

E-FILING IN TAX: IMPROVING COMPLIANCE THROUGH DIGITAL INNOVATION

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Abstract

An online tax reporting method that allows taxpayers to submit their tax reports more quickly, safely, and accurately through the internet is called e-filing. The implementation of e-filing aims to improve tax compliance by simplifying the reporting process, improving data protection, and providing support and education for taxpayers. The study conducted based on this literature research uses the literature research method. The findings of this study show that the implementation of e-filing is a powerful strategy in improving tax compliance. By utilising technology to simplify the reporting process, improve data protection, and provide adequate education and support, e-filing not only improves administrative efficiency but also builds taxpayer trust and compliance. Therefore, e-filing can be viewed as an important tool in sustainable and comprehensive tax reform.

Keywords: E-Filing, Tax, Digital Innovation.

Introduction

Compliance with tax obligations is one of the crucial indicators in assessing the success of a tax system. Taxes are the main source of funding for the state which is used to fund development and public welfare (Sell, 2024).

A consistent increase in tax revenue supports the government in managing the economy better and providing welfare to the community. In addition, tax compliance also plays an important role in creating social justice, where the tax burden is distributed fairly among all levels of society. Thus, every citizen contributes to the development and progress of the country (Hermawan, 2022).

On the other hand, low levels of tax compliance can have various negative impacts on the country's economy and stability. Tax non-compliance often leads to a decrease in state revenue, which can disrupt the implementation of government programmes and reduce the quality of public services (Kim, 2023). Furthermore, tax non-compliance can encourage unfair practices, where individuals or other entities that comply with their tax obligations feel disadvantaged and demotivated. This can create a climate of distrust towards the tax system and the government (Lee, 2020). Therefore, efforts to improve tax compliance through various means, including digital innovations such as electronic tax reporting, are necessary to ensure the sustainability and effectiveness of the tax system and create justice and prosperity for all people.