

EFFECTIVENESS OF THE ONLINE TAX SYSTEM (E-FILING) IN INDONESIA

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ABSTRACT

This study aims to analyze the effectiveness of the e-filing system in improving individual taxpayer compliance in Indonesia. The e-filing system is part of the digital-based tax administration modernization that is expected to improve efficiency, transparency, and ease of SPT reporting services. The research method used a quantitative approach with a Likert-scale questionnaire instrument for 250 e-filing user respondents, supported by a qualitative approach through a review of previous research. The results show that e-filing effectiveness, digital literacy, and trust in the system have a significant positive influence on taxpayer compliance. System effectiveness is reflected in speed, ease of access, reporting accuracy, and data security. However, e-filing implementation still faces obstacles in aspects of digital literacy and technological infrastructure. These findings emphasize the importance of strengthening education, socialization, and digital infrastructure to increase the success of a modern tax system in Indonesia.

Keywords : *e-filing , taxpayer compliance, digital literacy, system trust*



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INTRODUCTION

The development of information and communication technology over the past two decades has transformed nearly every aspect of human life, including government and tax systems. The digital age has now become mandatory for government institutions to improve efficiency, transparency, and accountability in providing public services. In this context, the Indonesian Directorate General of Taxes (DGT) has taken a significant step by implementing a digital-based tax system. One example is the E-Filing program, a system for electronically reporting Tax Returns (SPT). Taxpayers can submit this report anytime and anywhere as long as they are connected to the internet.

According to Handayani & Fadillah (2023), the digitalization of the tax system is part of an effort to modernize tax administration that has been planned since 2002. The goal is to create a more efficient, effective, transparent, and service-oriented tax system. This modernization includes the development of a tax information system, changes to the organizational structure, improving employee skills, and simplifying tax procedures. One important step in this transformation was the national implementation of e-filing in 2005, which is managed through the official website of the Regional Tax and Retribution Agency.

The implementation of e-filing is considered a significant innovation because it simplifies previously manual administrative processes. This system allows taxpayers to complete and submit their annual tax returns online without having to visit the Tax Service Office (KPP). Furthermore, e-filing provides automatically generated electronic receipts (BPE), making the tax reporting process faster, easier, and more secure (Putri & Suryadi, 2022).

In terms of effectiveness, e-filing has a positive impact on improving taxpayer tax compliance. Research conducted by Nugroho and Lestari (2023) shows that individual taxpayer compliance rates increased significantly after e-filing became widely used. This occurs because the online system successfully reduces various administrative barriers, such as long queues, form completion times, and

data errors that often occur in manual processes. Furthermore, this system also encourages the implementation of the self-assessment system principle, where taxpayers are entrusted with the responsibility of calculating, reporting, and paying their own taxes responsibly.

Population growth is closely linked to the challenges and limitations of implementing the e-filing system in Indonesia. One major obstacle is the low level of digital literacy among the public, particularly in rural and underdeveloped areas, which has prevented optimal use of the e-filing system (Rahmawati & Sukma, 2022). Furthermore, several issues, such as internet network stability, data security, and trust in the electronic system, also impact taxpayers' revenue performance when using the e-filing system.

According to Sari & Prasetyo (2023), the effectiveness of tax digitalization depends heavily on the readiness of the technological infrastructure and the reliability of the systems used by the Directorate General of Taxes (DGT). If the system frequently experiences disruptions or is difficult to access during reporting periods, this can undermine taxpayer trust and create negative perceptions of the digital tax administration system.

Population growth, in addition to technical aspects, also plays a crucial role in socialization and education. According to research by Arifin & Wulandari (2023), most taxpayers who understand the benefits and procedures of e-filing tend to have higher levels of compliance than those who receive less information. Therefore, the success of an e-filing system is determined not only by the technology used but also by the effectiveness of the government's communication strategy in introducing the system to the wider public.

From a macro perspective, modernizing the tax system, such as e-filing, helps increase state revenue. Digital systems enable faster processing of tax reporting data, reduce errors, and mitigate tax leakage (Handayani & Fadillah, 2023). Thus, e-filing not only makes it easier for taxpayers to fulfill their obligations but also strengthens the state financial system by increasing efficiency and transparency in tax administration.

Against this backdrop, it is crucial to continue further research into the effectiveness of the e-filing system in Indonesia, both in improving taxpayer compliance, administrative efficiency, and public perception of the modern tax system. Research on the effectiveness of e-filing can also provide policy recommendations for the Directorate General of Taxes and the government in optimizing future digital tax strategies. According to the Directorate General of Taxes, e-filing is a system for submitting Tax Returns (SPT) electronically online and in real time through the Directorate General of Taxes' official website or through a tax application provider. The implementation of e-filing is part of the digital transformation in tax administration, aimed at increasing efficiency, transparency, and ease of access for taxpayers.

The legal basis for implementing e-filing in Indonesia is stated in the Decree of the Director General of Taxes No. PER-02/PJ/2019 concerning procedures for submitting electronic tax returns, the Decree of the Director General of Taxes No. 47/PJ/2008, and the Decree of the Minister of Finance No. 181 of 2009, which regulates the management of electronic documents in tax administration. Furthermore, Law No. 1 of 2024 also strengthens the legal basis for the use of information and communication technology in the provision of modern tax services. The difference between the manual and e-filing systems lies in the reporting and submission methods for SPTs. With the manual system, taxpayers must visit the Tax Service Office in person to submit physical documents, while with e-filing, reporting can be done online anytime and anywhere as long as there is an internet connection.

The e-filing method provides convenience because taxpayers do not need to be physically present and can carry out tax obligations more efficiently. After the issuance of the Regulation of the Minister of Finance of the Republic of Indonesia Number 9/PMK.03/2018, several types of taxes such as the VAT Periodic Tax Return and the Income Tax Article 21 and Income Tax Article 26 are required

to be reported through the e-filing system, and manual reporting is no longer permitted since April 1, 2018.

The implementation of e-filing offers various benefits, including time efficiency, increased reporting accuracy, transparency of tax information, and reduced paper use in administration. This system also generates real-time proof of receipt of reports, enhancing accountability and a sense of security for taxpayers. However, the implementation of e-filing in Indonesia still faces challenges such as low digital literacy among taxpayers, limited information technology infrastructure in some regions, and concerns about data security and confidentiality. Therefore, outreach efforts and technological enhancement are crucial factors in supporting the effective implementation of this system.

E-filing is a system for reporting tax returns (SPT) online and in real time through the official website of the Directorate General of Taxes. This system is designed to simplify taxpayer reporting without having to visit the tax office in person. Previous research indicates that e-filing plays a role in increasing time efficiency, data accuracy, and reducing direct interaction between taxpayers and tax officials (Putra & Rahmawati, 2023). E-filing is also seen as part of tax modernization and evidence of the digitalization of public services.

Taxpayer compliance is the condition when a taxpayer meets the requirements set by the Directorate General of Taxes (DGT), both in terms of reporting and paying taxes. This includes adherence to procedures, deadlines, and the accuracy of tax reporting. Tax compliance is significantly influenced by taxpayer awareness. When taxpayers demonstrate a high level of awareness, such as voluntarily registering, calculating, paying, and reporting their taxes, compliance levels will increase, directly impacting state revenue from the tax sector.

Tax digitalization is the use of digital technology to support tax administration processes such as tax reporting, payment, and verification. "Tax digitalization is an innovation in tax services that provides facilities in the form of online tax service applications or internet networks to taxpayers by the government with ease of use, such as in reporting and paying taxes." (Tambun & Atmojo, 2020:80).

Digital literacy is a person's ability to understand, access, and use digital-based technology or information effectively. Paul Gilster (1997) defines digital literacy as a person's ability or skill to understand and use information from various digital sources effectively and efficiently in various formats. A good level of digital literacy will encourage taxpayers to more easily use digital systems such as e-filing and reduce barriers to technology adoption.

System trust in the context of digital taxation refers to taxpayers' confidence that technology-based tax service systems (such as e-filing and DJP Online) are secure, transparent, professional, and reliable. Dewani's (2025) research defines system trust as the belief that the government manages the tax system honestly, accountably, and prioritizes the public interest. Taxpayers will be more confident and willing to use digital systems if they feel their data is secure, the process is not detrimental, and it is run fairly and professionally. Previous studies have also shown that trust in digital tax systems is influenced by system stability, information accuracy, data security, and the government's reputation as the administrator. The greater taxpayer trust in the system, the greater their willingness to use e-filing and comply with their tax obligations. Thus, system trust is a crucial variable that influences not only the adoption of tax technology but also overall tax compliance.

RESEARCH METHODS

This study employs a quantitative research design to examine the effectiveness of the e-filing system and its influence on individual taxpayer compliance in Indonesia. The quantitative approach is supported by a complementary qualitative review of prior literature to strengthen theoretical justification and hypothesis development. The quantitative method enables the measurement of relationships between variables, while the qualitative component provides contextual depth to the phenomenon under study.

The population in this research consists of individual taxpayers in Indonesia who have used the e-filing system to submit their annual tax returns. A purposive sampling technique was adopted, with the following inclusion criteria registered individual taxpayers, holders of a valid Electronic Filing Identification Number (EFIN), and users who have submitted at least one tax return using the e-filing system. A total of 250 respondents participated in the study. The sample size is considered adequate for Structural Equation Modeling (SEM) analysis.

Primary data were collected through an online questionnaire consisting of close-ended statements measured using a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). The instrument was distributed digitally to ensure accessibility and to align with the study's focus on digital taxation systems. The questionnaire items were developed based on established theories and previous empirical studies related to e-filing effectiveness, digital literacy, system trust, and tax compliance. Secondary data were obtained from published academic journals, government reports, regulatory documents, and prior studies to support the qualitative review and hypothesis formulation. The study includes four main variables: E-Filing System Effectiveness (X1), Digital Literacy (X2), System Trust (X3), Taxpayer Compliance (Y)

Data were analyzed using Structural Equation Modeling (SEM) with the assistance of LISREL software. SEM was chosen due to its ability to simultaneously test complex relationships among latent variables. The analysis consisted of:

1. Measurement Model Testing
 - Confirmatory Factor Analysis (CFA)
 - Evaluation of goodness-of-fit indicators (RMSEA, CFI, GFI, TLI)
2. Structural Model Testing
 - Hypothesis testing using t-values
 - Path coefficient interpretation to determine the strength and direction of relationships

To strengthen the development of hypotheses and contextual understanding, a qualitative literature review was conducted. Previous empirical studies on e-filing, digital taxation, and taxpayer compliance were analyzed to identify theoretical gaps, support variable selection, and justify the conceptual model used in this research.

RESULTS AND DISCUSSION

The use of e-filing is part of the modernization of tax administration to improve efficiency and taxpayer compliance. This system has been proven to accelerate the reporting process and reduce administrative barriers. However, digital literacy and trust in the system remain factors influencing its successful implementation.

The results of data processing indicate that the variables of e-filing effectiveness (X1) and digital literacy (X2) have a significant positive influence on taxpayer compliance (Y). Trust in the system (X3) also shows a positive contribution as a mediating variable, particularly in increasing users' perceptions of security and convenience.

X1 → Y: T-Value = 4.87 (significant) indicates that the more effective the e-filing system is used, the higher the level of compliance. • X2 → Y: T-Value = 3.12 (significant) indicates that digital literacy also influences the ease of use of the system. • X3 → Y: T-Value = 2.95 (significant) indicates that trust in the security and reliability of the system plays an important role in encouraging compliance. The RMSEA value = 0.058 indicates that the model is suitable for use.

The effectiveness of e-filing has proven to be a key factor in improving taxpayer compliance. Easy 24/7 access, reduced administrative costs, and real-time electronic receipts make this system considered efficient. Furthermore, digital literacy is crucial for the system's success, especially in areas with limited infrastructure. Trust in the system is a key element in maintaining taxpayers' sense of security when submitting data through digital platforms. This research aligns with previous findings

that tax digitalization depends not only on technology, but also on user readiness and government support in education and outreach.

CONCLUSION

This study concludes that the e-filing system in Indonesia has proven effective in improving individual taxpayer compliance. The system's key strengths—such as ease of access, reporting speed, automated accuracy, and data security—significantly contribute to enhancing taxpayers' willingness and ability to fulfill their tax obligations. The findings also demonstrate that digital literacy and trust in the system are essential supporting factors; taxpayers who are technologically capable and confident in the reliability and security of the system show higher levels of voluntary compliance.

Nevertheless, challenges remain, particularly in regions with limited digital infrastructure, low levels of technological understanding, and occasional system disruptions. These issues indicate that the success of digital tax transformation depends not only on technological advancements but also on user readiness and government efforts in socialization, education, and continuous system improvement. Strengthening infrastructure, enhancing digital literacy programs, and ensuring system reliability are therefore crucial to maximizing the long-term effectiveness of e-filing and supporting broader tax administration modernization in Indonesia.

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