



The Effect of Tax Digitalization on Individual Taxpayer Compliance

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Abstract

Tax digitalization is a strategic effort undertaken by the Directorate General of Taxes (DGT) to enhance efficiency, transparency, and taxpayer compliance. This study aims to analyze the impact of tax digitalization on the compliance of individual taxpayers in Indonesia. Using a quantitative descriptive Method, data were collected through surveys of individual taxpayers who have utilized digital systems such as e-filing, e-billing, and e-payment. Data analysis was conducted using regression methods to measure the significant influence of digitalization on tax compliance. The results indicate that tax digitalization has a positive impact on taxpayer compliance. Challenges such as low digital literacy and resistance to change remain obstacles in the implementation of this system. Tax digitalization is proven to enhance taxpayer compliance, driven by technological understanding, perceived ease of use, and perceived benefits. The Directorate General of Taxes (DGT) needs to strengthen digital literacy programs and change management strategies to ensure a more inclusive and effective system implementation, capable of optimizing state revenue.

Keywords: Tax Digitalization; Individual Taxpayer Compliance

1 Introduction

The development of information technology has brought significant changes to various sectors, including taxation. Tax digitalization, such as the implementation of e-filing, e-billing, and e-payment, aims to improve the efficiency of tax administration as well as convenience for taxpayers. In Indonesia, the Directorate General of Taxes (DGT) has adopted various digital systems to enhance transparency and taxpayer compliance. However, despite the implementation of these initiatives, the level of taxpayer compliance—particularly Individual Taxpayers—remains a major challenge (Novita, 2023). However, the effectiveness of implementing these digital systems remains in question, considering that technological literacy and tax awareness among Individual Taxpayers still vary. Therefore, this research is crucial to identify the extent to which tax digitalization can improve tax compliance, address existing challenges, and provide strategic recommendations for enhancing the effectiveness of digital tax policies in the future. (Hajering, 2024). The novelty of this research lies in its comprehensive analysis of the impact of tax digitalization on taxpayer compliance by not only assessing its benefits, but also identifying implementation challenges and formulating strategic recommendations to enhance the effectiveness of digital tax policies in the future

Tax compliance, particularly for Individual Taxpayers, is one of the key elements in ensuring the success of the taxation system (Atifa, 2023). However, although digital technology has simplified the processes of tax filing and payment, the level of compliance among Individual Taxpayers in Indonesia remains a challenge that requires serious attention (Sinuhaji, 2024). Several main obstacles they face include:

1. Low digital literacy: Not all Individual Taxpayers possess the ability or knowledge to use digital technology, resulting in uneven benefits from tax digitalization.
2. Lack of understanding of tax obligations: Many Individual Taxpayers still do not fully understand their tax responsibilities, both in terms of procedures and applicable regulations.
3. Resistance to change: Some taxpayers may be reluctant to adopt new systems due to established habits.

The Tax Service Office (KPP) is a working unit under the Directorate General of Taxes (DGT) responsible for carrying out all tax-related services for the public. The following table presents the level of tax compliance at KPP Pratama Bandung Cibeunying from 2020 to 2024.

Table 1: Data on Individual Taxpayer Compliance Year 2020 to 2024

Year	Number of Registered Taxpayers	Number of Taxpayers Filing Annual Tax Returns	Number of Taxpayers Not Filing Annual Tax Returns	Percentage of Taxpayers Filing Annual Tax Returns
2020	160,122	57,607	102,515	36.97%
2021	169,712	56,678	113,034	33.39%
2022	178,301	51,663	125,638	28.97%
2023	201,311	63,530	137,781	31.55%
2024	215,010	72,437	142,573	33.69%

Source : KPP Pratama Bandung Cibeunying

Based on Table 1 above, it is shown that the number of individual taxpayers registering each year continues to increase; however, the actual number or percentage of individual taxpayers filing their annual tax returns has decreased. This non-compliance phenomenon occurs because individual taxpayers still lack awareness of their tax obligations. This situation is influenced by several factors, including the COVID-19 pandemic, insufficient tax socialization, and tax sanctions, which have resulted in many taxpayers failing to submit their tax returns. The Directorate General of Taxes reminded taxpayers regarding the change in the filing deadline for the Annual Tax Return, which was extended from March 31 to April 30 in 2020. This extension was expected to encourage taxpayers to fulfill their obligations so that taxpayer compliance could improve. Previous research conducted by (Fitria, 2022) found that digitalization has a positive effect on individual taxpayer compliance. In line with the research conducted.

2 Literature Review

Tax Digitalization is a method of submitting Tax Returns (SPT) electronically, conducted online and in real time via the Directorate General of Taxes (DGT) website or through Tax Application Service Providers (PJAP) (Fitria, 2022). From the definition above, it can be concluded that tax digitalization is a form of modernization of tax administration carried out by the Directorate General of Taxes, which functions to submit Annual Tax Returns (SPT) online and in real time. According to the e-SPT Socialization Module by the Directorate General of Taxes, the objectives of tax digitalization are as follows (Setiawan, 2024):

1. To provide a secure and convenient system for submitting Tax Returns (SPT) online.
2. To improve the speed and accuracy of reporting services for taxpayers.
3. To increase the speed of tax reporting processing.

Indicators of Tax Digitalization Implementation

Indicators in the Implementation of Tax Digitalization are as follows (Linting, 2026):

1. Knowledge of Tax Digitalization Regulations Assesses the extent to which taxpayers are aware of the regulations governing electronic tax reporting issued by the Directorate General of Taxes.
2. Understanding of Benefits and Procedures Measures respondents' level of understanding regarding the functions, objectives, and procedures for using the tax digitalization system.
3. Ease of Reporting Time Evaluates the flexibility in reporting taxes through digitalization (can be done at any time).
4. Cost Efficiency Illustrates the extent to which tax digitalization reduces costs incurred during the reporting process.
5. Convenience without Visiting the Tax Office Measures the ease and comfort of reporting taxes without having to be physically present at the tax office.
6. Timeliness of Reporting Tests the effectiveness of the system in helping taxpayers submit reports on time.
7. Satisfaction with the System Reflects overall taxpayer satisfaction with the services and performance of tax digitalization.

Definition of Taxpayer Compliance

According to the Directorate General of Taxes, taxpayer compliance refers to the fulfillment of tax obligations by taxpayers as part of their contribution to current development, and such fulfillment can be voluntary. In this context, taxpayers are obliged to carry out all their tax responsibilities. Taxpayer obligations include calculating the amount of payable tax, paying taxes on time, and reporting taxes. In addition, taxpayers must submit Annual Tax Returns (SPT) on time and have no outstanding tax arrears. By ensuring taxpayer compliance, the accuracy of tax calculations, timeliness of tax payments, and submission of Tax Returns (SPT) indicate that taxpayers have carried out and fulfilled their tax obligations (Nurlaela, 2017).

Indicators of Taxpayer Compliance

The indicators of taxpayer compliance are as follows (Leo, 2023):

1. Voluntary NPWP Registration
Reflects the awareness and willingness to voluntarily register as a taxpayer.
2. Timely SPT Reporting
Assesses consistency in submitting the Annual Tax Return (SPT) before the deadline.
3. Accuracy of SPT Contents
Evaluates whether taxpayers fill out the SPT forms in accordance with applicable regulations.
4. Payment of Tax Installments
Measures whether tax installment payments are made regularly and on time.
5. Timely Calculation and Payment
Assesses the ability and commitment to calculate and pay taxes correctly and without delay.

Conceptual Framework

The Effect of Tax Digitalization Implementation on Taxpayer Compliance

The tax digitalization system is one of the innovations implemented by the Directorate General of Taxes (DGT) to enable taxpayers to submit their Annual Tax Returns (SPT) or SPT extension notifications online, accessible anytime and anywhere through the DGT website and ASP (Lado,

2018). Taxpayers perceive that this tax digitalization system provides benefits and advantages for them, such as faster and more accurate tax calculations, easier SPT submission through a wizard-based system, complete data reporting, and being more environmentally friendly. These benefits foster a positive attitude among taxpayers, which in turn increases individual taxpayer compliance in submitting their SPT. This view is further supported by research conducted by (Fadilah, 2024), which states that taxpayers' perceptions positively influence the use of tax digitalization, thereby enhancing the effectiveness and efficiency of tax reporting.



Figure 1. Research Paradigm

Research Hypothesis

H1: The implementation of tax digitalization has an effect on individual taxpayer compliance at the Bandung Cibeunying Primary Tax Service Office.

3 Research Method

The object of this research is individual taxpayers who use the digital tax system. The research method employed is Qualitative Descriptive Method. The variables used in this study are Tax Digitalization (X) and Individual Taxpayer Compliance (Y). Quantitative data in this study include numerical data, such as the respondents' age. Two types of data are used based on their sources: primary data, obtained through the direct distribution of questionnaires to respondents, and secondary data, obtained from online news sources. The data collection method in this research is questionnaire distribution. The purpose of descriptive analysis using statistics is to interpret respondents' arguments regarding statement choices and the frequency distribution of respondents' statements based on the collected data.

The data analysis used includes Normality Test, which aims to examine whether the residuals in the regression model have a normal distribution, ensuring that statistical tests remain valid even for small sample sizes. There are two ways to detect whether the residuals are normally distributed: through graphical analysis, which involves examining the histogram and Normal P-P Plot that compares observed data with a distribution approaching a normal distribution. The research model employed in this study is a simple linear regression model

4 Result And Discussion

Validity Test Results

The validity test in this study was conducted to determine whether each research instrument is valid. The instruments used in this study tax digitalization and Individual Taxpayer Compliance. The validity test was performed by comparing the calculated r-value (r count, based on Pearson correlation) with the critical r-value (r table). The instrument is considered valid if $r \text{ count} > r \text{ table}$. Based on the data obtained from 100 questionnaire respondents, the r table was determined using the formula $df = n - 2$, which in this study is: $df = 100 - 2 = 98$. The critical r value (r table) for $df = 98$ at a significance level of 0.05 is 0.195.

Validity Test of Tax Digitalization

Tabel 2: Validity Test Results of Tax Digitalization

Statement Item	$r_{Calculated}$	r_{Table}	Description
X1.1	0,487	0,195	Valid
X1.2	0,534	0,195	Valid
X1.3	0,512	0,195	Valid
X1.4	0,478	0,195	Valid
X1.5	0,593	0,195	Valid
X1.6	0,509	0,195	Valid
X1.7	0,485	0,195	Valid

Source: Data Processing Results

From Table 2, it can be seen that each statement regarding tax digitalization is valid. This is proven by the fact that $r_{count} > r_{table}$, indicating that all indicators are considered valid.

2. Validity Test of Individual Taxpayer Compliance (Y)

Table 3: Validity Test Results of Individual Taxpayer Compliance

Statement Item	$r_{Calculated}$	r_{Table}	Description
Y1	0,531	0,195	Valid
Y2	0,515	0,195	Valid
Y3	0,492	0,195	Valid
Y4	0,509	0,195	Valid
Y5	0,486	0,195	Valid

Source: Data Processing Results

Based on Table 3, it can be concluded that all statements related to Individual Taxpayer Compliance are valid. This is because $r_{count} > r_{table}$, indicating that all indicators are considered valid.

Reliability Test Results

The reliability test aims to examine each research instrument, namely Tax Digitalization and Individual Taxpayer Compliance. The reliability test is used to assess the consistency of responses from the 100 respondents who completed the questionnaire. The Cronbach's Alpha method was employed for this test. An instrument is considered reliable if Cronbach's Alpha > 0.7 , whereas if Cronbach's Alpha < 0.7 , it is considered not reliable.

1. Reliability Test of Tax Digitalization (X)

Table 4. Reliability Test Results of Tax Digitalization

<i>Cronbach's Alpha</i>	<i>N of Item</i>
0,812	7

Source: Data Processing Results

Based on Table 4, it can be concluded that all statements related to Tax Digitalization are declared reliable. This is because the Cronbach's Alpha value obtained is 0.812, where a Cronbach's Alpha value greater than 0.7 indicates reliability.

2. Reliability Test of Individual Taxpayer Compliance (Y)

Table 5 Reliability Test of Individual Taxpayer Compliance

<i>Cronbach's Alpha</i>	<i>N of Item</i>
0,808	5

Source: Data Processing Results

Based on Table 5, the Cronbach's Alpha value obtained is 0.808, where the Cronbach's Alpha value is greater than 0.7. This indicates that all statements in the questionnaire are considered reliable.

Research Results

The results of this study provide an overview of the influence of tax digitalization on individual taxpayer compliance. The questionnaire was distributed to individual taxpayers registered at KPP Pratama Bandung Cibeunying, yielding a total of 100 respondents.

Overview of Tax Digitalization on Individual Taxpayer Compliance

Table 6: Respondents' Responses Regarding the Tax Digitalization Variable

No.	Statement	Respondents' Response Scores					Actual Score	Ideal Score	(%)	Description
		SA	A	N	D	DS				
1.	I am aware of the Directorate General of Taxes regulations regarding Tax Digitalization	19	40	26	12	3	360	500	72%	Good
2.	I understand the benefits, objectives, and procedures of Tax Digitalization	24	40	25	9	2	375	500	75%	Good
3.	With the implementation of Tax Digitalization, I can submit my tax return (SPT) anytime I have free time	33	42	17	6	2	398	500	79%	Good
4.	With the implementation of Tax Digitalization, I can save costs when reporting taxes	40	36	17	5	2	407	500	81%	Very Good
5.	With the implementation of Tax Digitalization, I do not need to go to the Tax Service Office to report my taxes.	42	38	13	5	2	413	500	82%	Very Good
6.	The Tax Digitalization system can help me submit my tax return (SPT) on time.	40	39	15	4	2	411	500	82%	Very Good
7.	I feel satisfied with the services provided by Tax Digitalization.	33	34	23	8	2	388	500	77%	Good
Total Score		231	269	136	57	15	2752	3500	78%	Good

Source: Data Processing Results

Based on Table 6, it can be concluded that the respondents' answers to the Tax Digitalization instrument show an average result of 78%, which falls into the 'Good' category. This score indicates that the respondents have experienced the benefits and convenience of Tax Digitalization when submitting their tax returns (SPT)

Individual Taxpayer Compliance (Y)

Based on the questionnaires distributed to respondents regarding the study on individual taxpayer compliance, 5 statements were provided to 100 individual taxpayer respondents. The respondents' feedback regarding Individual Taxpayer Compliance is as follows:

Table 7: Respondents' Responses Regarding Individual Taxpayer Compliance

No.	Statement	Respondents' Response Scores					Actual Score	Ideal Score	(%)	Description
		SA	A	N	D	DS				
1.	I voluntarily register as a taxpayer at the Tax Service Office (KPP) to obtain a Taxpayer Identification Number (NPWP)	40	48	9	2	1	407	500	81%	Very Good
2.	I submit my tax return (SPT) on time or before the deadline	32	44	23	1	0	398	500	79%	Good
3.	I always complete my tax return (SPT) in accordance with the applicable laws and regulations..	37	42	19	2	0	399	500	79%	Good
4.	I always pay my income tax installment obligations	34	44	18	4	0	392	500	78%	Good
5.	I always calculate the taxes owed correctly and pay them on time.	36	39	22	3	0	395	500	79%	Good
Total Score		179	217	91	12	1	1.991	2.500	79%	Good

Source: Data Processing Results

Based on the table above, it can be concluded that the respondents' answers to the Individual Taxpayer Compliance instrument show a score of 79%, which falls into the 'Good' category. This score indicates that the respondents are fairly compliant in fulfilling their obligations properly in accordance with tax regulations.

Hypothesis Testing (t-Test)

The t-test in this study is used to examine the effect of the independent variable, namely Tax Digitalization (X1), on the dependent variable, Individual Taxpayer Compliance (Y).

Research Results on the Effect of Tax Digitalization on Individual Taxpayer Compliance

H₀: $\beta_1 = 0 \rightarrow$ Tax Digitalization has no effect on Individual Taxpayer Compliance.

H₁: $\beta_1 \neq 0 \rightarrow$ Tax Digitalization has an effect on Individual Taxpayer Compliance.

Table 8: t-Test

<i>Coefficients</i>					
Model	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	T	Sig
	B	<i>Std Error</i>	<i>Beta</i>		
<i>(Constant)</i>	2,103	0,513		4,100	0,000

Tax Digitalization	0,321	0,065	0,398	4,940	0,000
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a. Dependent Variable: Taxpayer Compliance

Source: Data Processing Results

From the t-test, the significance value of the Tax Digitalization variable is $0.000 < 0.05$. Based on the decision-making criteria, H_0 is rejected and H_a is accepted, which means that Tax Digitalization has an effect on individual taxpayer compliance.

Discussion

The Effect of Tax Digitalization Implementation on Individual Taxpayer Compliance

Based on the hypothesis test conducted using the t-test, it is proven that Tax Digitalization partially affects individual taxpayer compliance at KPP Pratama Bandung Cibeunying. It can be stated that the better the implementation of Tax Digitalization, the better the compliance of individual taxpayers. With the implementation of Tax Digitalization, taxpayers experience benefits in terms of ease of use and assistance in submitting their tax returns (SPT). Furthermore, respondents' feedback shows positive results. This is evidenced by the average percentage index of respondents' responses, which is 78%, indicating that Tax Digitalization is beneficial for taxpayers in Bandung City. This means that the Tax Digitalization carried out by KPP Pratama Bandung Cibeunying has a positive impact on the level of taxpayer compliance in its jurisdiction. This is because Tax Digitalization assists the community, particularly taxpayers, in matters related to taxation.

This finding aligns with research conducted by (Nasrun, 2022), which states that Tax Digitalization has a positive and significant effect on taxpayer compliance. Therefore, it can be concluded that if Tax Digitalization is implemented effectively, individual taxpayer compliance will increase. Conversely, if Tax Digitalization is poorly implemented, taxpayer compliance will decrease.

5 Conclusion

The implementation of Tax Digitalization has an effect on Taxpayer Compliance, meaning that the application of digitalization influences taxpayer compliance.

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