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Educational Strategy and the Role of Tax Digitalization in Improving Tax Compliance of MSMEs in Indonesia

Strategi Edukasi dan Peran Digitalisasi Perpajakan dalam Meningkatkan Kepatuhan Wajib Pajak UMKM di Indonesia

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ABSTRACT

Purpose: The Directorate General of Taxes (DGT) has implemented various digital services such as e-Filing, e-Billing, e-Invoice, and the DJP Online application to improve service effectiveness and taxpayer compliance, particularly for MSMEs, which are a pillar of the national economy. This article aims to analyze the strategy and role of tax digitalization in improving tax compliance among MSMEs in Indonesia and identify obstacles faced in its implementation.
Methods: The method used is a literature review based on the latest scientific journals.
Results: The analysis results show that tax digitalization can improve ease of access, time efficiency, transparency, and accuracy of tax administration. The results indicate that several challenges remain, such as low digital literacy, limited tax understanding, and technological infrastructure readiness among some MSMEs.
Conclusion: This article provides recommendations for the government to strengthen education, mentoring, and the development of digital tax features to be more adaptive to the needs of MSMEs.

ABSTRAK

Tujuan: Direktorat Jenderal Pajak (DJP) menerapkan berbagai layanan digital seperti e-Filing, e-Billing, e-Faktur, dan aplikasi DJP Online dalam rangka meningkatkan efektivitas pelayanan dan kepatuhan wajib pajak, khususnya UMKM yang menjadi salah satu pilar perekonomian nasional. Artikel ini bertujuan untuk menganalisis strategi dan peran digitalisasi perpajakan dalam meningkatkan kepatuhan pajak UMKM di Indonesia serta mengidentifikasi hambatan yang dihadapi dalam implementasinya.
Metode: Metode yang digunakan adalah kajian pustaka berbasis jurnal ilmiah terkini.
Hasil: Hasil analisis menunjukkan bahwa digitalisasi perpajakan mampu meningkatkan kemudahan akses, efisiensi waktu, transparansi, dan akurasi administrasi perpajakan. Namun demikian, masih terdapat beberapa tantangan seperti rendahnya literasi digital, keterbatasan pemahaman pajak, dan kesiapan infrastruktur teknologi pada sebagian UMKM.
Kesimpulan: Artikel ini memberikan rekomendasi bagi pemerintah untuk memperkuat edukasi, pendampingan, dan pengembangan fitur digital perpajakan agar lebih adaptif terhadap kebutuhan UMKM.

INTRODUCTION

MSMEs are a sector that plays a significant role in the Indonesian economy. Their large number and widespread distribution across various regions make them a driving force of the local economy. In addition to their role in employment, MSMEs also make a significant contribution to Gross Domestic Product (GDP). With such a strategic position, the MSME sector also holds significant potential for increasing state tax revenues as a source of development financing (Fitrianti et al., 2024).

Despite this, the level of tax compliance among MSMEs in Indonesia remains relatively low. Many MSMEs do not fully understand applicable tax regulations or find tax administration complicated and time-consuming. Lack of digital literacy and limited knowledge of tax reporting procedures contribute to this situation. Many MSMEs end up delaying or even failing to fulfill their tax obligations due to perceived difficulties (Sari & Nugroho, 2022).

To address these issues, the government, through the Directorate General of Taxes (DGT), is undertaking various efforts to modernize the tax system. One key step is tax digitalization, which aims to streamline the tax payment and reporting process. Various digital services, such as e-Filing, e-Billing, e-Invoice, and the DJP Online application, are being introduced to provide convenience for taxpayers. With a faster, more practical, and transparent system, digitalization is expected to reduce the administrative barriers that MSMEs have long complained about (Wulandari & Hapsari, 2021).

Although tax digitalization offers numerous benefits, its implementation in the field still faces challenges. Some MSMEs experience difficulties in adopting digital tax systems due to limited technological competence. Furthermore, unequal internet access in some regions also presents a barrier for businesses seeking to utilize digital tax services. These obstacles demonstrate that the success of digitalization is determined not only by system readiness but also by the readiness of human resources and supporting infrastructure (Rahmawati & Astuti, 2023).

Based on these conditions, this study aims to explain in general how tax digitalization strategies and roles can improve tax compliance among MSMEs in Indonesia. Furthermore, this article highlights various obstacles that arise in its implementation, as well as efforts that can be made to optimize the digitalization process. With this comprehensive discussion, it is hoped that this article will provide a clearer picture of the importance of digitalization in encouraging MSMEs to become more compliant taxpayers and contribute to national development.

THEORETICAL STUDY

Taxation

Taxes are a dominant source of state revenue for the survival of a nation. One indicator of a nation's independence is the role of taxes in contributing to the finances, as reflected in the state budget (APBN) or regional budgets (APBD) (Putri et al., 2021). Despite being a source of state revenue, taxes face various issues related to governance and compliance. The main issue facing the Directorate General of Taxes (DGT), under the Ministry of Finance, as an extension agency, is

the government's hand which has the task of formulating and implementing policies in the field of taxation related to compliance (Korat & Munandar, 2025).

Based on the explanation above, it can be concluded that taxes are the most dominant state revenue instrument, serving as a benchmark for national independence through their contribution to the national and regional budgets. The Directorate General of Taxes (DGT) is tasked with implementing this policy, but its effectiveness is often hampered by governance issues and low taxpayer compliance. Therefore, strengthening the oversight system and increasing public awareness are key to ensuring taxes are truly able to optimally strengthen the nation's economic sovereignty.

Tax Digitalization

Tax digitalization is the application of technology to the tax system to improve efficiency, transparency, and taxpayer compliance. The underlying theory behind this concept is the Technology and Innovation Theory, which explains that adopting technology can simplify administrative processes while improving expected outcomes. In the tax context, digitalization simplifies reporting, reduces administrative errors, and accelerates the tax payment process (Reviana et al., 2025).

Based on the explanation above, it can be concluded that tax digitalization can improve efficiency, transparency, and taxpayer compliance by utilizing technology that simplifies tax administration procedures. Digital technologies, including e-invoicing, e-SPT, and e-filing, help MSMEs reduce administrative burdens, improve reporting accuracy, and expedite tax payment processing. However, issues such as low digital literacy among MSMEs and inadequate technological infrastructure in some regions still impact the success of tax digitalization. Tax digitalization is a crucial tactic for developing a more efficient and technologically responsive tax system.

Tax Compliance of MSMEs in Indonesia

Tax compliance is a situation in which taxpayers fulfill all their tax obligations by paying taxes in accordance with statutory regulations (Indra Wijaya, 2020). The level of tax compliance for taxpayers can be observed from how taxpayers fulfill their tax obligations, namely by calculating taxes, filling out tax returns, and completing tax returns.

Annual Notification (SPT) and carry out financial records and report their business so that it can be recognized as Taxable Income (PKP), and have a Taxpayer Identification Number (NPWP) Fachri & Asalam (Mardiana et al., 2025).

Tax compliance is the act of taxpayers in fulfilling their tax obligations in accordance with applicable tax laws and regulations in a country. Tax compliance itself can be described as a condition in which a taxpayer has fulfilled all tax obligations and exercised their tax rights (Asterina & Septiani, 2019).

In Putra A F's (2020) research, it was shown that tax knowledge has a significant positive influence on tax compliance behavior. Taxpayers tend to comply with their tax obligations if they have an understanding and knowledge of the applicable taxation in Indonesia. Conversely, if a taxpayer does not have an understanding and knowledge of taxation, non-compliance tends to be higher. Furthermore, tax witnesses can also encourage tax compliance because the sanctions imposed for non-compliance in tax matters will make taxpayers reluctant and consider this matter as something that must be considered.

Research by Ulfa & Aribowo (2021) shows that the level of taxpayer compliance among MSMEs in Indonesia still faces various challenges and obstacles. The strategies implemented by the Directorate General of Taxes, through the Tax Counseling Sub-Directorate, include various efforts such as collaboration with external parties, integrated communication, and

and extension supported by internal factors such as human resources, media, methods, and budget.

METHODS

This research uses a descriptive qualitative approach. Qualitative methods are descriptive research approaches that require analysis and describe a number of characteristics related to the problem and unit being investigated. This study aims to determine the role of tax digitalization in improving taxpayer compliance among MSMEs in Indonesia. This study used interviews with respondents. Through this method, researchers attempted to analyze how technology is implemented in the tax system, both from a technical perspective and from a technical perspective.
aspects of ease of reporting and effectiveness of supervision for small and medium business actors.

RESULTS AND DISCUSSION

1. Digitalization of Taxation in Indonesia

Tax digitalization is part of tax reform aimed at improving administrative effectiveness, service quality, and taxpayer compliance. Through tax system modernization, the Directorate General of Taxes (DGT) offers various information technology-based services, such as:

- e-Filing: Online tax reporting service.
- e-Billing: Billing code creation system for tax payments.
- e-Faktur: Platform for creating and reporting tax invoices.
- DJP Online: An integrated portal for various digital tax services.

According to Fitriani and Utami (2022), digitalization of tax administration provides significant convenience for taxpayers because it can reduce queues at tax offices, shorten service times, and minimize human error.

2. Government Strategy in Tax Digitalization

The government has implemented several strategies to strengthen tax digitalization, including:

a. **Modernization of the tax administration system**
Through the development of integrated systems such as the Core Tax Administration System (CTAS) and the expansion of digital channels, the government is striving to improve the quality of tax administration.

b. **Simplification of the MSME tax reporting and payment process**The government has introduced a Final Income Tax scheme for MSMEs, regulated in Government Regulation No. 23 of 2018, simplifying the administrative process. Digitalization supports this process by providing online reporting.

c. **Digital-based tax education and outreach**
Program *business development services*, tax assistance, and digital literacy training are carried out to increase the understanding of MSMEs.

d. **Strengthening the DGT's technological infrastructure**
The government continues to improve servers, data security, and system capacity to accommodate the increasing number of digital service users.

3. The Role of Tax Digitalization in Improving MSME Tax Compliance

Tax digitalization has several important roles in encouraging MSME taxpayer compliance, namely:

a. Increase convenience and accessibility

MSMEs can report and pay taxes anytime and anywhere via mobile phone or computer. This reduces administrative barriers that were previously a source of taxpayer complaints (Aini & Sari, 2023).

b. Increase time and cost efficiency

Digitalization reduces the need to visit the tax office, allowing MSMEs to save on operational costs and time.

c. Minimize administrative errors

Digital systems help automate data entry, thereby reducing the risk of reporting errors.

d. Increase transparency and accountability

Digital transactions are automatically recorded by the system, making them easier to audit and monitor.

e. Encourage tax awareness

Easier access to information and active involvement in using the application increases taxpayer awareness of tax obligations.

4. Obstacles in the Implementation of Tax Digitalization for MSMEs

Despite having a positive impact, digitalization of taxation still faces several obstacles, including:

a. Low digital literacy of MSMEs

Many MSMEs don't fully understand how to use digital tax systems. This obstacle is most often found among micro-scale MSMEs or those located in rural areas.

b. Lack of understanding of taxation

In addition to digital barriers, some taxpayers still have limited understanding of tax regulations and reporting mechanisms.

c. Limited technological infrastructure

Some areas still experience limited internet access, which hinders the digital tax reporting process.

d. The perception that taxes burden businesses

Some MSMEs consider taxes as an additional burden that reduces business profits, thereby reducing motivation to comply (Hidayat & Rachmawati, 2021).

5. Efforts to Strengthen MSME Tax Compliance through Digitalization

To optimize the benefits of tax digitalization, strategic steps that can be taken include:

a. Continuously increasing training and socialization of tax digitalization for MSMEs.

b. Improve the quality of DGT's digital services to make them more stable, simple, and easy to understand.

c. Collaboration between the Directorate General of Taxes (DGT) with local governments and MSME support institutions to expand assistance.

d. Strengthening tax regulations and incentives to increase compliance. 5. Improving national digital infrastructure, especially internet access in the regions.

CONCLUSION

Tax digitalization plays a crucial role in improving taxpayer compliance among MSMEs in Indonesia by increasing accessibility, efficiency, transparency, and administrative simplicity. The digital transformation undertaken by the Directorate General of Taxes (DGT) through e-Filing, e-Billing, e-Invoice, and DJP Online services has significantly assisted MSMEs in fulfilling their tax obligations. However, several challenges, such as low digital literacy, limited understanding of taxation, and access to technology, remain obstacles.

With the right strategy, tax digitalization can be an effective tool for improving tax compliance and boosting the contribution of MSMEs to state revenue. Therefore, ongoing efforts in the form of education, digital system development, and infrastructure improvements are needed to ensure optimal and inclusive tax digitalization across Indonesia.

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