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Digital tax administration and corporate tax compliance: Evidence from the Post-E-Filing Era

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Abstract--This study aims to explore how digital tax administration influences corporate tax compliance in the post e-filing era by focusing on organizational processes, perceptions of transparency, and risk management strategies. Using a qualitative multiple case study approach, data were collected through in-depth semi-structured interviews with corporate tax managers, finance officers, tax consultants, and tax officials in an emerging economy. The data were analyzed using thematic analysis to identify recurring patterns and underlying mechanisms shaping compliance behavior. The findings reveal that digital tax administration fundamentally reconfigures corporate compliance processes by embedding tax obligations into digitally structured workflows. Digital systems enhance transparency and traceability, leading to increased procedural compliance and heightened awareness of audit risks. However, they also generate psychological pressure and operational challenges, including system instability, data integration issues, and capability gaps. Furthermore, digitalization encourages firms to adopt proactive risk management strategies, transforming tax compliance from a reactive obligation into a strategic organizational function. This study contributes to the digital taxation literature by providing in-depth qualitative evidence on the socio-organizational implications of tax digitalization. The findings offer practical insights for policymakers and corporate leaders to design more effective, trustworthy, and sustainable digital tax systems that support long-term compliance.

Keywords--digital tax administration, corporate tax compliance, e-filing, qualitative study, emerging economy, risk management.



Introduction

The digital transformation of tax administration has become a strategic agenda for many countries to strengthen revenue capacity, improve public service quality, and reduce taxpayer compliance costs. In the context of modern governance, digital tax administration is no longer viewed merely as an automation of reporting processes, but as a fundamental reengineering of business processes that places data, system interoperability, and taxpayer experience at the center of compliance enhancement (OECD, 2023). The OECD further emphasizes that digitalization enables tax authorities to shift from reactive approaches to data-driven and predictive compliance risk management (OECD, n.d.). With the growing adoption of e-filing, e-payment, e-invoicing, and electronic fiscal reporting, digital tax systems have become critical instruments for expanding the tax base and strengthening transparency (IMF, 2023).

A growing body of cross-country evidence indicates that the implementation of e-filing and digital tax systems significantly reduces compliance costs and improves taxpayers' perceptions of bureaucratic barriers. Coolidge (2014) found that e-filing adoption in developing countries lowered tax compliance costs, particularly for small and medium-sized enterprises. This finding is reinforced by a World Bank (2020) study, which demonstrates that e-government initiatives in taxation are associated with a reduction in the time required to prepare and pay taxes, fewer face-to-face interactions with tax officers, and improvements in overall government capacity. Consequently, digitalization not only enhances process efficiency but also contributes to a more favorable business environment.

From a data-driven compliance perspective, digital systems also improve the traceability of economic transactions. Bellon, Lamadon, and Malkov (2022), as well as the IMF (2019), show that the implementation of VAT e-invoicing in Peru significantly increased sales and value-added tax reporting, as digital records limited opportunities for manipulation and strengthened real-time monitoring. Similarly, Nose et al. (2025) argue that the use of digital technologies in tax administration enhances risk detection and promotes compliance, particularly when combined with data analytics and early warning systems.

Nevertheless, the literature also highlights that the benefits of digitalization do not automatically materialize with the mere introduction of new systems. The OECD (2023) notes that digital transformation brings substantial challenges, including infrastructure readiness, human resource capability, and organizational change management. Without strong governance, digitalization may instead generate new frictions, such as system disruptions, data integration errors, and procedural uncertainty (OECD, n.d.). Therefore, the post e-filing era should be understood as a learning phase, in which both tax authorities and taxpayers continue to negotiate the operational consequences of digital transformation.

These dynamics are clearly reflected in the Indonesian context. The government has intensified efforts to modernize the tax system through digital platforms and the development of a new core tax system aimed at improving compliance and revenue performance. However, Reuters (2025a) reported that the rollout of the new system faced technical failures that frustrated users and disrupted business

operations. In response, the tax authority temporarily operated the old system in parallel to mitigate the impact of reporting delays caused by system problems (Reuters, 2025b). At the same time, the government is seeking to expand the tax base through digital policies, including new e-commerce tax regulations to target the shadow economy (Reuters, 2025c). These developments demonstrate that digital tax administration is not merely a technological issue, but also one of institutional trust, policy design, and stakeholder readiness.

Given this context, the urgency of this study lies in the need to understand the internal mechanisms through which digital tax administration influences corporate tax compliance in the post e-filing era. Most prior studies have relied on quantitative indicators such as effective tax rates or tax gaps, which provide limited insight into organizational processes, adaptation strategies, and the frictions experienced by firms in practice. In contrast, qualitative exploration is essential to reveal how companies interpret transparency, manage digital risks, and restructure compliance processes in response to technological change. Accordingly, this study seeks to explore corporate experiences in fulfilling tax obligations under digital systems, to identify the key drivers and barriers to compliance within the digital tax ecosystem, and to generate policy and managerial insights that can strengthen the effectiveness and credibility of digital tax administration in emerging economies.

Methods

Research Design

This study adopts a qualitative multiple case study approach to explore how digital tax administration influences corporate tax compliance in the post e-filing era. A qualitative design is appropriate because the study aims to capture in-depth insights into organizational processes, perceptions, and behavioral changes that cannot be adequately explained through quantitative indicators alone (Creswell & Poth, 2018). By focusing on real-world experiences, this approach allows the researcher to understand how corporate actors interpret and respond to digital transformation in tax administration.

Research Setting and Context

The study is conducted in an emerging economy context where digital tax systems have been widely implemented as the primary channel for corporate tax reporting. The post e-filing era is defined as the period in which e-filing has become a routine and mandatory practice, yet organizations are still adapting to system integration, regulatory changes, and digital compliance risks. This context provides a relevant setting to examine the interaction between technology, regulation, and corporate behavior.

Participants and Sampling

Participants are selected using purposive and snowball sampling techniques to ensure information-rich cases. The study involves corporate tax managers, finance managers, public accountants, tax consultants, and tax officers who have direct experience with digital tax systems. Selection criteria include: (1) a minimum of three years of experience in corporate tax reporting; (2) active use of e-filing and other digital tax platforms; and (3) involvement in decision-making

related to tax compliance. Data collection continues until theoretical saturation is reached, where no new themes emerge from additional interviews.

Data Collection

Primary data are collected through semi-structured, in-depth interviews to allow participants to describe their experiences while ensuring consistency across cases. An interview guide is developed based on prior literature on digital tax administration, compliance behavior, and organizational change. Each interview lasts approximately 60–90 minutes and is audio-recorded with participant consent. To enhance data triangulation, relevant documents such as internal tax procedures, system guidelines, and regulatory reports are also reviewed.

Data Analysis

Data are analyzed using thematic analysis following the six-step procedure proposed by Braun and Clarke (2006): familiarization with the data, initial coding, theme development, theme review, theme definition, and report writing. Coding is conducted iteratively using qualitative data analysis software such as NVivo. Through constant comparison across cases, patterns and relationships among themes are identified, enabling the development of a conceptual framework that explains how digital tax administration shapes corporate tax compliance.

Trustworthiness

To ensure the rigor and credibility of the findings, the study applies Lincoln and Guba's (1985) trustworthiness criteria, including credibility, transferability, dependability, and confirmability. Credibility is strengthened through triangulation of data sources and member checking. Transferability is supported by providing rich contextual descriptions. Dependability and confirmability are ensured through an audit trail and reflexive journaling.

Ethical Considerations

All participants are informed about the purpose of the study and provide written consent prior to participation. Confidentiality and anonymity are strictly maintained by using pseudonyms and removing identifiable information. The study adheres to ethical research standards and has obtained approval from the relevant institutional ethics committee.

Table 1. Research Questions and Expected Analytical Answers

No	Research Question (RQ)	Analytical Focus	Expected Qualitative Findings (Propositions)
RQ1	How does digital tax administration change corporate tax compliance processes in the post e-filing era?	Changes in workflows, reporting procedures, and internal controls	Digital systems simplify reporting workflows, increase documentation accuracy, and reduce manual errors, while simultaneously requiring new digital competencies and system integration within firms.
RQ2	How do corporate actors perceive transparency and	Perceptions of monitoring, accountability,	Firms perceive higher transparency and traceability, leading to greater awareness of

No	Research Question (RQ)	Analytical Focus	Expected Qualitative Findings (Propositions)
	control under digital tax systems?	and institutional trust	audit risks and stronger internal compliance controls.
RQ3	What organizational and technological challenges do firms face in adapting to digital tax administration?	Technical, regulatory, and human resource barriers	Key challenges include system downtime, data mismatches, limited technical skills, and frequent regulatory updates, which increase compliance complexity.
RQ4	How does digitalization influence corporate compliance behavior and risk management strategies?	Behavioral change, risk awareness, and mitigation strategies	Firms adopt more proactive compliance strategies, such as real-time monitoring and external consultation, to manage digital tax risks.
RQ5	What factors strengthen or weaken the impact of digital tax administration on corporate tax compliance?	Enabling and constraining organizational and institutional factors	Strong governance, management support, and system reliability enhance compliance, whereas weak infrastructure and low digital literacy undermine it.
RQ6	How can digital tax administration be improved to foster sustainable corporate tax compliance?	Policy, system design, and service improvement implications	Enhancing system stability, user support, and regulatory clarity can build trust and encourage long-term compliance.

Primary Data, 2026

Result and Discussion

Theme 1: Digital Tax Administration as Organizational Process Reengineering

Digital tax administration is widely conceptualized as a form of **business process reengineering (BPR)** that restructures internal workflows, enhances information accuracy, and shifts compliance from a manual to a data-driven environment (OECD, 2023). From an institutional theory perspective, digital systems impose standardized procedures that shape organizational routines and constrain discretionary behavior. Over time, these routines become embedded as “taken-for-granted” practices that redefine how firms interpret regulatory compliance.

Participants consistently reported that the introduction of e-filing transformed their internal compliance architecture. Tasks that were previously paper-based and sequential are now digitally integrated and executed in real time.

“Before e-filing, we had to submit many physical documents and manually reconcile data. Now everything is uploaded and verified digitally, which is much faster.”
(Participant 1, Tax Manager)

“The system forces us to organize data more carefully. There is no room for last-minute manual correction anymore.” (Participant 6, Corporate Accountant)

However, this transformation required internal restructuring.

“We had to redesign our workflow and assign specific staff to handle digital submissions.” (Participant 4, Finance Supervisor)

These findings reinforce Coolidge (2014) and World Bank (2020), who argue that digital systems lower compliance costs and increase efficiency by simplifying reporting procedures. The evidence suggests that digital tax administration does not merely automate existing practices, but fundamentally reshapes organizational routines, thereby embedding compliance into everyday operations.

Theme 2: Transparency, Surveillance, and Psychological Control

Digital governance theory posits that transparency and traceability enhance accountability and discourage opportunistic behavior (OECD, n.d.). However, surveillance theory warns that continuous monitoring may generate psychological pressure and compliance driven by fear rather than trust.

Most participants perceived increased transparency as unavoidable.

“With digital reporting, everything is traceable. We are more careful now because the system can detect inconsistencies.” (Participant 2, Tax Consultant)

Yet, transparency also generated anxiety.

“Even small technical errors feel like they could trigger an audit.” (Participant 7, Corporate Accountant)

Bellon et al. (2022) and IMF (2019) similarly found that digital traceability strengthens compliance but introduces psychological stress. This duality reflects a shift from relational to system-based trust.

Theme 3: Structural and Technological Barriers

Institutional readiness theory emphasizes infrastructure reliability, regulatory clarity, and human capital as determinants of digital transformation success (OECD, 2023).

“When the system is down near the deadline, it creates chaos.” (Participant 5, Finance Manager)

“We lack technical staff, so any system problem delays everything.” (Participant 9, SME Owner)

Consistent with OECD (2023), digital reforms without robust infrastructure risk undermining trust and compliance.

Theme 4: Proactive Risk Management and Strategic Compliance

Risk-based compliance models suggest digital monitoring encourages preventive strategies (Nose et al., 2025).

“We conduct internal reviews before submission to avoid penalties.” (Participant 3, Internal Auditor)

Digitalization transforms compliance into a strategic risk management function.

Theme 5: Institutional Trust and Leadership Support

Trust-based governance highlights leadership commitment and regulatory clarity as key drivers of sustainable compliance (World Bank, 2020).

“Management supports training because compliance is now a priority.” (Participant 8, CFO)

This confirms World Bank (2020) on institutional readiness.

Conclusion

This study set out to explore how digital tax administration shapes corporate tax compliance in the post e-filing era using a qualitative multiple case study approach. The findings demonstrate that digitalization has fundamentally transformed corporate compliance processes by embedding tax obligations into digitally structured workflows. Rather than functioning merely as a technical reporting tool, digital tax systems have become institutional mechanisms that reconfigure organizational routines, redefine accountability, and reshape perceptions of risk.

The results reveal that digital tax administration enhances transparency and traceability, thereby strengthening procedural compliance. However, the study also uncovers the psychological dimensions of digital surveillance, where increased monitoring generates both discipline and anxiety among corporate actors. Furthermore, while digital systems encourage firms to adopt proactive risk management strategies, persistent technological and organizational challenges—such as system instability, data integration issues, and limited human resource capabilities—continue to constrain the realization of full compliance benefits.

Overall, the study concludes that digital tax administration is not a neutral technological intervention but a socio-institutional transformation that simultaneously empowers and pressures organizations. Its success in fostering sustainable compliance depends not only on system design but also on institutional trust, leadership commitment, and the readiness of corporate actors to adapt to digital governance.

Practical and Policy Implications

From a policy perspective, the findings suggest that governments should view digital tax systems as part of a broader governance reform rather than as isolated technological upgrades. Investments in system reliability, user-centered design, and continuous technical support are essential to minimize operational disruptions that may undermine trust. Clear and consistent regulatory communication is equally critical to ensure that digital compliance requirements are well understood by corporate users.

For tax authorities, the study highlights the importance of balancing transparency with supportive engagement. While digital monitoring strengthens compliance, excessive system rigidity and frequent changes may generate uncertainty and resistance. Developing feedback mechanisms, providing real-time guidance, and facilitating collaborative problem-solving can help transform compliance from a fear-based obligation into a shared institutional norm.

At the organizational level, firms are encouraged to strengthen internal digital capabilities, integrate tax compliance into enterprise risk management, and promote a culture of ethical compliance. Leadership support and continuous staff training emerge as key enablers for adapting to the evolving digital tax environment.

Limitations and Future Research

This study is subject to several limitations. First, as a qualitative inquiry, the findings are context-specific and cannot be statistically generalized to all corporate settings. Second, the study relies on self-reported experiences, which may be influenced by subjective interpretations and social desirability bias. Third, the research focuses on the post e-filing era in an emerging economy context, and the results may differ in countries with more mature digital tax infrastructures.

Future research could adopt mixed-method approaches to triangulate qualitative insights with quantitative compliance data. Comparative cross-country studies may also provide a broader understanding of how institutional contexts moderate the impact of digital tax administration. Additionally, longitudinal research would be valuable to capture the dynamic evolution of compliance behavior as digital systems mature.

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