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The Role of External Auditors in Client Tax Compliance : A Case Study at Budiandru & Partners Public Accounting Firm

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ABSTRACT

Taxes constitute a primary source of state revenue and play a crucial role in national development and the improvement of public welfare. However, tax compliance in Indonesia remains relatively low, as reflected in the suboptimal tax ratio. One effort to enhance tax compliance is through the involvement of external auditors. This study aims to examine the role of external audits in improving client tax compliance. A qualitative descriptive method was employed, using purposive sampling to select five senior auditors who were interviewed through semi-structured interviews conducted in July 2025 at Budiandru & Partners Public Accounting Firm, located in Pekanbaru City. The findings indicate that external audits contribute to helping clients prepare credible financial statements, understand the tax system, and encourage honesty and transparency in tax reporting. Audits also enhance clients' tax knowledge, play an indirect role in the dissemination of tax regulations, foster awareness and responsibility toward tax obligations, increase alertness to potential sanctions, and promote transparency. In the context of tax modernization, auditors also assist clients in adapting to digital systems, although technical challenges are still encountered..

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INTRODUCTION

Taxes are one of the primary sources of state revenue. Every individual and business entity is required to pay taxes, as mandated by statutory regulations. Although the public may not receive direct benefits, taxes are utilized to the fullest extent to support the collective welfare (Waluyo, 2017). According to Law Number 28 of 2007 concerning General Provisions and Tax Procedures (KUP), Article 1 Paragraph 2, a Taxpayer is defined as an individual or entity that holds both rights and obligations in the field of taxation. This includes parties responsible for paying, withholding, or collecting taxes in accordance with applicable tax laws and regulations.

Tax compliance is defined as the willingness of taxpayers to fulfill their tax obligations in accordance with prevailing regulations without the need for enforcement actions (Wijaya et al., 2025). This includes the obligation to pay taxes in full and on time, to report accurately, and to voluntarily contribute to the provision of public services. Moreover, ethical awareness and the role of digitalization are emphasized as important drivers of compliance (Lukovszki et al., 2025). Tax compliance is a crucial element in ensuring the effectiveness of the tax system and maintaining the stability of state revenue. The level of taxpayer compliance is reflected in accurate income reporting, timely submission of tax returns (SPT), and payment of tax liabilities within the deadlines set by tax regulations in order to avoid penalties (Surugiu et al., 2025).

The level of tax compliance in Indonesia remains a serious concern, as reflected in the low contribution of tax revenue to the Gross Domestic Product (GDP), commonly referred to as the tax ratio. In 2023, Indonesia's tax ratio stood at only 10.31%, and it further declined to 10.07% in 2024. This figure lags significantly behind neighboring countries such as Vietnam (16.21%) and Thailand (17.18%), and is substantially lower than the OECD average of 33.5% (IKPI Jakarta, 2025). This condition indicates that tax revenues are far from optimal, with one of the main contributing factors being the low level of taxpayer compliance.

At the regional level, the trend in tax revenue has also shown positive development. This is reflected in the data on Regional Original Revenue (Pendapatan Asli Daerah/PAD) from the tax sector in Pekanbaru City over the past five years, which indicates an upward trend in actual tax collections, although these achievements have not yet fully met the targets set by the local government (Pekanbaru.go.id, 2025). This situation suggests the presence of driving factors contributing to improved tax compliance. One such factor is the role of external auditors, who assess the fairness of financial statements and the tax-related aspects of their clients (Sumaryanto & Witanto, 2024).

Table 1: tax income in pekanbaru 2020 - 2024

Year	Revenue Target	Actual Revenue	Percentage
2020	830 Miliar	537 Miliar	65%
2021	832 Miliar	587 Miliar	70%
2022	742 Miliar	719 Miliar	97%
2023	838 Miliar	785 Miliar	94%
2024	850 Miliar	822 Miliar	97%

Source : Pekanbaru.go.id (2025)

External auditors play a significant role in reducing tax avoidance practices through rigorous and responsible examinations. Such actions encourage companies to comply more fully with prevailing tax regulations (Khoirunnisa' & Suwardi, 2024). One public accounting firm that fulfills this role is Budiandru & Partners Public Accounting Firm. Headquartered in Jakarta, the firm has operated a branch office in Pekanbaru City since 2023. At this branch, they offer a range of professional services, including auditing, financial consulting, and tax services.

According to Saputra (2017), the involvement of external auditors in regional tax audits has a positive impact, as it encourages taxpayers to report their turnover more honestly and accurately. This demonstrates that the role of external auditors can help strengthen the self-assessment system, as their presence provides both moral and professional motivation for taxpayers to comply with their tax obligations. However, this finding contrasts with the results of a study by Chyz et al. (2021) which shows that the involvement of external auditors in tax planning tends to focus more on improving tax avoidance efficiency and reducing tax risks, without having a significant impact on the level of tax compliance.

According to Alkautsar et al. (2023), the findings indicate that the three core components of the Theory of Planned Behavior (TPB) attitude toward tax compliance, subjective norms from the social environment, and perceived behavioral control over the ability to comply significantly influence taxpayers' intentions to comply. Similarly, Kesuma et al. (2023) found that these three TPB components attitude toward tax compliance, subjective norms, and perceived behavioral control have a significant impact on taxpayers' compliance intentions, which in turn directly affect actual tax compliance. Therefore, this study offers a novel contribution by integrating TPB into the context of external auditing and examining how auditors influence clients' attitudes, subjective norms, and perceived control regarding tax compliance.

Based on the background described above, this study focuses on the role of auditors in enhancing client tax compliance. The research aims to understand how the implementation of external audits can influence clients' tax compliance behavior and to identify the factors that contribute to achieving such compliance. Accordingly, the objective of this study is to identify and analyze the role of external auditors in client tax compliance based on indicators previously identified in the literature, namely: quality of service, the tax system, taxpayer honesty, tax knowledge, tax dissemination, taxpayer awareness, tax sanctions, transparency, and tax system modernization.

LITERATURE REVIEW

Behavior Theory

According to Ajzen (1991) in the Theory of Planned Behavior (TPB), intention is the primary factor that determines whether an individual will engage in a particular behavior. A person's behavior is influenced by three main components: attitude toward the behavior, subjective norms, and perceived behavioral control. Attitude toward the behavior serves as the foundation for decision-making, based on the individual's evaluation of whether the behavior is beneficial or not. Subjective norms refer to social pressure and expectations from the surrounding environment that influence one's decision to act. Meanwhile, perceived behavioral control relates to the extent to which an individual feels capable of performing a behavior, including perceived ease or obstacles in carrying out the action.

Research conducted by indicates that stricter sanctions and tighter monitoring systems can encourage taxpayer compliance by instilling fear of potential violations. Meanwhile, Mebratu (2024) emphasizes that the modernization of tax administration systems—such as digitalization and the simplification of procedures—can enhance voluntary tax compliance by providing greater ease and clarity in fulfilling tax obligations. Both findings align with the framework of the Theory of Planned Behavior, which emphasizes that compliance behavior is influenced by the degree to which individuals feel motivated, hold positive attitudes, and perceive ease or obstacles in performing a given action.

However, the Theory of Planned Behavior (TPB) has also been criticized for placing too much emphasis on individual and psychological factors, while often overlooking structural variables such as the stability of reporting systems or the quality of tax services (Khristy et al., 2022). In the context of this study, external auditors can serve as key actors in shaping all TPB components: they influence clients' attitudes through education, establish norms through professional pressure, and strengthen perceived behavioral control through technical guidance. Thus, while TPB remains relevant, it should be complemented by organizational and systemic factors.

In this study, the role of auditors is not limited to reviewing tax reports, but also extends to influencing clients' behavioral change. Through an objective and educational audit process, auditors help shape positive attitudes toward compliance, instill norms through professional and ethical pressure, and enhance clients' sense of control by providing technical guidance and a clearer understanding of the tax system. In this way, auditors contribute to shaping clients' behavior to become more compliant with their tax obligations.

Tax Compliance

Tax compliance is a complex phenomenon that has been extensively studied in both economic and behavioral contexts (Zulaikhah, 2025). One of the foundational theories underpinning this study is the tax compliance theory developed by Allingham & Sandmo (1972). This theory views tax compliance as the result of a rational decision by taxpayers regarding whether to accurately report their income to tax authorities under conditions of uncertainty. In this context, taxpayers consider the likelihood of detection and the severity of penalties before deciding whether to comply with their tax obligations.

Tax knowledge influences compliance, as taxpayers who understand tax rules and obligations tend to be more compliant. These findings are consistent with compliance theory, which posits that knowledge increases taxpayers' awareness of the risks of non-compliance, thereby encouraging accurate tax reporting (Wahyuni et al., 2025). Within the scope of this study, external audits reinforce compliance not only through the potential for detection—as aligned with Allingham and Sandmo's theory—but also through the transfer of knowledge and values, reflecting a more modern behavioral approach. This means that the role of auditors encompasses two dimensions: control (detection) and education (prevention).

Tax compliance is generally classified into two categories: formal compliance and material compliance. Formal compliance refers to the fulfillment of tax obligations in accordance with the administrative procedures outlined in tax legislation. Meanwhile, material compliance reflects the actual fulfillment of all substantive tax requirements in line with the spirit and intent of the prevailing laws (Timothy & Abbas, 2021).

External Auditor

An external auditor is a professional independent of a company's management who is responsible for ensuring the accuracy of financial statements, detecting errors or fraud, and serving as an information intermediary between company management and external parties such as stakeholders or the public (Fathelbab & Abu Quba', 2024). The responsibilities of an external auditor include the analysis and audit of financial statements, which often also involve tax examinations (Viriany & Wirianata, 2022). According to Rashid & Fatah (2022), the overall responsibility of the external auditor is to provide reasonable assurance to shareholders and, more broadly, to the public, that the financial statements are free from material misstatements.

Public accounting services are generally divided into two main categories: attestation services and non-attestation services. Attestation services include financial statement audits, examinations of pro forma and prospective financial information, reviews of financial statements, and other audit services that require a formal statement or opinion from the auditor. On the other hand, non-attestation services cover areas such as accounting, finance, management, report preparation, taxation, and consulting. Typically, the career path in public accounting begins with the position of junior auditor, progressing to senior auditor, then manager, and ultimately culminating in the role of partner within the public accounting firm (Viriany & Wirianata, 2022).

RESEARCH METHODS

This study employs a qualitative descriptive method aimed at gaining an in-depth understanding of a phenomenon or social condition by describing it as it naturally occurs. The data collected consists of words, respondents' statements, and observational findings. This approach emphasizes a comprehensive understanding of meaning, context, and individual experiences (Surya et al., 2021). The primary data source in this research consists of firsthand information obtained directly by the researcher through on-site interactions, rather than from secondary sources. Data collection was conducted in July 2025 at the Public Accounting Firm (KAP) Budiandru & Partners, located in Pekanbaru City, using semi-structured interview techniques. Semi-structured interviews allow the researcher to use a pre-established question framework while maintaining flexibility to ask follow-up questions when needed in order to obtain more in-depth and relevant information (Kaharuddin, 2021).

The selection of research subjects was carried out using purposive sampling, a technique based on specific criteria and research objectives set by the researcher. According to S. Arikunto (2013), purposive sampling is a non-random sampling technique in which subjects are chosen based on particular considerations or purposes, rather than stratification, randomization, or location. The informants in this study are senior auditors working at the Public Accounting Firm (KAP) Budiandru & Partners. To ensure data validity, this study employed source triangulation, which involves testing the credibility of data by comparing information obtained from multiple informants. This approach enhances the trustworthiness of the data, as the researcher conducts cross-checks and analyses from various sources to draw more objective and accurate conclusions. Through this method, the researcher is able to trace and compare interview results to identify consistency and validate the information obtained (Nurfajriani et al., 2024). A total of five informants participated in this study, all of whom are senior auditors at KAP Budiandru & Partners.

The data analysis technique used in this study is the interactive model developed by Miles and Huberman. According to Qomaruddin & Sa'diyah (2024), this model consists of three main stages: (a) Data reduction, which involves selecting, simplifying, and organizing raw data into structured and meaningful information; (b) Data display, which refers to organizing information in a systematic format that is easy to understand—typically presented in descriptive narratives, tables, charts, or diagrams; and (c) Conclusion drawing and verification, which is the final stage of qualitative data analysis, although the process of interpreting and forming conclusions actually begins as early as the data collection phase. Therefore, while the formal conclusion is drawn at the end, the researcher continuously builds interpretation throughout the observation and interview process.

Table 2. Overview of primary data

Data source	Position	ID	Minutes
Interview	Partner & Manager	A1	30
		A2	30
	Staff (Senior)	A3	30
		A4	30
		A5	30
Follow-up interview		A4	40
Walkthrough session		A1, A3	20+25
Kick-off meeting		A1, A2	25
Close-out meeting		A3, A4, A5	60

Notes : To maintain participant anonymity, we use two categories: 1) Partner and Manager, 2) Senior Staff.
Source: Table courtesy of (Kastrup et al., 2025)

Based on Table 2, data were collected through primary interviews with five informants (A1–A5), consisting of a Partner, a Manager, and Senior Staff, each lasting approximately 30 minutes. In addition, follow-up interviews, walkthrough sessions, a kick-off meeting, and a close-out meeting were conducted as part of further data exploration and clarification. This series of activities reflects both process and source triangulation, which enhances the depth and validity of the data. The interview data were coded and categorized based on themes derived from the indicators of the Theory of Planned Behavior. The validity of the findings was maintained through cross-informant comparisons and iterative stages of interaction, thereby ensuring the accuracy and accountability of the analysis.

RESULTS AND DISCUSSION

RESULT

Based on interviews conducted at the Public Accounting Firm (KAP) Budiandru & Partners involving five auditors as informants, this study presents an overview of the role of external auditors in ensuring client tax compliance. External auditors provide independent evaluations of clients' tax practices and offer constructive recommendations when potential noncompliance is identified. KAP Budiandru & Partners consistently delivers financial audit services to various types of entities, including private companies, regionally owned enterprises (BUMD), cooperatives, and foundations. The primary objective of these audits is to provide an independent opinion on the fairness of financial statement presentations, prepared in accordance with the applicable accounting standards in Indonesia.

To understand client tax compliance, this study adopts a behavioral theoretical approach proposed by Ajzen (1991), namely the Theory of Planned Behavior (TPB). Several previous studies have identified key indicators that influence tax compliance behavior based on this behavioral framework. Putri & Wibowo (2021) identified six main factors influencing tax compliance: tax service quality, the tax system, taxpayer honesty, tax knowledge, tax socialization, and taxpayer awareness. Meanwhile, research by Liviawati & Syofyan (2023) expanded these indicators by including tax sanctions, tax transparency, and the modernization of the tax system.

Tax Service Quality

Tax service quality refers to the extent to which clients receive adequate explanations and assistance regarding their tax obligations, thereby enhancing their understanding and compliance. External auditors from the Public Accounting Firm (KAP) Budiandru & Partners demonstrate high service quality through the implementation of professional, systematic audits conducted in accordance with applicable standards. The audit procedures are carried out based on the Public Accountant Professional Standards (SPAP) and the regulations set by the Indonesian Institute of Certified Public Accountants (IAPI), ensuring that each stage of the audit is performed carefully and comprehensively.

> A4 stated, *"By conducting audits in accordance with applicable standards, our clients benefit from financial statements that are more credible, relevant, and consistent, with presentation errors remaining within acceptable limits."*
>
> A3 stated, *"External audits provide significant benefits to clients, particularly in enhancing the credibility, relevance, and consistency of financial statements. In addition, audits ensure that any potential misstatements in the reports remain within professionally acceptable limits."*

Based on the above statements, high-quality audit services assist clients in preparing credible and accurate financial statements, thereby enabling them to better understand and fulfill their tax obligations appropriately.

In terms of taxation, auditors examine tax documents, conduct fiscal reconciliations, and verify tax withholding and payment evidence. These services reflect the auditor's commitment to helping clients meet their tax obligations accurately. Clients feel supported by the quality of service provided, as they receive objective evaluations and professional input regarding tax risks that they may not have previously identified. This condition encourages improved compliance in both tax reporting and payment.

The Tax System

The tax system encompasses the entire mechanism that regulates the implementation of tax obligations, including the processes of reporting and payment. External auditors play a vital role in helping clients understand how this system operates, particularly in relation to financial reporting and tax compliance, thereby fostering more optimal adherence to tax regulations.

> A5 explained, *"Ongoing changes in tax regulations, coupled with technical issues such as difficulties in accessing tax reporting applications, often lead to delays in reporting. To address this, auditors advise clients to submit their tax reports earlier as a precautionary measure against potential obstacles. Additionally, auditors assist clients in understanding the latest tax regulations."*
>
> *A4 stated, "The main challenge is usually the frequent changes in tax regulations. To address this, we continuously study and stay updated with the evolving tax rules."*

Based on the above statements, frequent changes in tax regulations and technical challenges must be carefully anticipated. In this regard, auditors assist clients by advising them to file their tax reports early to ensure compliance with tax obligations.

During the audit process, auditors assess whether clients have properly fulfilled their tax obligations, including the submission of periodic and annual tax returns (SPT Masa and SPT Tahunan). They also review whether tax-related transactions—such as those involving Income Tax Article 21, Article 23, and Value Added Tax (VAT)—have been recorded in accordance with prevailing regulations. Thus, external audits play a role in helping clients adapt to the complexities of the tax system in order to maintain compliance.

Taxpayer Honesty

Taxpayer honesty reflects a client's openness and integrity in reporting all tax obligations by providing accurate information without concealment or manipulation. External audits play a crucial role in fostering integrity and encouraging honest tax reporting by conducting objective examinations and offering recommendations based on findings related to compliance.

> A2 stated, *"Although clients do not always fully understand tax regulations, they generally show a willingness to be honest and provide open explanations to us regarding tax-related matters."*
>
> A1 stated, *"In audit practice, there are clients who have not yet fully grasped the entirety of tax regulations. Nevertheless, they remain open to feedback and recommendations provided by the auditors."*

Based on the above statements, external audits encourage clients to be more open and honest in disclosing tax-related information. Clients are no longer inclined to withhold documents related to their tax obligations. This indicates that the audit process contributes to shaping clients' honesty in tax reporting. This honesty is reflected in the clients' willingness to submit all necessary data and explain, in detail, the tax procedures they follow.

To assess the level of honesty, auditors examine all documents and transactions to ensure their accuracy and fairness. This procedure aims to minimize the possibility of concealed tax liabilities or financial statements prepared inconsistently with tax regulations. For instance, auditors will trace whether there are any unreasonable reductions in profit intended to lower corporate income tax (PPh Badan) or delays in issuing Value Added Tax (VAT) invoices that could affect the recognition of input taxes. Through comprehensive examinations, clients are more likely to be motivated to disclose data honestly and transparently. Even when indications of non-compliance are identified, auditors respond professionally—by clarifying findings with management, conducting further examinations, and providing corrective recommendations. This process also educates clients to take greater responsibility in preparing tax reports ethically and in accordance with applicable regulations.

Tax Knowledge

Tax knowledge reflects the extent to which clients understand applicable tax regulations, including types of taxes, reporting procedures, payment deadlines, and their implications for financial statement preparation. Based on field findings, clients' levels of understanding regarding taxation vary. Some clients demonstrate a reasonably good grasp of tax matters, while others have yet to fully comprehend the tax regulations in their entirety.

> A5 stated, *"The implementation of external audits provides benefits to clients, as it helps them better understand tax regulations and minimizes the risk of underpayments or overpayments.*
>
> A2 stated, *"Clients gain a better understanding of tax regulations and are able to reduce the likelihood of underpayment and overpayment."*

Based on the above statements, following the audit process, clients demonstrate an improved understanding of tax regulations and are better able to minimize the risk of underpayment (KB) or overpayment (LB). This reflects an increase in clients' knowledge of key aspects related to fulfilling tax obligations. Accordingly, external audits contribute to enhancing clients' understanding of correct tax reporting procedures and appropriate payment timelines.

In addition, external auditors play a significant role in increasing clients' tax knowledge, particularly through discussions of audit findings. Although auditors do not serve as formal tax consultants, they nonetheless provide technical explanations regarding tax provisions that have been violated or are at risk of being violated by the client. For instance, auditors may clarify the tax treatment of employee benefits under Article 21 Income Tax (PPh Pasal 21) or the applicable rates under Article 23 Income Tax (PPh Pasal 23). Auditors also frequently encourage clients to participate in tax training programs to improve their understanding of tax obligations. As a result, clients become more aware of prevailing regulations and are better equipped to avoid similar mistakes in the future. In other words, external audits function as a learning mechanism that indirectly enhances clients' tax competence.

Tax socialization

Tax socialization refers to the dissemination of information or education to taxpayers regarding tax regulations, obligations, and changes within the tax system. In general, the primary responsibility for conducting tax socialization lies with the Directorate General of Taxes (DJP) or licensed tax consultants who hold formal authority in this domain. Although it is not the main responsibility of external auditors to conduct tax outreach in the same manner as tax authorities, in practice, auditors still play a role in delivering tax-related information to clients through communication during the audit process.

This typically occurs when auditors explain the tax implications of certain transactions or inform clients about newly enacted regulations related to audit findings. Auditors also emphasize the importance of clients staying updated with ever-evolving tax rules. Through these interactions, auditors contribute to enhancing clients' understanding of tax matters and, albeit indirectly, perform a form of tax socialization—limited in scale but with tangible impact.

> A1 stated, *"I can only provide clients with a basic understanding that taxation is not merely a formality, but a legal obligation that must be reported and paid in accordance with applicable regulations."*
>
> A3 explained, *"We provide limited input and education through the communication of audit findings. However, it is important to note that we maintain our independence by refraining from offering direct tax consulting services."*

Based on the statements above, although external auditors are not directly responsible for conducting tax socialization, they still provide explanations to clients during the audit process, particularly when errors are found in tax-related accounts. This indicates that the auditor's role in tax socialization is indirect, yet it still contributes meaningfully to helping clients better understand their tax obligations.

Tax awareness

Tax awareness refers to the client's attitude and understanding that paying taxes is a civic duty that must be fulfilled as part of their responsibility as citizens. The role of external auditors is reflected in their efforts to enhance clients' awareness as taxpayers, even though all auditors interviewed stated that they had never encountered significant tax violations during the audit process. This is evident in how auditors ensure that clients fulfill their tax obligations in a timely, accurate, and compliant manner.

> A3 stated, *"Based on my experience, we have never encountered any significant tax violations committed by clients. In general, our clients have well-established tax compliance systems and submit their tax reports in accordance with applicable regulations."*

> A2 noted, *"In my experience, I have never come across a client who is non-compliant with tax obligations. However, audits are still conducted using procedures that ensure adherence to tax regulations."*

Based on the statements above, clients are considered to have a high level of awareness regarding their tax obligations, as reflected in their orderly compliance and accurate reporting in accordance with prevailing regulations. This suggests that external audits play a role in encouraging clients to act more cautiously and responsibly in reporting, withholding, and paying taxes in a timely manner.

Moreover, interviews with several auditors indicate that clients generally respond positively to audit findings, particularly those related to tax obligations. Clients are quick to undertake administrative corrections, such as adjusting their tax reports in the event of overpayment or underpayment, and revising inaccurate tax documents. These findings indicate that the audit process functions not only as a control mechanism but also as a means to foster clients' internal awareness of the long-term importance of fiscal compliance.

Tax Sanctions

Tax sanctions serve as a critical instrument in promoting taxpayer compliance. In this context, the role of external auditors is to encourage clients to be more vigilant regarding the potential imposition of sanctions in cases of non-compliance in tax reporting. This is because auditors conduct a thorough examination of the tax-related aspects of a client's financial statements and are obligated to report any violations or discrepancies found in relation to prevailing regulations. As a result of this oversight, clients tend to exercise greater caution and are more likely to fulfill their tax obligations accurately and in a timely manner.

> A3 stated, *"Although we have not encountered any cases of non-compliance thus far, we still conduct audit procedures aimed at detecting potential discrepancies, such as verifying tax payment receipts, checking the validity of tax invoices, and reviewing the recorded tax amounts. Our clients have been quite responsive; even minor administrative findings are promptly corrected and adjusted in accordance with applicable regulations due to their concern about being audited by tax authorities."*

> A4 stated, *"So far, no tax violations have been found among clients, but auditors continue to perform audit procedures that include checking tax payment receipts, invoice validity, and tax balances. Clients also demonstrate a cooperative attitude, promptly adjusting even minor findings to comply with tax regulations."*

Based on the statements above, although no significant tax violations have been found, audit procedures are still carried out thoroughly to detect potential discrepancies, such as delayed reporting or errors in tax withholding that may result in sanctions. Clients also demonstrate a positive response to audit findings, including undertaking administrative corrections. This reflects clients' awareness of the risks of sanctions that may be imposed by tax authorities in cases of discrepancies in tax administration. Therefore, the presence of external auditors contributes to encouraging clients to be more cautious and compliant with applicable tax regulations.

Tax Transparency

Tax transparency involves the openness of information in tax reporting and the clarity of documentation related to tax-related transactions. External audits can promote transparency in clients' tax reporting. By ensuring that all relevant information is accurately disclosed and properly documented, audits help build trust between clients and tax authorities.

> 157 A1 stated, *"Clients always provide full access to financial statements, invoices, and tax documents. This demonstrates that clients are transparent with their documents and cooperate well."*

> A4 stated, *"We reconcile the client's general ledger with paid tax invoices and annual tax returns, and we also perform manual calculations to obtain sufficiently valid evidence."*

Based on the statements above, where clients consistently provide full access to financial statements, invoices, and tax documents, and auditors obtain direct access to important documents such as the general ledger, invoices, and annual tax returns, it can be concluded that external audits play a role in promoting clients' tax transparency through information openness and adequate data access.

Audit procedures include reconciliation between financial statements, the general ledger, and tax documents such as tax invoices and payment receipts to ensure the accuracy and integrity of reporting. The independent nature of audit reports serves as evidence that clients' tax information has been objectively examined by an external party, thereby enhancing public and tax authority trust and reaffirming clients' commitment to tax transparency.

Tax System Modernization

Tax modernization refers to the utilization of information technology and digital systems, such as e-Invoice, e-Withholding Tax, e-Filing, and the Online Tax Service (DJP Online), to enhance efficiency in tax reporting, payment, and monitoring processes.

> A5 mentioned, *"One of the challenges in client compliance is difficulty accessing or using the tax application (Coretax), which frequently experiences disruptions, causing delays in tax reporting."*
>
> A2 stated, *"The main challenge we face in assessing client tax compliance is the clients' limited understanding of the digital tax system, including the use of reporting applications such as Coretax."*

Based on the explanations above, it can be concluded that although the modernization of the tax system through Coretax aims to improve efficiency and compliance, technical obstacles still hinder the tax reporting process in practice, even though clients generally have the intention to comply. Access disruptions and system errors pose significant challenges for taxpayers, which ultimately may affect their level of compliance. This indicates that the success of modernization is not solely determined by the availability of technology but also by system stability and users' ability to operate it effectively.

In the context of tax system modernization, the role of auditors in client tax compliance is as supervisors and independent evaluators who ensure that tax reporting and payments through digital systems (such as Coretax) comply with applicable regulations. Furthermore, auditors provide clients with recommendations regarding the importance of understanding digital tax systems and administrative readiness, thereby encouraging better compliance despite existing technological challenges.

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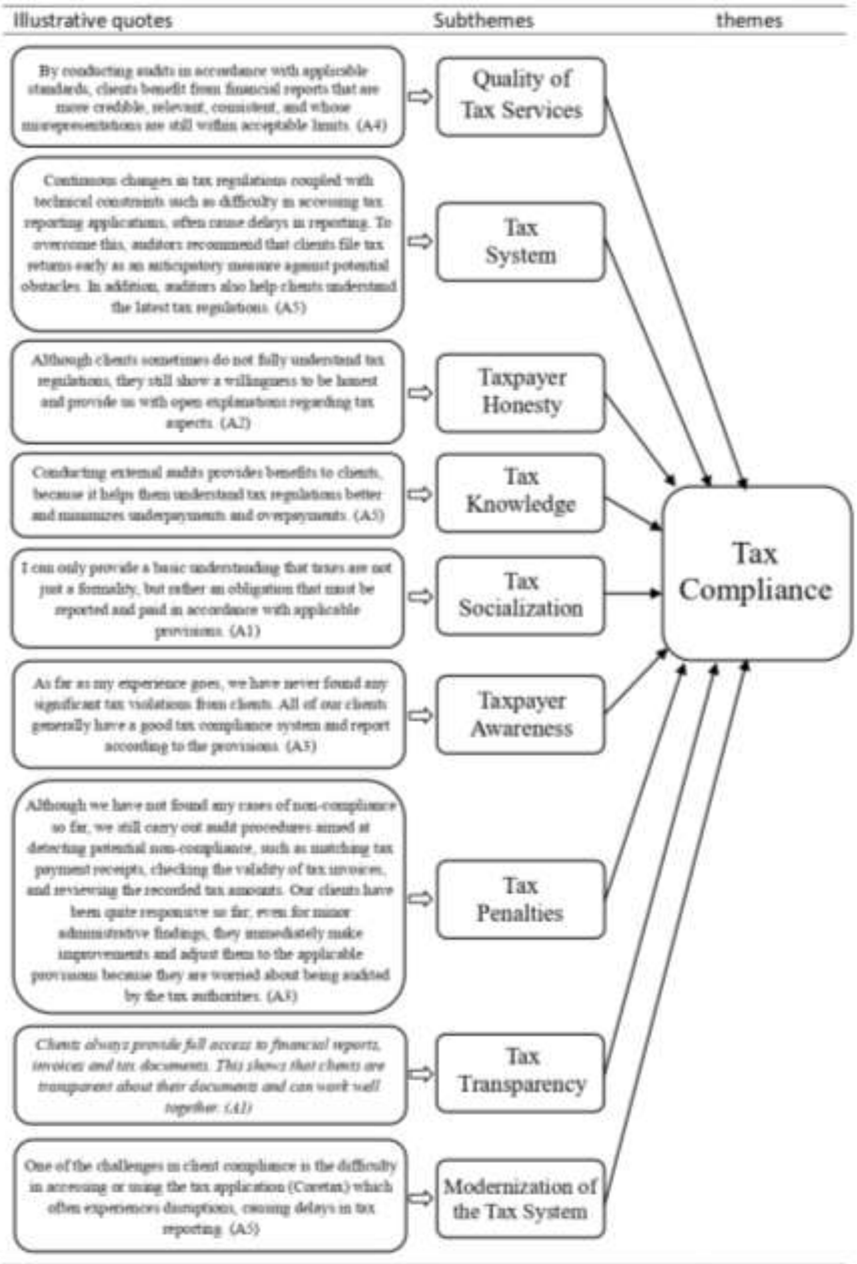
Figure 1. Tax Compliance Indicators



Source : Figure created by the author

DISCUSSION

Based on interviews with auditors at KAP Budiandru & Rekan, it was found that the quality of tax services provided by external auditors reflects professionalism and adherence to the Public Accountant Professional Standards (SPAP), which positively impacts the preparation of credible and relevant financial statements for fulfilling tax obligations (Wibowo, 2024). These findings reinforce the view that high-quality audit services can encourage client compliance by delivering accurate and objective information.

Furthermore, the complexity of the tax system and frequent regulatory changes pose distinct challenges for taxpayers. In this context, external auditors act as intermediaries between policy changes and clients' understanding, particularly in addressing technical issues related to the tax system (Pahala et al., 2024). Clients' tax knowledge has also been shown to improve through auditors' technical explanations of reporting errors, which help prevent similar mistakes in the future (Dewi et al., 2024). Although auditors do not formally conduct socialization, audit interactions indirectly convey tax information to clients, thereby enhancing their understanding and awareness of fiscal obligations (Ziliwu et al., 2021).

Taxpayer honesty is also fostered through a transparent and accountable audit process. Clients demonstrate openness of information during examinations, indicating that external audits are capable of creating an environment of trust and fiscal responsibility (Dewi et al., 2024). This aligns with the increasing client awareness of the importance of accurate reporting, reflected in their prompt responses to audit findings, whether administrative or substantive. Furthermore, the existence of potential tax sanctions in cases of violations further strengthens client compliance, with auditors acting as reminders of fiscal risks (Payamta et al., 2024).

Tax transparency is also promoted through auditors' comprehensive access to client documents, which demonstrates clients' openness and commitment to providing honest and verifiable tax information (Xu et al., 2022). In the context of tax system modernization, auditors play an important role in educating clients about the use of digital tax systems and identifying technical obstacles that may hinder compliance (Wibowo, 2024). Although tax technologies such as Coretax are designed to facilitate reporting, system weaknesses and low digital literacy remain significant barriers.

CONCLUSION AND SUGGESTIONS

Conclusion

This study demonstrates that external auditors play a strategic role in promoting client tax compliance through various aspects reflected in the indicators of the Theory of Planned Behavior (TPB) and empirical findings from interviews with auditors at KAP Budiandru & Rekan. External audits not only function as a verification tool for financial statements but also serve as an educational and preventive medium that helps clients understand tax regulations, improve reporting quality, and encourage compliant behavior. This role is realized through enhancing service quality, delivering tax information, objectively assessing client honesty, and providing recommendations for correcting potential discrepancies.

Furthermore, audits also strengthen clients' awareness of tax obligations, particularly in responding to sanction risks, as well as promoting transparency and the utilization of tax technology. Thus, external auditors are not merely independent examiners but also agents of behavioral change in client tax compliance within the context of an evolving tax system.

Based on the interview results, it can be concluded that external audits have an important role in improving client tax compliance. Audits contribute to assisting clients in preparing credible financial statements, understanding the tax system, and promoting honesty and openness in tax reporting. Additionally, the audit process strengthens clients' tax knowledge and indirectly plays a role in socializing tax regulations. Audits also foster clients' awareness and responsibility toward tax obligations, increase vigilance against sanctions, and create transparency through information openness. In facing tax system modernization, auditors also help clients adapt to the use of digital systems, despite ongoing technical challenges

Suggestions

Based on the research findings, it is recommended that external auditors continue to enhance their understanding of tax regulations and digital systems to support their educational role in the audit process. Clients are also expected to be more open and proactive in responding to audit findings to strengthen their compliance. In addition, tax authorities are encouraged to collaborate with external auditors as partners in supporting tax education and outreach efforts. Future research is recommended to explore this relationship quantitatively to obtain broader and more generalizable findings.

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