixed findings. While some studies Alshira'h & Abdul-Jabbar, 2020); Muturi & Kiarie (2015), show a favorable correlation between tax fines and tax compliance, others Faridy et al. (2018), found no such association.

Furthermore, tax penalties not only play a role in improving tax compliance for registered businesses but can also strengthen the sustainability of the e-tax system through consistent law enforcement. Furthermore, strict and transparent fine enforcement can build

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public trust in the government's management of the e-tax system. Based on this framework, this study proposes the following hypotheses:

H7: Tax penalties have a positive effect on the sustainability of the e-tax system

H8: Tax penalties have a positive effect on tax compliance

H9: Tax penalties have a positive effect on trust in e-tax

RESEARCH METHODS

Method is a method of work that can be used to obtain something. While the research method can be interpreted as a work procedure in the research process, both in searching for data or disclosing existing phenomena (Zulkarnaen, W., et al., 2020). In order to answer difficult research issues, this study used a hybrid approach that included qualitative and quantitative techniques. This method provides a thorough and solid grasp of the phenomena under study (Bazeley, 2019), as it captures both the complementary strengths of these methods and mitigates their individual weaknesses (Creswell & Creswell, 2017). Integrating diverse perspectives is fundamental to mixed methods (Johnson & Onwuegbuzie, 2004), allowing for a more complete picture of MSME management dynamics, which often require multidimensional insights. Qualitative research explores social phenomena by focusing on participants' experiences in their environments (Denzin & Lincoln, 2011), utilizing semi-structured interviews. The quantitative component emphasizes theory testing through numerical measurement and statistical analysis (Sugiyono, 2013).

The research variables include patriotism of business actors, tax penalties, trust in e-tax, tax compliance, and sustainability of the e-tax system. Figure 1 presents the research model, and Table 1 lists the research indicators. Data sources comprise both primary and secondary data. Micro, small, and medium-sized businesses (MSMEs) in Central Java make up the study population. Purposive and snowball sampling methods were employed, applying specific criteria: (a) MSMEs in Central Java that have operated for at least one year and (b) MSMEs that have collected building tax 1 (PB 1). The qualitative method in this study will identify questions in the form of direct interviews by selecting at least 10 MSME managers in Central Java. This interview focuses on exploring events and facts related to the variables. Then the quantitative approach uses a sample size from (Hair et al., 2011), which specifies that an indicator multiplied by five to ten or a minimum of one hundred respondents is the number of samples. There are 22 indicators in this study, and the sample size is determined by multiplying 22 by 6. This results in 132 samples, or at least 100 samples from MSMEs in Central Java.

The methods employed to collect research data were closed-ended surveys and interviews. The semi-structured, in-depth interviews lasted between sixty and ninety minutes. The interviews were then audio recorded, documented, and reviewed. The closed-ended questions were distributed to MSMEs in Central Java using Google Forms. The structural equation model (SEM) using partial last squares (PLS) was the quantitative method utilized in this study's data analysis. The use of SmartPLS software aided in processing and analysis.

RESEARCH RESULT

Descriptive Statistics

The population of this study was MSMEs in Central Java, categorized as having paid building tax 1 (PB 1). Ten respondents were interviewed and 200 MSMEs completed questionnaires to gather data. An overview of the respondents is also given in this study. Since most responders have been in the business for a long time, their knowledge is reliable. An summary of the responders is shown in Table 2.

Analysis and Empirical Results

The mix approach will be used to explain in this study. First, the SmartPLS version 3 variation of the Partial Least Square-Structural Equation Modeling (PLS-SEM) modeling software is used for data analysis. Evaluating the measurement construct of latent variables is the goal of outer model analysis. The assessment of outer loading includes tests for discriminant validity (HTMT), consistency reliability (Cronbach's alpha and composite reliability), and internal convergent validity (outer loading and AVE). The outer loading, Cronbach's alpha, rho_A, and composite reliability scores are considered ideal if the factor loading value is higher than 0.7, indicating that the indicator is valid for evaluating the construct. Additionally, if a construct's AVE value is higher than 0.50, it can explain at least 50% of the variance of its elements on average (Chin, 1998). Regarding the investigation of the study's outer model, Table 3 is shown.

Based on Table 3, the indicators used have met these criteria by selecting an outer loading of more than 0.7. Cronbach's alpha, rho_A, and composite reliability tests show that all variables have good reliability and are consistent and valid in measuring their constructs, except for Patriotism of Business Actors and Tax Penalty, which have Cronbach's alpha and rho_A of less than 0.7, indicating a low level of consistency in measuring these constructs. For the AVE value, the Tax Penalty and Tax Compliance variables explain less than 50%, however, the other factors can account for the volatility of their items..

Meanwhile, the structural model was evaluated using the R-square of the dependent construct, the significance test of the structural path parameter coefficients, the Stone-Geisser Q-square test to measure predictive relevance (Q2), and hypothesis testing. The R-square value, which can be interpreted as 0.75 = strong, 0.50 = moderate, and 0.25 = weak, shows how well endogenous variables can predict the model (Hair et al., 2011). Table 4 displays the outcomes of the R-squared test. Tax compliance is 0.968, which indicates excellent predictive ability; faith in e-tax is 0.037, which indicates weak prediction; and the R-square value for the sustainability of the e-tax system is 0.324, which indicates weak predictive ability. This indicates that tax compliance is regarded as relevant and explains more than the current variables. Ghozali & Latan (2015) state that a structural model's predictive usefulness is evaluated using the Q2 (Q-square) value. A model is considered to have strong predictive power if its Q2 value is larger than zero, and it is less effective at predicting the dependent variable if its Q2 value is less than zero. Table 5 of this study demonstrates that the Q2 value is higher than 0, meaning that the built structural model satisfies the model fit requirements. This suggests that the model can reliably produce accurate predictions of measured outcomes by properly explaining variation in the data.

Using the bootstrapping approach in SmartPLS 3.0, the route coefficients table, which shows the t-statistic and ρ-value columns, was the focus of the significance test of the study's hypotheses. A ρ-value <0.05, which denotes a significance level of 5%, was the criterion utilized to evaluate significance. The results of the inner model analysis are displayed in Table 6 and Figure 2, which illustrate the correlations between the examined variables. Table 6 shows the route coefficient values and significance test results for each hypothesis, while Figure 2 provides a visual representation of the model structure and the direction of the interactions between the variables. The study's findings look at the connections that affect each variable from both a positive and a negative perspective.

According to the analysis's findings, tax compliance improves the e-tax system's sustainability (O = 0.160; 0.586 > 0.05), H1 is accepted. Trust in e-tax has a negative effect on the Sustainability of the e-tax system (O = -0.418; 0.000 < 0.05), H2 is rejected. Trust in e-tax has a negative effect on Tax compliances (O = -0.008; 0.530 > 0.05), H3 is rejected. Patriotism of business actors has a positive effect on the Sustainability of the e-tax system (O = 0.093; 0.751 > 0.05), H4 is accepted. Patriotism of business actors has a positive effect on Tax compliances (O = 0.983; 0.000 < 0.05), H5 is accepted. Patriotism of business actors has a positive effect on Trust in e-tax (O = 0.079; 0.347 > 0.05), H6 is accepted. Tax penalty has a positive effect on Sustainability of the e-tax system (O = 0.213; 0.006 < 0.05), H7 is accepted. Tax penalty has a positive effect on Tax compliances (O = 0.006; 0.666 > 0.05), H8 is accepted. Tax penalty has a negative effect on Trust in e-tax (O = -0.189; 0.027 < 0.05), H9 is rejected. These results offer a solid foundation for talking about the ramifications of the connections our study found.

Face-to-Face Interviews

The process of synthesizing findings using qualitative interview methods began with data collection from interviews with 10 MSMEs who shared their views on business patriotism, tax penalties, trust in e-tax, tax compliance, and the sustainability of the e-tax system. Patterns within the data were then analyzed to identify relationships among emerging themes. Table 7 presents selected interview excerpts. Based on in-depth interviews with ten MSME actors from various business sectors, a range of perspectives was uncovered regarding business owners' patriotism, the effectiveness of tax penalties, trust in the e-tax system, tax compliance, and the continued use of the system. Each respondent offered unique experiences and perceptions, shaped by their business background, economic conditions, and access to technology. In general, most MSME participants viewed paying taxes as a form of contribution to national development, although challenges arose when business performance declined. Tax penalties were considered effective in encouraging compliance, but were also perceived as burdensome in certain situations. Meanwhile, the implementation of e-tax was acknowledged to simplify the reporting process, although concerns remained about the system's reliability and accessibility, particularly in areas with limited digital infrastructure.

DISCUSSION

This study revealed several findings for each variable. The findings demonstrated that tax compliance improved the e-tax system's viability ($\alpha = 0.160$; $0.586 > 0.05$), thus the first hypothesis (H1) was accepted. This result corroborates research showing that a digital-based tax administration system's efficacy depends critically on tax compliance. Grace et al. (2023) emphasize that high levels of taxpayer compliance ensure the accuracy and transparency of data within the e-tax system, allowing it to function optimally and support more precise fiscal policy decisions. Moreover, this outcome is consistent with the opinions of Kirchler et al. (2006), who highlight that low compliance undermines the effectiveness of digital tax systems due to incomplete or dishonest information. In the long term, the results of this investigation validate the viewpoints of James et al. (2019); Palil and Mustapha (2011), who argued that sustainable tax compliance can strengthen the foundation of tax digitalization, enabling the e-tax system to continue to develop effectively and sustainably. Therefore, the results of this study demonstrate that the desire of taxpayers to report and pay taxes in accordance with the regulations is just as important to the viability of e-tax as technological infrastructure.

Furthermore, the results of trust in e-tax actually negatively impacted the sustainability of the e-tax system ($O = -0.418$; $0.000 < 0.05$) and had no significant effect on tax compliance ($O = -0.008$; $0.530 > 0.05$). Thus, the second hypothesis (H2) and the third hypothesis (H3) were rejected. These findings are intriguing because they go counter to the majority of earlier research that highlights trust as a crucial component in boosting compliance and promoting the sustainability of digital systems (Pulungan & Imani, 2022; Zahid & Din, 2019). Theoretically, the literature shows that the higher the level of trust taxpayers have in e-tax, the greater their tendency to adopt and maintain the system (Gerhardt et al., 2010). In fact, Lutfi et al. (2023); Tan and Liu (2016) emphasized that trust can encourage voluntary tax compliance without pressure or sanctions. However, the results of this study indicate a different direction. There are several possible outcomes, such as: first, excessively high levels of trust can have counterproductive effects, such as taxpayers feeling safe and protected and thus tending to be less critical in reporting their tax obligations. Second, trust in the system does not automatically translate to compliance, as other factors such as understanding the rules, perceived fairness, or personal experience with tax authorities can be more dominant in influencing behavior. This result is consistent with Tahar et al. (2020) who suggest that risk factors and security perceptions often play a more decisive role than trust itself. Third, the negative result may reflect a gap between user expectations and actual experience. Although taxpayers may express trust in the system, technical issues, security concerns, or a lack of transparency in practice can reduce their willingness to continue using e-tax in the long term. Additionally, this condition aligns with the research conducted by Veeramootoo et al. (2018) which highlights the importance of thoroughly evaluating user experience factors in the success of digital services. These results provide a new contribution by showing that trust is not the only key factor in maintaining the sustainability of e-tax or in encouraging tax compliance. Therefore, strengthening the system requires a combination of trust, policy fairness, tax literacy, and a positive user experience.

The longevity of the e-tax system, tax compliance, and e-tax trust are all positively impacted by corporate actors' patriotism. In particular, it has been demonstrated that patriotism improves the e-tax system's sustainability (O = 0.093; 0.751 > 0.05), on tax compliance (O = 0.983; 0.000 < 0.05), and on trust in e-tax (O = 0.079; 0.347 > 0.05). Thus, the fourth hypothesis (H4), the fifth hypothesis (H5), and the sixth hypothesis (H6) are accepted. These results are in line with the literature emphasizing that patriotism plays a strategic role in encouraging positive taxpayer behavior, especially MSMEs. Marzęcki and Pedagogical (2019) explain that love for the homeland and emotional attachment to the country encourage individuals to contribute to national development through honest and full tax payments. These results also corroborate the study of Kondratjeva et al. (2021); Macgregor and Wilkinson (2015) discovered that those who have a strong sense of patriotism are more inclined to follow tax laws. Specifically, patriotism's substantial impact on tax compliance (H5) indicates that national values can be a powerful social capital in encouraging voluntary compliance. This confirms the findings of Alshira'h et al. (2021); Bani-khalid et al. (2022) who emphasized the role of patriotism in strengthening taxpayer awareness. This finding also fills a gap in previous research, such as Gangl et al. (2015), it shown that, in the case of MSMEs, patriotism is indeed a strong driving element and showed no significant association between patriotism and compliance.

Meanwhile, although the influence of patriotism on the sustainability of the e-tax system (H4) and trust in e-tax (H6) was positive but not statistically significant, this still indicates the potential contribution of patriotism in strengthening both aspects. Taxpayers who feel pride and commitment to their country tend to be more loyal in using the e-tax system (Pulungan & Imani, 2022) and more easily place trust in the tax authorities (Makeel et al., 2023). This insignificance could be due to other external factors, such as user experience with the system, technical constraints, or perceptions of tax policy transparency, which are more dominant in influencing sustainability and trust. Thus, the results of this study confirm that patriotism can be an effective social instrument to strengthen tax compliance, while also being a supporting factor for the sustainability of and trust in the e-tax system. The government and tax authorities can utilize these patriotic values in public communication strategies, for example by emphasizing that tax compliance is not merely an administrative obligation but also a tangible contribution to national development.

Meanwhile, tax penalties contribute to the e-tax system's viability (O = 0.213; 0.006 < 0.05), a little yet favorable impact on tax compliance (O = 0.006; 0.666 > 0.05), and a negative effect on trust in e-tax (O = -0.189; 0.027 < 0.05). Thus, the seventh (H7) and eighth (H8) hypotheses are accepted, while the ninth (H9) is rejected. The findings regarding the positive effect of fines on the sustainability of the e-tax system support the view that sanctions can strengthen the system's effectiveness through consistent law enforcement. This is in line with research by Alshira'h and Abdul-Jabbar (2020); Muturi and Kiarie (2015) which shows that fines can encourage compliance and, in turn, strengthen the digital tax system. By implementing fines, taxpayers are encouraged to be more compliant in using e-tax, thereby maintaining the sustainability of the system. Meanwhile, tax fines have a positive but insignificant effect on tax compliance. These findings demonstrate the heterogeneity of results reported in previous studies. Several studies (Alshira'h et al., 2021; Muturi & Kiarie, 2015) support a positive relationship, while (Faridy et al., 2018) found no significant effect. This condition indicates that the presence of sanctions alone does not always guarantee increased compliance, since additional elements that affect compliance include understanding the rules, perceptions of fairness, and patriotism. Third, the findings that tax fines have a detrimental impact on e-tax trust point to a conundrum. While fines can improve discipline, the imposition of harsh sanctions has the potential to undermine taxpayer trust in the system. This can occur if taxpayers perceive sanctions as a form of injustice or excessive pressure, rather than as an instrument for creating fiscal justice. Dunn et al. (2016) previously highlighted that penalty-based approaches require substantial costs and often provoke resistance from taxpayers. The results of this investigation confirm the necessity of a well-rounded approach between punitive measures (penalties) and persuasive approaches (education and transparency) to maintain public trust in the e-tax system. Overall, the results of this study suggest that tax fines can indeed strengthen the sustainability of the system, but their effectiveness in increasing compliance is limited and can negatively impact trust. Therefore, fine policies need to be supported by sound communication and education strategies so that sanctions are viewed as instruments of justice, not merely as coercion.

CONCLUSION

Analyzing the effects of tax compliance, e-tax trust, business actors' patriotism, and tax penalties on the e-tax system's sustainability is the goal of this study. The study's findings revealed a number of important conclusions: First, it has been demonstrated that tax compliance significantly and favorably affects the e-tax system's viability. This demonstrates that regular compliance by taxpayers in filing and paying taxes is necessary for the e-tax system to function at its best; Second, e-tax trust does not significantly affect compliance and, in fact, negatively impacts the system's viability. This finding implies that confidence is not enough to ensure ongoing use, as views of fairness, user experience, and transparency all play a part; Third, the longevity of the e-tax system, tax compliance, and e-tax trust are all positively impacted by corporate actors' patriotism. This result demonstrates how national values function as social capital that promotes more obedient and compliant tax conduct with regard to the digital system; Fourth, tax fines have a negative impact on e-tax trust, a positive but negligible impact on tax compliance, and a positive impact on the sustainability of the e-tax system. This indicates that while fines are useful for enhancing discipline and system sustainability, they also run the risk of eroding trust if they are viewed as being overly harsh. All things considered, this study demonstrates that a mix of compliance, patriotism, trust, and the imposition of penalties affects the e-tax system's longevity. However, the relationship between trust and sanctions is complicated; while fines might preserve discipline, they also undermine trust. In order for the system to function efficiently, sustainably, and garner public support, e-tax strengthening tactics must incorporate regulatory (fines), persuasive (education and literacy), and emotional (patriotism) techniques. The study's findings offer useful recommendations that stakeholders and MSMEs can implement to increase the efficacy of their tax compliance. The conclusions, however, cannot be widely generalized due to limitations in the methodology, scope, and data availability of this study that need to be addressed. In order to guarantee more thorough results and provide a more substantial contribution, more research is advised to increase the variables, employ a wider range of methodologies, and include a more representative sample.

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FIGURES, CHARTS, AND TABLES

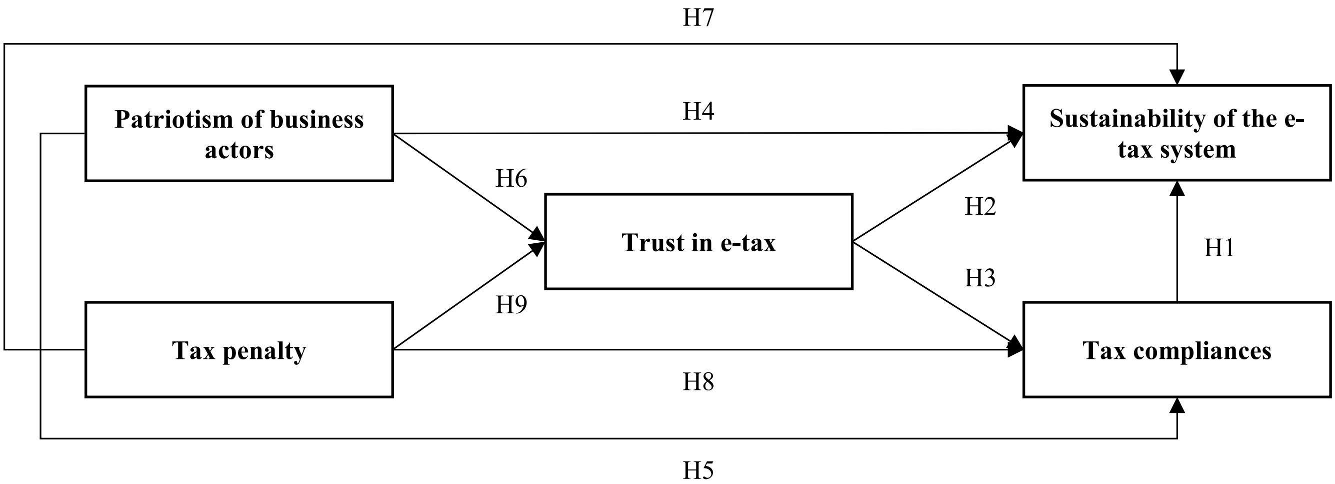

Figure 1. Research Model
Source: Primary data.

Table 1 Research Variables and Indicators

Variable	Definition	Indicators	Sumber
Patriotism of Business Actors	A sense of pride and willingness of business owners to sacrifice and serve the nation.	1. Pride in using domestic products 2. Acceptance of competitors' presence 3. Pride in selling traditional/local products 4. Willingness to contribute funds for community welfare	(Nastiti et al., 2025)
Tax penalty	Sanctions and fines imposed on MSMEs that commit violations such as sales tax fraud.	1. Required to pay all unpaid sales tax plus interest 2. Subject to large fines in addition to tax and interest 3. May be taken to court and still required to	(Alshira'h & Abdul-Jabbar, 2020)

		pay tax and interest 4. Full sanctions: legal process, large fines, and tax plus interest	
Trust in e-tax	Growing trust in the reliability and credibility of the e-tax system.	1. E-tax services are trustworthy 2. E-tax services are honest and accurate 3. E-tax services are reliable 4. E-tax services will not act in a harmful manner	(Pulungan & Imani, 2022; Tsui, 2019; Zahid & Din, 2019)
Tax compliances	The ability and willingness of taxpayers to comply with tax regulations, shaped by ethics, legal environment, and situational factors.a	1. Obtaining tax receipts 2. Understanding tax law provisions 3. Submitting Regional Tax Notification Letters (SPTPD) 4. Timely payment and reporting 5. Accurate calculation of tax liabilities	(Yuniarta & Purnamawati, 2020)
Sustainability of the e-tax system	The level of e-tax system's ability to continue operating effectively, efficiently, safely and inclusively in the long term, with reliable technological support, high user acceptance, adequate regulation and positive impacts on the economy, society and the environment.	1. Developing a sense of ownership 2. Continually meeting available resources 3. Continuous monitoring and evaluation 4. Developing administrative and coordination capacity 5. Continually meeting stakeholder needs	(Lessa, 2019)

Source: Primary data.

Table 2 Description of Respondents

Variable	Category	Frequency	%
Type of Business Currently Being Conducted	Culinary	80	40%
	Fashion and Accessories	104	52%
	Beauty Products	0	0%
	Agricultural Products	0	0%
	Digital Marketing and Creative	6	3%
	Education and Training	4	2%
	Eco-Friendly Products	2	1%
	Health and Wellness	4	2%
Gender of Business Owner	Male	82	41%
	Female	118	59%
Religion of Business Owner	Islam	154	77%
	Christianity	24	12%
	Catholicism	22	11%
	Buddhism	0	0%
	Hinduism	0	0%
Business Owner's Education:	Elementary School	0	0%
	Junior High School/Islamic Junior	2	1%
	High School Vocational High School / Vocational High School / Islamic Senior High School	24	12%
	Diploma 1/2/3	68	34%
	Bachelor's Degree/Diploma 4	96	48%
	Master's Degree/Master's Degree	10	5%
	Doctorate/School Degree	0	0%
Number of Permanent Employees	1 to 3	168	84%

	4 to 6	24	12%
	7 to 9	6	3%
	More than 10	2	1%
Number of Temporary Employee	1 to 3	178	89%
	4 to 6	16	8%
	7 to 9	4	2%
	More than 10	2	1%

Source: Primary data

Table 3 Outer Model Analysis

			Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Patriotism of business actors	X1.1	0.688	0.696	0.698	0.815	0.524
	X1.2	0.740				
	X1.3	0.736				
	X1.4	0.730				
Tax penalty	X2.1	0.792	0.608	0.613	0.731	0.440
	X2.2	0.762				
	X2.3	0.716				
	X2.4	0.200				
Trust in e-tax	X3.1	0.778	0.885	0.914	0.920	0.742
	X3.2	0.898				
	X3.3	0.861				
	X3.4	0.901				
Tax compliances	Y1.1	0.677	0.732	0.739	0.822	0.481
	Y1.2	0.725				
	Y1.3	0.717				
	Y1.4	0.729				
	Y1.5	0.615				
Sustainability of the e-tax system	Y2.1	0.687	0.788	0.819	0.853	0.539
	Y2.2	0.766				
	Y2.3	0.830				
	Y2.4	0.660				
	Y2.5	0.714				

Source: Primary data

Table 4 R-Square

	R Square	R Square Adjusted
Sustainability of the e-tax system	0.324	0.311
Tax compliances	0.968	0.968
Trust in e-tax	0.037	0.027

Source: Primary data

Table 5 Q-Square

	SSO	SSE	Q^2 (=1-SSE/SSO)
Patriotism of business actors	800.000	800.000	
Tax penalty	800.000	800.000	
Trust in e-tax	800.000	781.548	0.023
Tax compliances	1000.000	551.485	0.449
Sustainability of the e-tax system	1000.000	836.961	0.163

Source: Primary data

Table 6 Inner Model Analysis Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Tax compliances -> Sustainability of the e-tax system	0.160	0.175	0.294	0.545	0.586
Trust in e-tax -> Sustainability of the e-tax system	-0.418	-0.415	0.065	6.467	0.000
Trust in e-tax -> Tax compliances	-0.008	-0.008	0.013	0.629	0.530
Patriotism of business actors -> Sustainability of the e-tax system	0.093	0.087	0.294	0.317	0.751
Patriotism of business actors -> Tax compliances	0.983	0.983	0.004	227.945	0.000
Patriotism of business actors -> Trust in e-tax	0.079	0.081	0.084	0.942	0.347
Tax penalty -> Sustainability of the e-tax system	0.213	0.222	0.077	2.762	0.006
Tax penalty -> Tax compliances	0.006	0.007	0.015	0.432	0.666
Tax penalty -> Trust in e-tax	-0.189	-0.198	0.085	2.225	0.027

Source: Primary data

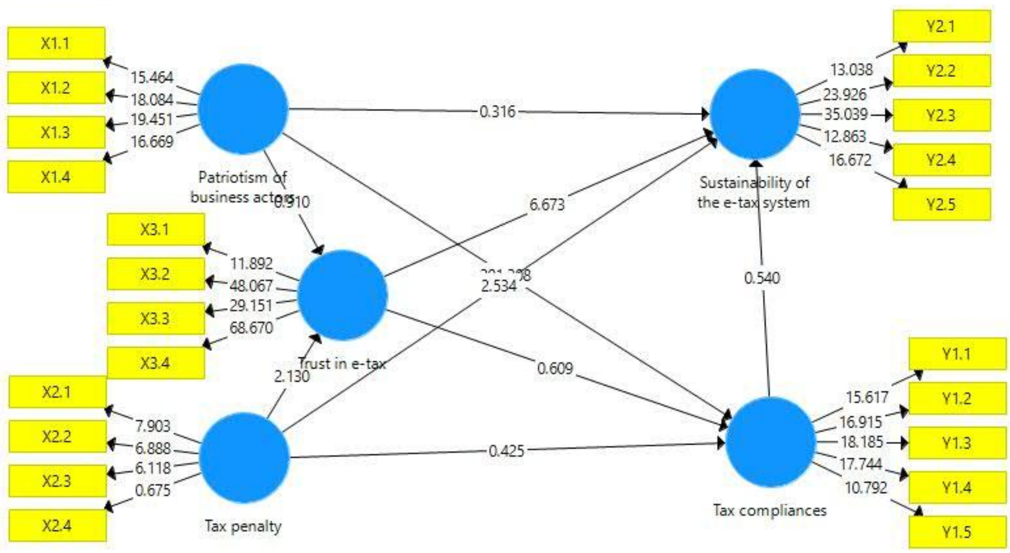

Figure 2. Inner Model Analysis Results
Source: Primary data.

Table 7 Analysis of Interview Results

Variabel	Ringkasan Alasan
Patriotism of business actors	*"For me, small businesses like batik can operate because of government facilities. So I also have to take responsibility by complying with my taxes."*
Tax penalty	*"If there were no fines, I might have delayed. But because the fines are substantial, I'm more disciplined about paying on time."*
Trust in e-tax	*"I've had difficulties because the system was down, so I'm still unsure whether the data is truly secure."*
Tax compliances	*"When revenue is down, I sometimes delay payment. So my compliance depends on the state of my business."*
Sustainability of the e-tax system	*"I think e-tax can continue to be used if the government diligently promotes it and improves the system."*

Source: Interview