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The Moderating Role of Tax Morale in the Era of Artificial Intelligence

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ABSTRACT

This study investigates the moderating function of tax morale and the impact of perceived artificial intelligence (AI) competence in tax administration on tax evasion intention. This study using primary data collected through a five-point Likert-scale questionnaire from 199 corporate taxpayers selected through purposive sampling and data were analyzed using SmartPLS to test the direct and moderating effects. The findings demonstrate that tax evasion intention is negatively and significantly impacted by perceived AI competence, meaning that taxpayers who believe AI-based tax administration to be more capable typically have fewer intents to engage in tax evasion. This research implies that taxpayers' perceived risk of detection may rise due to AI's anticipated capacity to improve tax violation detection and monitoring, deterring tax evasion intentions. However, tax morale does not significantly moderate the relationship between perceived AI capability and tax evasion intention, indicating that the deterrent effect of perceived AI capability does not vary significantly across levels of tax morale. By using taxpayers' perceptions of AI capabilities to explain tax-related behavioral intentions, the findings expand the integration of the Theory of Planned Behavior (TPB) and Technology Acceptance Model (TAM). Practically, improving the transparency, reliability, and perceived effectiveness of AI-enabled tax administration may help deter tax evasion intentions. By investigating perceived AI capabilities in Coretax-enabled tax administration as a behavioral factor of tax evasion intention and assessing the moderating influence of tax morale, this study builds on earlier studies

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1. INTRODUCTION

Taxes have a strategic role in supporting the sustainability of economic development because they are the main source of financing for public services and government programs (Owusu et al., 2020; Prastiwi et al., 2023). However, many nations, like Indonesia, continue to struggle with the disparity between the potential and actual tax collection. One of the main causes of this condition is tax non-compliance in the form of tax evasion (Owusu et al., 2020; Slemrod and Weber, 2012). Tax evasion refers to illegal actions to reduce or evade tax liability, for example through income concealment or manipulation of financial statements, which ultimately reduces state revenue and undermines the fairness of the tax system (Alleyne and Harris, 2017; Kaulu, 2022). The problem of tax evasion is still a relevant issue in Indonesia (Mangoting et al., 2021). Tax According to Tax Justice Network (2023), corporate tax evasion and asset flight abroad may have cost Indonesia around IDR 44 trillion and IDR 1 trillion, respectively, in lost state revenue. In addition, the Directorate General of Taxes noted that in 2024 285,228 Underpaid Tax Determination Letters (SKPKB) will be issued with a total value of IDR 72.18 trillion, of which IDR 43.17 trillion will be disputed by taxpayers (International Tax Review, 2025). The high value of tax disputes indicates that the tendency of tax evasion intention is still a challenge in the tax administration system in Indonesia.

In the development of the digital economy, the use of Artificial Intelligence (AI) is beginning to be seen as a strategic approach in increasing the effectiveness of tax supervision. AI allows tax authorities to conduct massive data analysis, detect unnatural transaction patterns, and identify potential tax violations with a higher level of accuracy than conventional approaches (Ansarullah et al., 2025; Nuryani et al., 2024). The use of AI also contributes to increasing audit effectiveness and tax administration efficiency through machine learning capabilities in processing tax data in real-time (Gidisu et al., 2025). In the context of taxpayer behavior, the effectiveness of AI implementation is not only determined by the technical capabilities of the system, but also by how taxpayers perceive the AI's ability to detect tax evasion. This perspective is reflected in the concept of perceived AI capability, which is an individual's belief in the ability of the AI system to identify acts of tax evasion and evasion (Widjaja et al., 2026). The perception of AI's detection capabilities has the potential to increase the perception of perceived detection risk, so that it can reduce the tendency of taxpayers to commit tax evasion. Thus, perceived AI capability is a relevant external factor in explaining tax behavior in the digital era.

However, tax behavior is basically influenced not only by external factors in the form of a supervisory system, but also by intrinsic moral factors that come from individuals. In the tax literature, tax morale is understood as an individual's moral commitment to fulfill tax obligations as a form of social responsibility towards the state (Owusu et al., 2022). Tax evasion is typically less tolerated by those with high tax morale (Owusu et al., 2020). Therefore, taxpayers' responses to the application of AI may vary depending on the level of tax morale possessed. Taxpayers with high tax morale are expected to be more responsive to the existence of AI as a supervisory instrument, while taxpayers with low tax morale tend to consider calculative aspects in the form of detection and sanction probabilities alone. The Theory of Planned Behavior (TPB) has typically served as the primary theoretical underpinning for studies on tax evasion intention. (Alleyne and Harris, 2017; Bidin et al., 2019; Owusu et al., 2020). According to TPB, attitudes, perceived behavioral control, and subjective norms all have an impact on behavioral intentions. (Ajzen, 1991). However, the SDG basically focuses more on the internal psychological factors of individuals so that it has not fully accommodated the development of external factors, especially AI-based supervision technology in the context of digital taxation. On the other hand, studies on tax digitalization are still dominated by discussions on administrative efficiency and improving

tax compliance in general (Alleyne and Harris, 2017) However, there is still a dearth of studies that explicitly examines how perceived AI capabilities affect tax evasion intention. This study differs from Widjaja et al., (2026) research by incorporating tax morale as a behavioral moderating variable. This approach allows the study to examine not only the direct relationship between perceived AI capability and tax evasion intention but also whether taxpayers' internalized moral considerations influence the strength of this relationship. This research was conducted to fill this gap by integrating three constructs, namely Perceived AI capability, tax evasion intention, and tax morale, in one comprehensive research framework, to make a theoretical and practical contribution to the development of tax policy in the digital era.

This research builds a theoretical framework that integrates the SDGs and the Technology Acceptance Model (TAM) synergistically. A large amount of research on behavioral intentions toward technology uses TAM to study intentions to adopt technology in a variety of contexts. The integration of these two theories is in line with recent literature developments that suggest that TAM and TPB have been successfully combined to produce a framework that can capture the full range of behavioral influences on technology adoption decisions. In this analysis, TPB serves as the main framework to understand tax evasion intention, while The model is then given a moral-internal component that has not been included in the traditional SDG framework and TAM by using tax morale as a moderation variable that assesses the degree to which perceived AI capabilities influences tax evasion intention. In addition, this research also provides practical contributions for tax authorities in formulating AI-based supervision strategies that consider the psychological and moral aspects of taxpayers to suppress the tendency of tax evasion.

2. METHODS

This study employs an explanatory research design and a quantitative methodology. Data was gathered from all respondents at a single point in time using a cross-sectional research approach. A structured questionnaire using a Google Form with a Likert scale of 5 points (1 = Strongly Disagree to 5 = Strongly Agree) was used to collect primary data. This method is frequently used in tax compliance and behavior research.

All registered individual taxpayers in Indonesia with a Taxpayer Identification Number (NPWP), particularly those who own enterprises, make up the study's population. The formula (Hair et al., 2022), which suggested a minimum sample count of five to ten times the number of indicators utilized in the study, was used to determine the number of samples given the extremely vast and infinite population. Given that there are up to 15 indicators overall in this investigation, the bare minimum of samples needed is:

$$\text{Minimum sample} = 15 \text{ indicators} \times 10 = 150 \text{ respondents}$$

Purposive sampling is the sample extraction method employed, and the inclusion criteria are as follows: (1) are corporate taxpayers represented by the finance or tax departments; and (2) are familiar with or have utilized digital tax services (e-Filing, e-Billing, or Coretax). In order for respondents to give pertinent answers to the research instruments, the purposive sample criteria are utilized to make sure they have enough experience and knowledge of the tax system. Partial Least Squares Structural Equation Modeling (PLS-SEM) was used to examine the data.

Because the main goal of this study is to investigate the predictive correlations among the suggested latent constructs and to evaluate the impact of perceived AI competence and tax morale on tax evasion intention, including the moderating function of personality factors, PLS-SEM was used. PLS-SEM is suitable for concurrently evaluating the measurement model and the structural model since the suggested model includes several latent variables and a moderation

connection. Furthermore, PLS-SEM imposes fewer distributional assumptions than covariance-based SEM, making it appropriate for research models that prioritize prediction and the evaluation of correlations among several dimensions. As a result, this study can assess the validity and reliability of the measurement tools and estimate the direct and moderating effects suggested in the conceptual model thanks to the application of PLS-SEM.

3. RESULTS AND DISCUSSION

The following is a profile of 199 respondent data that was successfully collected as a source of information in this study. This study involved 199 respondents dominated by women as many as 108 people (54.3%), while men amounted to 91 people (45.7%). Age-wise, 84 respondents (42.2%) were in the 20–30 age group, followed by 53 respondents (26.6%) in the 31–40 age group, 39 respondents (19.6%) in the 41–50 age group, 15 respondents (7.5%) in the 51–60 age group, and 8 respondents (4.0%) in the over 60 age group. Regarding education, the majority of respondents had 157 individuals (78.9%) with their most recent S1 education, 34 individuals (17.1%), 3 individuals (1.5%) with S3 education, 2 individuals (1.0%) each with a high school and vocational education, and 1 individual (0.5%) with a D3 education. This indicates that most responders are of working age and have comparatively high levels of education. Next, the majority of respondents—up to 143 individuals, or 71.9%—work for businesses situated on the island of Java. The rest came from Kalimantan and Bali as many as 18 people (9.0%), Sumatra as many as 10 people (5.0%), Sulawesi as many as 7 people (3.5%), Papua as many as 2 people (1.0%), and Makassar as many as 1 person (0.5%). Meanwhile, based on the business sector, the majority of respondents came from the trade sector (trade) as many as 94 people (47.2%), followed by the service sector as many as 74 people (37.2%), and the industrial sector as many as 31 people (15.6%). These results demonstrate that businesses operating in the Java region and involved in commerce, one of the primary sectors of Indonesia's economic activity, make up the majority of survey respondents.

The Perceived AI Capability variable consists of 12 (twelve) statements measured using the Likert scale with 5 multiplex questionnaire answer option. The average score of 3.65 (almost a score of 4) derived from respondents' answers to the perceived AI capabilities variables questionnaire indicates that Indonesian taxpayers usually believe that Coretax's tax AI skills are highly good. For the tax morale variable, it consists of 15 statements, the results of the respondents' responses to the tax morale variable questionnaire obtained a mean score of 3.43 (close to a score of 3) indicating that in general the respondents have a tendency to support moral values of taxation, such as awareness of the importance of paying taxes and compliance with tax obligations. However, because the average value is very close to the neutral category limit, the level of respondents' approval of tax morale statements can be said to be not strong. This condition indicates that although respondents tend to have positive tax morals, there are still doubts or disagreements among respondents regarding the aspects of tax morale measured.

Meanwhile, the tax evasion intention variable consists of 10 (ten) statements measured using the Likert scale with 5 multiplex questionnaire answer options. The mean score of 2.31, which is closer to score 2, was obtained from respondents' answers to the variable tax evasion intention questionnaire, suggesting that tax evasion intents are low in Indonesia.

To determine whether the measuring device being used can carry out its intended purpose, validity testing is conducted. A measure is said to be valid if it accurately captures the idea being measured. The value loading factor for each indicator and variable found in the findings of convergent validity can be used to assess validity in SmartPLS. Indicators and variables are deemed valid if their correlation value is larger than 0.7 (Hair et al., 2022). Nonetheless, the loading factor of 0.5 to 0.6 is still appropriate for the first phase of study from the creation of the measuring scale (Ghozali and Latan, 2020). Figure 1 shows outer loading results.

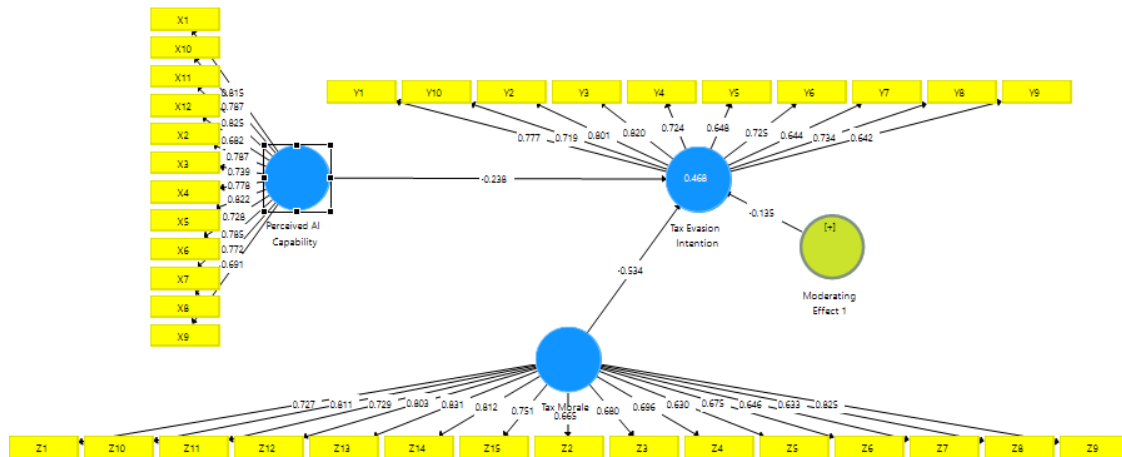


Figure 1. Outer Loading Results

The output of outer loading in the SmartPLS 3 results directly displays the loading factor's value. Since every indicator has a loading factor value greater than 0.5, they are all considered valid. The average variance extracted (AVE) value is the second indicator of convergent validity; if the AVE value is more than 0.5, the variable is deemed valid (Hair et al., 2022). Every latent variable has an AVE value greater than 0.5, indicating that all latent variable constructs have good validity and that each latent variable's information may be mirrored in its manifest variable. Cronbach's alpha and composite reliability derived from the output overview of the SmartPLS 3 algorithm's results are the two criteria that the reliability test considers. Above 0.7 is the suggested number to satisfy the measuring structure's dependability (Hair et al., 2022). Cronbach's alpha and composite reliability test results are greater than 0.7.

The correlation value is examined using discriminant validity. There are two discriminant validity tests, the first is fornell lacker. The goal of Fornell Lackner is to evaluate the relationship between variables. The following table displays Fornell Larcker's findings:

Table 1. Fornell larcker test results (discriminant validity)

	Perceived AI Capability	Tax Evasion Intention	Tax Morale	Tax Morale
Perceived AI Capability	0,769			
Tax Evasion Intention	-0.364	0,726		
Tax Morale	0.179	-0,620	0,731	
Moderating	0.191	-0.327	0.286	1.000

Table 1 indicates that the discriminant validity is satisfied since the results of the variable connection itself are greater than the relationship between the variable and other variables. Cross loading is the second test for discriminant validity. The magnitude of each indicator's relationship to its variable is compared to the magnitude of each indicator's link to other variables to determine the cross loading value. Each indicator's relationship to its variable must be larger than each indicator's relationship to other variables in order for the results to be considered genuine. It is demonstrated that the relationship between the indicator and the variable is stronger than the association between the indicator and other variables. Therefore, it can be said that discriminant validity is satisfied. The measurement model satisfies the criteria for additional analysis, namely structural model evaluation, based on the findings of the aforementioned tests.

Each endogenous latent variable is subjected to R Square (R²) analysis, which reveals the extent to which each contributing exogenous variable influences the endogenous latent variable. The endogenous variable receives more influence when the R² value is higher (Hair et al., 2022).

Table 2. R Square (R²) analysis on endogenous variables

Variable endogenous	R Square (R ²)
Tax Evasion Intention	0.464

Based on **Table 2**, the tax evasion intention (Y) variables are influenced by perceived AI Capability (X) and moderated by Tax Morale (Z) of R² = 46.4%.

Table 3. Hypothesis testing

Hipotesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics (IO/STERRI)	p-value
H1	-0.243	-0.250	0.071	3.440	0.001
H2	-0.111	-0.112	0.070	1.574	0.116

Table 3 shows the test results indicate that Perceived AI Capability has a negative and significant effect on Tax Evasion Intention, with a path coefficient (original sample) of -0.243, a T-statistic of 3.440 (> 1.960), and a p-value of 0.001 (< 0.05). Therefore, the first hypothesis is accepted. These findings indicate that the higher individuals' perceptions of AI capabilities in tax administration and tax monitoring systems, the lower their intention to engage in tax evasion. This finding can be explained through the Theory of Planned Behavior (TPB) developed by (Ajzen, 1991). From the perspective of attitude toward the behavior, high perceived AI capability can contribute to the formation of a more negative evaluation of tax evasion. Taxpayers who believe that AI can detect reporting irregularities, identifying suspicious transactions, and conducting automated data analysis may view tax evasion as an increasingly risky and less beneficial action (Widjaja et al., 2026). The perceived effectiveness of AI therefore changes the expected consequences of tax evasion. Rather than perceiving tax evasion as an action that can be performed without being detected, taxpayers may perceive it as an action with a greater possibility of being identified by the tax authority. This view may lead to a less positive attitude toward tax evasion and, as a result, a decrease in the intention to evade taxes.

From the perspective of subjective norms, the perceived capability of AI may also contribute indirectly to the development of a stronger compliance-oriented environment. When taxpayers perceive that the tax authority increasingly relies on sophisticated technology to monitor

compliance, they may perceive that tax compliance is becoming a more important social expectation. AI-based oversight may be an indication that tax administration is becoming more data-driven, methodical, and transparent. The results of this study, however, highlight the fact that taxpayers' perceptions of AI's capabilities—rather than just its existence—have the greatest behavioral implications.

The relationship can also be explained through perceived behavioral control. Taxpayers who perceive AI as highly capable may perceive that tax evasion is more difficult to execute successfully. Previously, taxpayers may have perceived opportunities to conceal information, manipulate transactions, or exploit information asymmetry between taxpayers and tax authorities. However, if AI is perceived as capable of integrating and analyzing extensive tax and financial information, these perceived opportunities may decrease. Consequently, taxpayers may perceive that they have less control over successfully carrying out tax evasion without detection. Thus, Perceived AI Capability can reduce the perceived feasibility of tax evasion, which ultimately contributes to lower tax evasion intention.

Crucially, the results should not be seen as proof that AI's actual technical capabilities automatically alter taxpayer behavior. Rather, the empirical result indicates that taxpayers' perceptions of AI capability are behaviorally relevant. Two taxpayers may be exposed to the same AI-based tax administration system but may respond differently depending on how capable they believe the system is. A taxpayer who perceives AI as highly sophisticated and capable of cross-checking information may be more reluctant to engage in tax evasion than a taxpayer who perceives AI as limited or ineffective. Therefore, the psychological perception of technological capability becomes an important element in understanding taxpayer behavior in a digitalized tax environment.

Davis's Technology Acceptance Model (TAM) provides more insight into the findings. According to the TAM, taxpayers' opinions of AI's potential are strongly correlated with how beneficial they think the technology is. When AI is perceived as capable of detecting violations, conducting risk analysis, identifying unusual transaction patterns, and monitoring taxpayer information, taxpayers are more likely to perceive that the technology has substantial usefulness for tax administration and supervision. This perceived usefulness does not necessarily mean that taxpayers use AI themselves; rather, it concerns their perception that AI provides the tax authority with a stronger capacity to perform supervision. Therefore, the perceived usefulness and effectiveness of AI can influence taxpayers' behavioral responses toward tax compliance.

The role of Perceived AI Capability becomes particularly important because AI changes the nature of tax supervision from a predominantly traditional and potentially periodic approach toward a more data-driven and continuous form of monitoring. Taxpayers may perceive that their tax information is no longer evaluated only through conventional manual procedures. Instead, large volumes of data can potentially be analyzed to identify patterns, inconsistencies, and anomalies. This perception may create a stronger sense that tax reporting is subject to systematic scrutiny. Accordingly, the deterrent effect does not necessarily originate from direct intervention by tax officers, but from taxpayers' belief that AI enables the tax authority to detect irregularities more efficiently.

According to TAM, people consider both the existence of technology and the potential effects it may have on their behavior. When AI is perceived to have high capability, its benefits for tax authorities in detecting potential violations are also perceived to be high. This perception can increase taxpayers' assessment of the likelihood that tax evasion will be detected. Consequently, the expected benefit of tax evasion may become less attractive relative to its perceived risk. This

condition encourages taxpayers to adjust their behavior toward greater compliance and reduces their intention to engage in tax evasion.

The findings also imply that perceived AI capability could serve as a crucial link between the advancement of technology and changes in taxpayer behavior. If taxpayers do not think AI is capable or successful, its use in tax administration could not be enough to cause behavioral changes (Rahayu, 2021). Conversely, when taxpayers believe that AI can effectively identify irregularities and detect non-compliance, the technology may exert a stronger deterrent effect. Therefore, from a behavioral standpoint, the efficiency of AI-based tax supervision depends not only on the technological system that the tax authority has put in place but also on how people understand and evaluate the system's capabilities.

This argument is consistent with previous studies Shah (2025) dan Nuryani et al. (2024) show that the use of AI in the tax system can enhance the capability of tax authorities to detect violations through data analysis and the identification of non-compliance patterns. These capabilities are particularly relevant because AI allows tax authorities to process and analyze information at a scale that may be difficult to achieve through conventional approaches. From the taxpayer's perspective, awareness of these capabilities can increase perceptions that irregularities are more likely to be detected. Thus, the technological capability of AI can have behavioral consequences when that capability is recognized and perceived by taxpayers.

Furthermore, (Widjaja et al., 2026) demonstrate the relevance of taxpayers' perceptions of AI capability, or perceived AI capability, in increasing risk perception and reducing tax evasion intention. This finding strengthens the argument that the behavioral impact of AI should not be examined solely from the technological or institutional perspective. Instead, attention should also be given to the taxpayer's cognitive assessment of AI capability. The present study extends this perspective by providing empirical evidence that higher perceived AI capability is associated with lower tax evasion intention among corporate taxpayers.

Overall, the findings indicate that Perceived AI Capability is an important behavioral factor in explaining tax evasion intention in the digital tax environment. The negative and significant coefficient (-0.243) indicates that an increase in taxpayers' perception of AI capability is associated with a decrease in their intention to engage in tax evasion. The mechanism can be summarized as follows: higher perceived AI capability creates stronger perception of AI's ability to detect irregularities; higher perceived probability of detection creates higher perceived risk of tax evasion and lower tax evasion intention. Therefore, the contribution of AI to tax compliance is not limited to its technical function as a data-processing technology but also extends to its perceived capability as a mechanism of tax supervision and detection. This finding reinforces the importance of considering taxpayers' perceptions when evaluating the behavioral implications of AI implementation in tax administration.

An interaction coefficient of -1.111, a T-statistic of 1.574 (< 1.960), and a p-value of 0.116 (> 0.05) show that tax morale does not enhance the influence of perceived ai competence on tax evasion intention. As a result, the second hypothesis (H2) is disproved. Tax Evasion Intention is considerably impacted negatively by Perceived AI Capability, but the intensity of this link is not significantly different among Tax Morale levels. This finding suggests that the deterrent effect associated with taxpayers' perceptions of AI capability operates relatively consistently, rather than becoming substantially stronger among taxpayers with higher tax morale. This result is noteworthy because Tax Morale was theoretically expected to reinforce the deterrent effect of Perceived AI Capability. Taxpayers with higher tax morale are generally expected to possess stronger internal motivations to fulfill their tax obligations. Accordingly, when strong internal moral motivation is combined with the perception that AI-based tax supervision is highly capable

of detecting non-compliance, a stronger reduction in tax evasion intention could reasonably be expected. Conversely, taxpayers with lower tax morale might be expected to be more dependent on external mechanisms, such as monitoring and detection, because their compliance is less strongly grounded in internal moral considerations. However, the insignificant interaction effect indicates that this expected complementary relationship is not empirically supported in the present study.

A key implication of this finding is that Tax Morale does not appear to determine the extent to which taxpayers respond to Perceived AI Capability. Taxpayers with relatively high and low levels of tax morale may both respond to the perception that AI can effectively detect irregularities, identify suspicious transactions, and monitor tax-related information. Thus, the behavioral effect of perceived technological capability appears to operate without requiring a particular level of internal moral motivation. This interpretation requires an important distinction between a direct effect and a moderating effect. The absence of moderation does not imply that Tax Morale is irrelevant to tax behavior. Rather, the finding indicates that Tax Morale does not significantly change the magnitude of the relationship between Perceived AI Capability and Tax Evasion Intention in the present model. In other words, Tax Morale may independently influence taxpayers' attitudes or compliance orientation, but the evidence does not support its role as a *boundary condition* that determines when or for whom perceived AI capability has a stronger effect.

This outcome may be explained by the various psychological processes that underlie perceived AI capability and tax morale. Perceived AI Capability captures taxpayers' assessment of the external capacity of the tax authority to identify and monitor non-compliance. Tax Morale, in contrast, represents an internal orientation toward taxation, reflecting moral values, ethical considerations, social expectations, and a feeling of duty to complete tax obligations. These constructs therefore represent two distinct sources of behavioral motivation. A taxpayer may comply because paying taxes is regarded as a moral responsibility, whereas another taxpayer may comply because the taxpayer perceives that tax evasion is increasingly likely to be detected. Although these two mechanisms can produce the same behavioral outcome—lower tax evasion intention—they do not necessarily interact in producing that outcome.

This distinction helps explain why tax morale does not emerge as a significant moderator. A taxpayer with high tax morale may already regard tax compliance as an obligation that should be fulfilled irrespective of the sophistication of the tax administration system. Consequently, the introduction or perceived strengthening of AI capability may add relatively little to an already established internal motivation. At the other end of the spectrum, a taxpayer with relatively low tax morale may nevertheless respond to AI-based supervision when the technology is perceived as capable of detecting inconsistencies or suspicious activities. In such circumstances, the perceived probability of detection may influence behavioral intention even in the absence of strong moral motivation.

Therefore, the insignificant interaction effect may indicate that technological deterrence and moral motivation operate more as parallel mechanisms than as mutually reinforcing mechanisms. This is particularly relevant to the interpretation of a moderation model. If Tax Morale were a significant moderator, It would be anticipated that the degree of tax morale will systematically affect the negative link between perceived AI capability and tax evasion intention.. However, this variation is not supported by the statistical evidence. Rather, throughout a range of tax morale levels, the negative correlation between perceived AI capability and tax evasion intention seems to be quite constant..

The finding can be further interpreted through the Theory of Planned Behavior (TPB) proposed by (Ajzen, 1991). Within TPB, Perceived AI Capability can be associated with perceived behavioral control, particularly because taxpayers' perceptions of highly capable AI-based supervision may reduce their perception that tax evasion can be successfully undertaken without detection. When taxpayers believe that AI can identify anomalies, analyze transactions, and cross-check relevant information, they may perceive fewer opportunities to engage in tax evasion without consequences. In this sense, perceived AI capability may constrain the perceived feasibility of tax evasion through an external control mechanism. Tax Morale represents a different dimension of TPB-related behavioral motivation. Rather than reflecting the perceived ability to perform or avoid a behavior, Tax Morale reflects an internal willingness to fulfill tax obligations based on values, ethical considerations, social norms, and perceived responsibility. A taxpayer with strong tax morale may therefore possess an internal reason to comply even when the probability of detection is relatively low. The insignificant interaction suggests that this internal motivation does not necessarily amplify taxpayers' sensitivity to the perceived capability of AI-based supervision. Thus, higher Tax Morale does not necessarily make the deterrent effect of perceived AI capability stronger.

This interpretation suggests that tax behavior may result from different underlying motivations even when the behavioral outcome is identical. One taxpayer may refrain from tax evasion because the behavior is considered morally unacceptable, whereas another may refrain because the taxpayer believes that the probability of detection is high. The fact that both taxpayers arrive at the same behavioral intention does not mean that their underlying decision-making processes are identical. In the context of this study, AI capability appears to provide an external basis for compliance that can operate independently of the taxpayer's level of moral motivation. The findings can also be viewed through the lens of the Technology Acceptance Model (TAM) developed by Davis. From this perspective, taxpayers' perceptions of AI capability may influence their evaluation of the usefulness and effectiveness of AI as a tax administration and supervision mechanism. When AI is perceived as capable of identifying tax violations and monitoring taxpayer information, taxpayers may infer that the probability of undetected non-compliance is lower. This cognitive assessment of technological capability can occur regardless of whether taxpayers possess relatively high or low levels of tax morale. Thus, TAM provides an additional explanation for the absence of a significant moderating effect. Taxpayers do not necessarily need strong moral motivation before recognizing the implications of a highly capable AI-based supervision system. Once taxpayers perceive that the technology can effectively identify irregularities, the perceived consequences of non-compliance may be sufficient to influence their behavioral intentions. In this respect, the perceived effectiveness of the technology may constitute a direct cognitive stimulus, rather than a stimulus whose effect depends on the taxpayer's moral orientation.

The distinction between intrinsic and extrinsic compliance mechanisms is therefore central to interpreting the finding. Tax Morale represents an intrinsic mechanism because it concerns taxpayers' internal willingness to comply with tax obligations. AI-based supervision represents an external mechanism because it changes taxpayers' perceptions of monitoring, detection, and the potential consequences of non-compliance. The insignificant interaction suggests that the effectiveness of the external technological mechanism is not significantly contingent upon the strength of the internal moral mechanism. Nevertheless, this finding should not be interpreted as evidence that technological deterrence is more important than tax morale. Such a conclusion would go beyond the evidence provided by the moderation test. The appropriate interpretation is that the two mechanisms may influence tax behavior independently. A taxpayer with high tax

morale may still respond to stronger perceived technological surveillance, while a taxpayer with relatively low tax morale may also reduce tax evasion intention when the perceived probability of detection increases. The present results therefore speak specifically to the absence of an interaction effect rather than to the relative importance of moral versus technological determinants of tax behavior.

A second possible explanation concerns the degree of variation in Tax Morale among respondents. Moderation effects require sufficient variability in the moderator to identify whether the relationship between the predictor and outcome differs across levels of the moderator. If respondents exhibit relatively similar levels of Tax Morale, the statistical capacity of the interaction term to distinguish between high- and low-morale taxpayers may be limited. Consequently, the insignificant interaction may partly reflect insufficient heterogeneity in Tax Morale rather than the complete absence of a relationship between morality and tax behavior. This possibility is particularly important when interpreting the present findings. The non-significant moderation result should therefore not be generalized into the broader claim that Tax Morale never moderates technology-related tax behavior. Rather, it indicates that such moderation was not supported within the characteristics of the sample and model examined in this study. Future research could examine populations with greater variation in moral orientation, tax experience, socioeconomic characteristics, or perceptions of the legitimacy of tax authorities to determine whether the moderating role of Tax Morale becomes more evident under different conditions.

The increasingly digital nature of tax administration may provide another contextual explanation. As taxpayers become more familiar with digital tax systems, the perceived capability of technological supervision may become a more immediate consideration when evaluating the feasibility and risk of tax evasion. If taxpayers believe that AI can process large volumes of information and identify unusual patterns, they may directly infer that opportunities for undetected tax evasion are becoming more limited. Under these circumstances, the immediate assessment of technological detectability may exert an influence that is relatively independent of taxpayers' moral orientation. However, this interpretation should be approached cautiously. The findings do not demonstrate that AI has replaced or diminished the importance of tax morale. Rather, they demonstrate that Tax Morale does not significantly alter the relationship between Perceived AI Capability and Tax Evasion Intention in the present study. Tax Morale may still have a direct relationship with tax behavior or may interact with other determinants that are not incorporated into the current research model.

From a broader perspective, the finding reflects a potential change in the relationship between taxpayers and tax authorities in a digitalized tax environment. Under more traditional forms of tax administration, voluntary compliance may rely substantially on taxpayers' willingness to comply and the tax authority's ability to conduct conventional monitoring. The increasing use of AI introduces another dimension: taxpayers may perceive that their transactions and tax information can be analyzed systematically and continuously. Consequently, the perceived capability of AI may shape behavioral intentions by changing taxpayers' assessment of the feasibility and risk of non-compliance, without necessarily requiring a corresponding change in their moral orientation. This interpretation also contributes to the theoretical integration of TPB and TAM in the study. TPB provides a framework for understanding behavioral intention through psychological mechanisms, including perceived behavioral control, while TAM explains how perceptions of technological capability and usefulness can shape responses to technology. The present findings suggest that Perceived AI Capability can be conceptualized as an external technological factor that influences taxpayers' perceptions of

control and risk, whereas Tax Morale represents an internal motivational orientation. The absence of a significant interaction demonstrates that theoretical integration does not necessarily require the constructs originating from different theoretical perspectives to interact statistically. Instead, the theories can provide complementary explanations for different mechanisms underlying the same behavioral outcome.

The results have applications in tax administration as well. The findings imply that the deterrent effect of AI deployment does not seem to depend on taxpayers having a specific level of tax morale if the goal is to lower tax evasion intention. This highlights the importance of developing AI-based tax supervision systems that taxpayers perceive as credible, capable, and effective in identifying potential non-compliance. At the same time, communication concerning the capabilities and functions of AI may be relevant because the behavioral mechanism identified in this study operates through taxpayers' perceptions of technological capability. At the same time, the findings should not be taken to imply that investment in Tax Morale is unnecessary. Tax Morale remains relevant to understanding voluntary compliance and taxpayers' internal reasons for fulfilling their obligations. Rather, the contribution of this study is more specific: Tax Morale does not significantly strengthen or weaken the effect of Perceived AI Capability on Tax Evasion Intention. Accordingly, technological supervision and efforts to strengthen tax morale may be viewed as complementary policy approaches that operate through different mechanisms rather than assuming that one necessarily amplifies the effect of the other.

All things considered, the negligible moderation effect offers a more complex explanation of the connection between morality and technology in taxpayer behavior. Tax Morale does not considerably change the strength of this association, but Perceived AI Capability is linked to lower Tax Evasion Intention through taxpayers' evaluation of the tax authority's capacity to identify non-compliance. Although the interaction coefficient is negative (-1.111), its statistical significance is insufficient to support the proposed moderation effect ($p = 0.116$). Therefore, the evidence does not support the conclusion that higher Tax Morale strengthens the negative relationship between Perceived AI Capability and Tax Evasion Intention. The theoretical contribution of this finding lies in demonstrating that moral motivation and technological deterrence should not automatically be assumed to be mutually reinforcing mechanisms. By integrating TPB and TAM, this study shows that taxpayers may respond to perceived AI capability through external control and technological risk assessment, while Tax Morale represents an internal motivational orientation. The non-significant interaction therefore provides a more differentiated understanding of taxpayer behavior in the digital era: the effectiveness of perceived technological supervision may operate relatively independently from taxpayers' moral orientation. Future research could build on this finding by examining variables that may more directly capture the conditions under which taxpayers respond to AI-based supervision. Potential moderators include trust in tax authorities, perceived tax fairness, perceived privacy risk, digital tax literacy, perceived surveillance, perceived severity of sanctions, and trust in AI. These variables may provide greater insight into whether taxpayers' responses to AI are driven primarily by perceptions of technological effectiveness, institutional trust, fairness, privacy concerns, or the perceived consequences of non-compliance. Such research would extend the current discussion from the question of whether perceived AI capability affects tax evasion intention toward the more theoretically important question of under what conditions and through which mechanisms taxpayers respond to AI-enabled tax supervision.

This study highlights the importance of integrating AI-enabled technology, tax morale, and behavioral factors into accounting and taxation practices. It emphasizes the need for accounting professionals to develop AI and digital tax competencies while maintaining ethical responsibility

and tax compliance. The study also expands behavioral accounting research by demonstrating that tax-related decisions should be understood not only from a technical perspective but also through taxpayers' moral and psychological characteristics.

4. CONCLUSION

Based on the research that has been conducted, there are 2 things that need to be concluded the following two conclusions must be drawn from the research that has been done: First, it has been demonstrated that Perceived AI Capability significantly and negatively affects Tax Evasion Intention. These findings demonstrate that a person's intention to evade taxes decreases as their view of Artificial Intelligence's (AI) capacity to identify, track, and evaluate tax activity increases. These results show that the advancement of AI technology in tax administration can raise the perception of risk detection of infractions in order to promote more tax-compliant conduct. Second, the association between Perceived AI Capability and Tax Evasion Intention has not been demonstrated to be moderated by Tax Morale. These results show that the level of tax morality possessed by individuals does not strengthen or weaken the influence of AI capabilities on tax evasion intentions. Thus, the influence of Perceived AI Capability on Tax Evasion Intention occurs directly without being influenced by the respondent's Tax Morale level. Overall, this study shows that technology factors, especially perceptions of AI capabilities, have a more dominant role in suppressing tax evasion intentions than moral factors as a moderation variable.

The implication of this study is that tax authorities should continue to strengthen AI-based tax administration and monitoring systems, particularly their ability to detect and analyze potential tax violations. Such technological capabilities may serve as an important mechanism for increasing taxpayers' perceived detection risk and encouraging tax compliance.

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