The Effectiveness of Digitizing Tax Administration to Reduce the Compliance Cost of Taxpayers of Micro, Small, and Medium Enterprises (MSMEs)

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INTRODUCTION

This research discusses the effectiveness of digitizing tax administration in reducing compliance costs for MSME taxpayers and DGT’s steps to reduce compliance costs for MSME taxpayers. As is known, the Micro, Small and Medium Enterprises (MSMEs) sector has a large share in supporting the national economy. This is because MSMEs have contributed to the national economy, including their ability to reduce unemployment at the local and national levels. In addition, the products produced by MSMEs have been able to penetrate international markets which will increase national income. It doesn’t just stop there, MSMEs provide high export value, increasing the country’s foreign exchange contribution (Raja, 2010).

All MSMEs economic sectors contribute to a country’s Gross Domestic Product (GDP), including tax revenue. Based on data from the Ministry of Finance in the 2022 State Budget 2020 – 2022 shows that the most significant contributor to tax revenue is income tax (PPh). This includes income tax obtained from MSMEs.

Various things can affect the compliance of MSMEs taxpayers, including policies regarding tax rates regulated in Government Regulation No. 23 of 2018 concerning Income Tax from businesses that taxpayers have received. In addition, tax compliance is also influenced by the effectiveness of tax administration, which should be measured based on the ability to improve taxpayer compliance and how far it overcomes the tax gap, ultimately determining whether an administration is effective (Silvani, 1992). In addition, in general, the success of tax administration can be seen from how far tax compliance can be increased from time to time (Gunadi, 2004).

Data from the Directorate General of Taxes (DGT) regarding the realization of the submission of Annual Tax Returns (SPT) is still far from the specified target. A preliminary review of research shows that more than 45% of Micro, Small and Medium Enterprises (MSMEs) must comply with registering as taxpayers. This relates to the concept of hard to tax, which is the taxpayer’s failure regarding his registration as a voluntary taxpayer. Even though they have been registered as taxpayers, there are still failures in properly recording and recording expenses and income, tax arrears, and even failure to report taxes. (Terker, 2003).

MSMEs taxpayer compliance in the last 5 years can be observed in Figure 1. The figure shows that taxpayer compliance in fulfilling tax obligations still needs to be improved. The data in the figure indicates that total tax revenue with PP23/2018 obtained from the MSMEs sector has decreased in the last 2 years. Seeing the change in the rules for implementing a lower rate from 1% to 0.5%, this tax revenue is assessed as a small part of the total Final PPh at KPP Pratama Jakarta Jatinegara.

Figure 1. Amount of Final Income Tax Receipts with PP23/2018 for the 2016-2020 Period.

Source: KPP Pratama Jakarta Jatinegara, 2021

One of the policies that can be implemented to increase tax revenue is to digitize policies to facilitate procedures and adapt to the community’s needs. Since 2019, there have been nearly 86 services that provide taxpayers and have been digitized, with 22 services that will be digitized in 2022. The government targets that digital-based tax administration can be fully used and implemented starting in early 2024.
There are several types of tax digitalization administration that are already underway, namely e-filing, e-form, e-registration, e-billing, and e-faktur. The e-filling service is online SPT reporting, the e-form is filling out the SPT form electronically, e-registration is registering taxpayers to get an online tax ID, e-billing is electronic tax payment, and e-faktur is making tax invoices electronically.

Digitizing the tax system allows changes in the tax administration system, which will affect the services taxpayers receive. Tax administration reform was applied to a modern tax administration system with characteristics such as an organizational structure based on function, no longer based on the type of tax or service improvements for taxpayers through establishing an Account Representative and Compliant Center aimed at accommodating objections from taxpayers (Rahayu & Lingga, 2009).

Setiana and Agustina stated (2010) that taxpayers respond well to implementing a modern tax administration system. With a good response from taxpayers, the current tax administration system is said to have a significant influence on taxpayer compliance and is subsequently allegedly able to generate optimal tax revenue. Soraya & Suhendar (2015) It is stated that the level of tax revenue is directly proportional to the level of taxpayer compliance. The higher the level of compliance, the higher the tax revenue.

This tax compliance can only be achieved after a period of time, so what is referred to as the cost of tax compliance appears, related to the costs that must be incurred to guarantee tax compliance. Tax compliance cost is the total cost paid by taxpayers to fulfill tax obligations, from understanding tax regulations to calculating tax payable and implementing tax reporting obligations, including when a problem occurs up to the stage of receiving an appeal decision and paying off tax payable (Berg, 2005).

There are several tax compliance costs, namely Actual Cash Outlay and Psychological costs. Actual Cash Outlay is cash outlay paid by taxpayers from the results of calculating, depositing, and reporting to account for the amount of tax payable. Opportunity Cost of Time is the taxpayer's time to fulfill tax obligations. The taxpayer can experience losses due to output made while fulfilling tax obligations and reduced daily income. Psychological cost is a condition the taxpayer feels, such as stress and various fears or anxieties due to fulfilling tax obligations (Berg, 2005).

Furthermore, Sandford, Godwin, dan Hardwick (1989), Classify three types of costs in paying taxes. First, income sacrifice is the cost of individual sacrifice to use income or property to pay taxes. Second, distortion costs are costs incurred by taxpayers due to changes in processes and factors of production related to changes in patterns of tax economic behaviour. Third, running costs are costs that are not incurred by the taxpayer if there is no tax system yet, including (1) administrative costs, namely the cost of administering the national tax system by the government; (2) compliance costs, namely costs of fulfilling tax obligations by taxpayers (Palupi & Darwanto, 2017).

Effectiveness is a conscious use of infrastructure and resources and aims to produce goods and services from the activities carried out (Siagian, 2003). If the planned goals can be achieved, an activity can be said to be effective (Sari, 2012). According to Rosalina (2014), there are several ways to measure whether something has been practical, including clear goals, strategies to achieve goals that are also clear, the presence of policy formulation, mature plans, well-organized programs, adequate work facilities and infrastructure, efficient program implementation, and control systems and educational supervision.

Research on the digitization of tax administration has various variations, for example, the function of digitization in optimizing tax revenues (Syafitri, 2018). There is also research that reviews the effect of digitization on increasing tax compliance (Anjelika, 2022). In addition, some link administrative digitization and counseling and then examine the effect of both on taxpayer compliance (Qodariyah, Suryadi, & Yuniati, 2018). Ainunnsa (2022) examine the digitization of tax administration and tax rates on the compliance of MSME actors. Whereas Risti dan Putra (2022) they are using tax digitization as a moderating variable to examine the relationship between financial literacy and the use of financial technology on tax compliance.

The studies above have been carried out to examine how administration affects taxpayer compliance. However, this study has not assessed the effectiveness of digitizing tax administration to reduce compliance costs, especially for MSME taxpayers. Therefore, this research was conducted to determine how effective digitization of tax administration is in reducing MSME taxpayer compliance costs so that the novelty or originality of this research is found in the analysis of the relationship between tax administration digitalization and tax compliance costs for MSME taxpayers.

This study aims to determine how effective digitalization of tax administration is in reducing compliance costs for WP MSMEs. Apart from that, the research will also review the steps taken by DGT to reduce compliance costs for MSMEs. This research is expected to contribute to the tax compliance literature, especially in discussing the compliance costs that the government must incur to ensure the existence of MSMEs tax compliance. Furthermore, this paper is also expected to contribute to the tax administration digitalization literature by explaining its relationship with tax compliance costs. This research will likely provide practical contributions in the form of considerations or improvements for policymakers regarding income tax rates for MSMEs actors.

**METHOD**

A literature study approach with qualitative research methods is used in this study. Creswell (2014), it was explained that literature study is related to making written summaries based on findings in journals, books and other documents that provide theory and valuable information in research to be organized into topics reviewed. In a literature study, the data is based on various library sources, including books, encyclopedias, dictionaries, journals, documents, magazines, etc (Izza, Falah, & Susilawati, 2020). The data in this study is secondary data taken from these literary sources and then analyzed qualitatively. Qualitative analysis is used to describe the findings of the research results and then associated with previous existing theories so that a research conclusion is obtained. Some of the theoretical concepts used in this study are effectiveness, compliance, and cost theories. It will also be linked to concepts such as tax administration and digitalization. These concepts and ideas will later help us understand how the digitization of tax administration relates to reducing compliance costs for MSMEs.
RESULTS AND DISCUSSION
The effectiveness of digitizing tax administration in reducing compliance costs for MSMEs

Tax administration has experienced rapid modernization in the last two decades, indicated by the digitization of tax records and the adoption of information and communication technology (Mascagni, Mengistu, & Woldeyes, 2021). Digitization of tax administration or online tax services has been carried out by the Directorate General of Taxes (DGT). This administrative reform makes it easier for taxpayers to fulfil their obligations, such as registration, payment, and reporting. This comes in the form of e-filling, e-form, e-registration, e-billing, and e-invoice.

E-filling is a method of electronically reporting annual tax returns in an online system closely related to electronic tax reporting services. Previously, tax reporting was done by visiting the domicile KPP directly during working hours by bringing the completed SPT form. But now, tax reporting can be done anywhere and anytime. Regarding the procedure for submitting Annual Tax Returns for individual Taxpayers using the 1770S or 1770SS form by e-filling through the Directorate General of Taxes website, it is regulated in the Director General of Taxes Regulation Number PER 39/PJ/2011 as last amended by the Director General of Taxes Regulation Regulation Number PER/1/PJ/2014 concerning Procedures for Submission of Annual Tax Returns for Individual Taxpayers Using Forms I770S or I770SS by E-filling Through the Directorate General of Taxes Website. Furthermore, the Director General of Taxes issued an e-form in 2017 included in the e-filling service (Rahmi & Gangodawilage, 2022).

E-form services have almost the same function as e-filling. In this service, taxpayers download the annual tax return in advance and can fill it in offline, then upload it when it’s finished via the page previously accessed in the e-filling service (Rahmi & Gangodawilage, 2022). The e-registration service is a service for online taxpayer registration. After registration, the next step is the payment stage through the administration of tax digitization which is carried out with e-billing services. Regarding registration procedures, NPWP and inauguration of Taxable Entrepreneurs and changes to Taxpayer and Taxable Entrepreneurs data with the e registration system are regulated in Regulation of the Director General of Taxes Number 24/PJ/2009. Amended by Regulation of the Director General of Taxes Number PER-02/PJ/2018 concerning the Second Amendment to Regulation of the Director General of Taxes Number PER20/PJ/2013 concerning Procedures for Registration and Granting of Taxpayer Identification Numbers, Business Reporting and Inauguration of Taxable Entrepreneurs, deletion of identification numbers taxpayers, and revocation of the inauguration of taxable entrepreneurs as well as changes in data and transfers of taxpayers (Rahmi & Gangodawilage, 2022).

The e-billing service is an electronic tax payment system, and after e-billing is done, the taxpayer can report taxes through the tax digitalization administration. Before e-billing, taxpayers were required to come to the designated bank to make payments and receive proof of payment. Regarding the procedures for carrying out trials for implementing the electronic tax payment system (billing system) in the state revenue module system, it is regulated in the Director General of Taxes Regulation number PER-47/PJ/2011 as last amended by the Director General of Taxes Regulation No. Regulation of the director general of taxes number PER-05/PJ/2017 concerning electronic tax payments (Rahmi & Gangodawilage, 2022).

Furthermore, e-faktur reports tax invoices and SPT period VAT through an application or electronically in an online system. This is an electronic system application provided by DGT to make it easier for Taxable Entrepreneurs to create tax invoices uniformly, and e-faktur provides services for making them electronically. This e-invoice is expected to save processing time. Before e-invoices, tax invoices were generated manually, and there was a high probability that they needed to be uniform in the tax invoice format. The new e-faktur application was launched in 2014, where the procedures for making and reporting tax invoices in electronic form are regulated in the Director General of Taxes Regulation Number PER-16/PJ/2014 as last amended by PER-31/PJ/2017 (Rahmi & Gangodawilage, 2022).

Digitization of tax administration increases the quality and amount of data available to tax officers, enabling them to process transactions more quickly and accurately. The main goal of every tax administration is to increase revenue collection through improved tax compliance. Before the introduction of the electronic taxation system, tax managers were hampered in carrying out their primary responsibilities effectively and efficiently. According to Sani, Musbahu, dan Bakare (2021), tax administration can run effectively when there are simple tax rules and processes, such as minimal tax compliance costs, where taxpayers have easy access to information, and taxpayers and tax authorities have mutual trust.

Digitization of tax services should enable tax authorities to monitor tax compliance (Ratemo, 2019). Taxpayer compliance is the condition of a taxpayer who has fulfilled all tax obligations and exercised his tax rights (Kamil, 2022). This then requires the voluntarism of taxpayers in paying taxes as a form of contribution to national development. One factor that influences the high or low level of taxpayer compliance is the cost of taxpayer compliance, which should be manageable and prevent taxpayers from paying taxes (Palupi & Darwanto, 2017).

Reforms carried out to increase the effectiveness of the taxation system, the main objective of which is to minimize administrative costs and compliance costs, which are essential aspects for the state and taxpayers (Drobyshhevskaya, Vylegzhanina, Grebennikova, & Mamiy, 2020). Adam Smith called this principle the “economy of collecting” (Fleischacker, 2009). Based on this idea, tax collection must follow the principle of efficiency. Efficient means that tax collection from taxpayers must be carried out with minimal costs so that the charges to be incurred by taxpayers are not more significant than the taxes paid (Palupi & Darwanto, 2017). Likewise, the benefits of any reform in tax administration must necessarily outweigh the costs associated with implementing it, including the costs of transition and implementation (Drobyshhevskaya, Vylegzhanina, Grebennikova, & Mamiy, 2020).

Tax compliance costs are in the form of time and money taxpayer’s sacrifice. Tax compliance costs are often a burden for MSMEs, making it challenging to achieve tax compliance for MSME taxpayers. The Allingham and Sandmo Theory (US Theory) states that taxpayers decide on illegal taxes and avoid tax obligations when they perceive fees or penalties to avoid high tax compliance costs (Sihombing, 2021). In line with this, Wulandari (2021) the cost of tax compliance harms taxpayer compliance. This means that the higher the cost of compliance, the lower the actual submission of the taxpayer, which will ultimately lead to tax evasion.

Compliance costs of a tax system must be manageable and affordable for tax officials and taxpayers (Rukundo, 2020). Tax
compliance costs cannot outweigh the tax benefits. Tax administration should be relatively inexpensive for the tax administrator in terms of time, resources, and workforce. With respect to the taxpayer, the cost should be reasonable. If the tax fee is too expensive, it can encourage taxpayers to look for ways to avoid taxes. For business actors, tax is a business expense that, as much as possible, does not interfere with the profitability and survival of the company, must not cause a disturbing effect on the market, or cause regressive externalities (Mpfu & Moloi, 2022). Therefore, taxpayers must be taxed according to their ability to pay and not be left in a wrong position because the tax must follow the size of their income (Smith, 1776). This also applies to MSME business actors, whose taxes must be by their financial condition and income.

The effectiveness of digitizing tax administration then examines how much this can affect taxpayer compliance. Research from Bellon, et al., (2019) The use of digital tax administration has increased tax compliance among certain groups of business actors by lowering compliance costs. In the context of Indonesia and MSMEs, the application of digitizing tax administration using e-fraktur was found to increase tax compliance costs by 3.4 percent in the first 6 months after implementation, but then after that was implemented correctly, it would decrease by 31 percent of the cost of tax compliance before the performance of e-fraktur (Palupi & Darwanto, 2017). This shows that although it will increase compliance costs at the beginning of its implementation, overall compliance costs will decrease when the digitalization of tax administration is implemented.

Digitalization affects the role of the digital economy so that every country improves services, especially in tax administration. Indonesia is digitizing tax administration to reduce taxpayer compliance costs for MSMEs. Research findings Erin (2021) Shows that factors such as knowledge, mediation, and perceptions of justice are still ineffective, so it is felt that they are burdening the MSME actors themselves. This is due to the influence of costs in taxes for MSMEs actors so that, in this case, the perpetrators are reluctant to pay taxes. Therefore, it is proposed that the Indonesian government facilitate these MSMEs in tax management. Knowledge and mediation may be a solution to reduce compliance costs for MSMEs taxpayers. Thus, digitizing tax administration correlates with reducing compliance costs for MSMEs (Erin, 2021). Based on this, it can be concluded that the digitalization of tax administration in Indonesia has not been able to reduce the cost of tax compliance for MSME taxpayers due to various other factors that can affect compliance with MSME taxpayers themselves, including knowledge, mediation, perceptions of fairness, and so on. This is also supported by the development of Taxpayer Annual SPT reporting data which shows that there is still more manual SPT reporting compared to Annual SPT reporting using e-forms or e-SPT.

Table 1. Development of Annual SPT Submissions (e-Form, e-SPT, & SPT Manual)

<table>
<thead>
<tr>
<th>Tahun</th>
<th>e-Form</th>
<th>e-SPT</th>
<th>SPT Manual</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>96.277</td>
<td>467.245</td>
<td>3,088,827</td>
</tr>
<tr>
<td>2018</td>
<td>327.344</td>
<td>443.699</td>
<td>2,151,273</td>
</tr>
<tr>
<td>2019</td>
<td>874.485</td>
<td>386.676</td>
<td>1,347,703</td>
</tr>
<tr>
<td>2020</td>
<td>944.923</td>
<td>751.317</td>
<td>1,312,868</td>
</tr>
<tr>
<td>2021</td>
<td>1,146.654</td>
<td>1,184.381</td>
<td>1,496,734</td>
</tr>
</tbody>
</table>

Source: DGT Annual Report (2022)

The steps were taken by the DGT to reduce the cost of MSMEs taxpayer compliance.

International experience suggests that the regulatory burden disproportionately falls on small and medium enterprises (Inasius F., 2015). In recognition of their contribution to the national economy, SMEs must be supported by the government, especially in the regulation of expenses and taxation (Pope & Abdul Jabar, 2008). At the same time, the cost of compliance for taxpayers in developing countries is four to five times higher than in developed countries (Chris Evans, 2003). This means governments in developing countries, including Indonesia, must make serious efforts to reduce compliance costs so taxpayers do not commit tax evasion. In Indonesia, these efforts are carried out by the Directorate General of Taxes (DGT) as the party authorized to do so.

The Directorate General of Taxes (DGT) started by reforming the tax administration. This is done to increase three essential components: taxpayer compliance, public trust, and productivity of tax officials. To achieve this goal, tax administration reform must be comprehensively designed. The comprehensive strategy includes four essential reforms in organizational structure, business processes, human resource management, and good governance. In business processes, DGT formalizes Standard Operating Procedures and simplifies rules, as well as tax payment procedures (Dwijanika, Murwaningsari, Umar, & Mayangsari, 2021).

This simplification of tax payment rules and procedures is also known as the ‘simplified tax system’ (STS), which has been used by many countries in imposing taxes on certain taxpayers where the desired tax base is not measured by itself but is inferred from several clearer indicators that are easier to measure than the base itself (Thuronyi, 2004). For example, DGT stipulates that MSMEs with a total annual gross turnover from all business activities of less than Rp. 4.8 billion are eligible for the MSMEs tax regime. Based on these provisions, taxpayers who must pay MSME taxes are those with lower income than these provisions.

Such a taxation system, which uses the STS, is used for a variety of reasons, primarily to reduce taxpayer compliance costs by making it easier for taxpayers to calculate their tax obligations and to simplify tax administration by removing some taxpayers, including taxpayers with small tax obligations by providing a measure more transparent and more direct tax obligations (Alm, 2019). Such simplification is essential because the complexity of tax administration is one of the high costs of tax compliance, especially for MSMEs.

MSMEs play a dominant role in the national economy, but this sector has long needed more administrative capabilities, resulting in high tax non-compliance. MSMEs generally develop from individual businesses, then into small and medium enterprises. Complex administrative and tax burdens can increase tax compliance costs, thereby reducing the competitiveness of MSMEs. This will ultimately have an impact on the low level of tax compliance (Inasius, 2019). Based on this, efforts to simplify the taxation system carried out by the DGT are to reduce tax compliance costs and ultimately increase MSMEs compliance.

Taxpayer compliance costs include time spent keeping receipts, keeping appropriate books, and filing tax returns (Alm, 2019). DGT then designed a digitization of tax administration that could simplify the process and be done by MSMEs online. DGT implements digitization of tax administration so that it can reduce administrative work, both for taxpayers and tax officers.
There are several types of digitalization efforts carried out by DGT. Table 1 compares tax services carried out before and after digitizing tax administration.

Table 2. DGT tax services before and after digitizing tax administration

<table>
<thead>
<tr>
<th>Service type</th>
<th>Before digitization</th>
<th>After digitization</th>
<th>Legal basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Making NPWP</td>
<td>Come directly to the tax office</td>
<td>Accessible online</td>
<td>E-Registration PER-02/PJ/2018</td>
</tr>
<tr>
<td>Payment of taxes</td>
<td>Come directly to the tax office</td>
<td>Accessible online</td>
<td>E-billing PER/05/PJ/2017</td>
</tr>
<tr>
<td>Tax reporting</td>
<td>Come directly to the tax office</td>
<td>Accessible online</td>
<td>E-filling PER/1/PJ/2014</td>
</tr>
<tr>
<td>Making Tax Invoices</td>
<td>Done manually, and there is potential for misuse of tax invoices</td>
<td>Generated automatically so it can’t be abused</td>
<td>E-faktur PER/31/PJ/2017</td>
</tr>
</tbody>
</table>

Source: Rahmi & Gangodawilage (2022)

The digitization efforts taken by DGT, as shown in the table, have made the tax service process more accessible, more effective, and efficient in terms of time, effort, and cost. Besides improving service performance, digitizing tax administration can also solve tax problems at the local government level because there are still many fraudulent practices and tax leaks, and weak tax potential mapping. With digitalization, local governments can oversee various tax activities, as well as provide fast services (Rahmi & Gangodawilage, 2022).

Utilization of digital technology in the tax administration system can help reduce or even eliminate human error and backend operations in service to taxpayers. Even with this digitization, there is no need for meetings between taxpayers and tax officials directly (Rahmi & Gangodawilage, 2022). This relates to the simplification of processes on the side of the tax administrator. Research conducted by Syafitri (2018) shows that with the implementation of tax administration digitalization services, the increase in taxpayer compliance with users of digitalization services is proportional to the increase in taxpayer compliance. In line with this, the increase in the ratio of taxpayer compliance is proportional to tax revenues. The same is proven in the research conducted by Wulandari (2021), shows a positive influence of implementing e-filling and e-invoicing on taxpayer compliance.

This proves that the opportunity for tax revenue is more significant if the taxpayer has adapted well to the digitalization of tax administration. Taxpayers who understand and can take advantage of tax administration innovations tend to comply more with tax regulations, such as the expectations of tax officials. With the convenience of tax services, tax compliance, and revenue are also expected to increase. Research Rahmi dan Gangodawilage (2022) taxpayers will be more voluntary in paying taxes when there is ease in the tax administration process.

CONCLUSION

This research has conducted a study on the effectiveness of digitizing tax administration on the taxpayer compliance costs of MSMEs business actors. DGT reformed tax administration by digitizing it to make it easier for taxpayers to fulfill their obligations, such as registration, payment, and reporting. This comes in the form of e-filing, e-form, e-registration, e-billing, and e-invoice. The reforms were carried out to increase the effectiveness of the taxation system, the main objective of which was to minimize administration and compliance costs. Tax compliance costs are in the form of time and money sacrificed by taxpayers. The effectiveness of digitizing tax administration is then seen to what extent this can affect taxpayer compliance. However, recently this study found that the digitalization of tax administration in Indonesia has not been able to reduce the cost of taxpayer compliance for MSMEs taxpayers due to various other factors that can influence MSMEs taxpayer compliance, such as knowledge, mediation, perceptions of fairness, and others. In an effort to reduce tax compliance costs, DGT has done several things. First, simplification of the tax system related to simplification of tax payment rules and procedures, for example, by stipulating only MSMEs that have a total annual turnover of less than Rp. 4.8 billion who have to pay MSMEs taxes. In addition, DGT also digitalized tax administration by utilizing digital technology in the tax administration system. DGT implements digitization of tax administration so as to reduce administrative work, especially for MSMEs taxpayers who are considered to have low administrative skills. In the end, with this simplification, through the application of digitization, it is hoped that it can reduce the cost of tax compliance and increase tax compliance for MSMEs.

This paper uses qualitative methods, so there are limitations in interpreting the findings based on the availability of secondary data. Therefore, further research is suggested to analyze the same topic using quantitative analysis to find better generalizations of research results. In addition, the shortcomings of this research are also related to how the data sources used are still limited, so there may be information or data that has yet to be explored related to the problem of the effectiveness of digitizing tax administration on reducing taxpayer compliance costs. Furthermore, another limitation of this study is the use of research subjects, namely taxpayers of Micro, Small, and Medium Enterprises (MSMEs), where they need to fully represent digital administration’s effectiveness. For this reason, research can be carried out using other research subjects to be compared. The efficacy of digitizing tax administration can be known in reducing the cost of taxpayer compliance.

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