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DIGITAL TAXES AND THE CHALLENGES OF TAX ENFORCEMENT IN INDONESIA'S DIGITAL ECONOMY

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Abstract
The development of the digital economy has significantly transformed transaction patterns and business models in Indonesia. These changes present new challenges for the national tax system, particularly regarding the imposition, collection and enforcement of tax laws on digital activities that are cross-border, intangible and highly dynamic. This study aims to analyse the legal framework for digital taxation in Indonesia and to identify the challenges of tax law enforcement in the digital economy era. The method employed is a literature review using a descriptive qualitative approach, involving the examination of various relevant literature, legislation, academic journals, and official sources. The findings indicate that Indonesia has established a legal foundation for digital taxation through various regulations, particularly those relating to the collection of tax on electronic transactions, digital services, and platform-based economic activities. However, its implementation still faces obstacles in the form of difficulties in identifying taxpayers, limited access to data, weak cross-jurisdictional oversight, and the potential for tax avoidance by digital businesses. Therefore, regulatory strengthening, modernisation of tax administration, and international cooperation are required so that digital tax enforcement can be effective, fair, and adaptable to developments in the digital economy.
Keywords: digital taxation, digital economy, tax enforcement, Indonesian taxation, literature review.

Introduction

The development of the digital economy has significantly transformed the structure of economic activity in Indonesia. These changes are evident in the rise of transactions via marketplaces, app-based services, digital advertising, and various cross-border platforms that no longer rely on the physical presence of businesses. These conditions present significant opportunities for national economic growth, but at the same time pose new challenges for the tax system. Tax systems built on the foundations of a conventional economy are often not sufficiently adaptable to capture the nature of digital transactions, which are fast-paced, intangible, and involve different jurisdictions. Consequently, the issue of digital taxation is of critical importance for both academic and practical consideration. (Korolyuk et al., 2025)

In the Indonesian context, digital transformation is driving the government to adapt its tax policies to ensure it can continue to safeguard state revenue. The growth of e-commerce, the consumption of digital services, and the expansion of technology companies demand more responsive legal instruments. Taxation is understood not only as a source of state revenue but also as a regulatory tool that must be able to keep