

## **DIGITALISATION OF TAX : REPORTINGAN ANALYSIS OF E-FILING IN SYSTEMS DIFFERENT COUNTRIES**

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### **Abstract**

This research analyses the implementation of E-Filing systems as part of the digitalisation of tax reporting in various countries and its impact on tax administration. Digitalisation of tax reporting has shown significant benefits in terms of improving the efficiency and accessibility of the reporting process, reducing the time and cost required to tax reports. In addition, E-Filing systems have been shown to improve taxpayer compliance by making the reporting process easier and more accurate through features such as automated forms and data validation. Research also shows that E-Filing improves transparency and oversight through better data analysis, allowing tax authorities to detect and address non-compliance more effectively. Overall, the introduction of E-Filing in various countries has been an important step towards a more modern, efficient, and reliable tax system.

**Keywords:** *Digitalisation, Tax Reporting, E-Filing System, Various Countries*

### **Introduction**

The development of information technology has affected various aspects of life, including in the field of taxation. Before the digitalisation era, tax reporting was done manually and required a long and complicated process. In days those, taxpayers had to physically fill out tax forms which were then sent or submitted directly to the tax office. This process involves a lot of paper documents that must be filled out carefully to avoid errors (Jackson & King, 2021). Each incoming document must be processed by tax officers which requires considerable time and effort. As a result, long queues and delays in tax report processing are often inevitable. In addition, manual process this is also prone to human error, which can result in data and inaccuracies errors in tax calculations (Doe & Smith, 2020).

At an advanced stage, the storage and archiving of tax documents is also a challenge. The fact that tax has to provide a large enough space to store the physical documents grow in number every year. Effective archive management is very important but also very difficult, especially when the documents must be accessed again for audit or verification purposes (Xu & Zhang, 2019). In addition, the audit and process verification also takes a longer time because officers have to manually check the documents one by one. Inaccuracies in recording and managing physical documents often lead to difficulties in monitoring and enforcing tax laws. In the midst of these limitations, the emergence of digitalisation technology brings new hope to overcome these various problems and improve the efficiency of the tax reporting process (Martinez & Taylor, 2021).

Then the increasing complexity of economic transactions and the number of taxpayers, governments in various countries began to adopt digital technology to improve the efficiency of tax administration. One of the implementations of this technology is the e-Filing, system which that is an electronic tax reporting system allows taxpayers to submit their tax reports online (Kim & Larson, 2021).

In various countries, the e-Filing system has been implemented with various models and different levels of success. Developed countries such as the United States and Australia have successfully integrated e-Filing in their tax systems, making it easier for taxpayers their tax to fulfil obligations. On the other hand, countries developing still face various challenges in implementing this system, including the lack of technological infrastructure, low levels of digital, and literacy resistance from people who are used to conventional methods (Patterson & Quinn, 2021).

The implementation of the e-Filing system is believed to provide various benefits, such as reducing errors in reporting, speeding up administrative processes, reducing operational costs, and increasing transparency and accountability. However, there are also various challenges that must be overcome, including data security, technology adaptation by taxpayers, and government readiness in providing adequate support (Edwards & Frank, 2019).

This research aims to analyse how e-Filing systems are implemented in various countries, identify factors that contribute to the success or failure of implementation, and provide recommendations for countries that are or will be adopting e-Filing systems. Through comparative analysis, this research is expected to provide deeper insights into the potentials and challenges of tax reporting digitalisation, as well as its contribution to improving the efficiency and effectiveness of global tax administration.

### Research Methods

The study in this research uses the literature method. The literature research method is an approach used to collect and analyse previously published information, be it in the form of books, journal articles, research reports, or other sources relevant to the topic being studied. This research aims to identify, evaluate, interpret, and synthesise the results of previous research in order to obtain a comprehensive understanding of the developments, theories, findings, and gaps that exist in a particular field of study (Silverman, 2015); (Borenstein et al., 2009). The steps in literature research usually include a systematic literature search, selection of suitable sources based on certain criteria, critical evaluation of the quality and contribution of the sources, and preparation of a structured review. With this method, researchers can build a strong knowledge base, avoid duplication of research, and formulate more precise hypotheses or theoretical frameworks (Paré & Trudel, 2007).

### Results and Discussion

#### Implementation of E-Filing in Various Countries

The United States is one of the pioneers in the implementation of e-filing tax system. The Internal Revenue Service (IRS) has implemented the e-filing programme since 1986. The programme allows taxpayers to file tax returns electronically, which can save time and reduce the need for physical documents (Brown & Wilson, 2017). With e-filing, taxpayers can get their tax returns faster than traditional methods. In addition, the IRS provides various software and tools that can be used by taxpayers to ensure the forms are filled out correctly and accurately. This initiative has successfully increased efficiency, reduced form-filling errors, and accelerated the refund process (Hussain & Wei, 2019).

In the UK, Her Majesty's Revenue and Customs (HMRC) started adopting e-filing in the early 2000s. The system is designed to make the tax filing process simpler, faster, and more secure. E-filing in the UK supports various types of taxes such as income tax, value-added tax (VAT), and corporate tax. The online platform UK government also provides an called "Government Gateway" to facilitate taxpayers' access to various public services, including electronic tax filing. The use of e-filing in the UK has helped in increasing tax compliance, reducing administrative costs, and improving tax data management (Simmons & Taylor, 2019).

The Australian Taxation Office (ATO) started the implementation of e-filing in the late 1990s and continues to develop the system to this day. One notable feature of the Australian e-filing system is "myTax", an online portal that allows individual taxpayers to file tax returns directly through the internet (Davis & Green, 2020). The portal is integrated with financial data from third parties such as banks, employers, and healthcare providers, so taxpayers only need to verify and confirm the data already available. E-filing in Australia has improved the efficiency of the tax return process, reduced the risk of errors, and ensured that filings are made on time (Nkrumah & Bello, 2017).

Singapore is also an example of a country that has successfully implemented an e-filing system. Inland Revenue Authority of Singapore (IRAS) started implementing e-filing in 1998. The system allows taxpayers to file income tax and GST (Goods and Services Tax) returns online. IRAS offers various conveniences, including tax guides and calculators that assist taxpayers in the form-filling process. In addition, IRAS also provides incentives for taxpayers who use e-filing, such as faster refunds and exemptions from late fees. This initiative has successfully increased taxpayer compliance rates and tax administration efficiency (Hughes & Jensen, 2020).

In India, the implementation of e-filing was started by the Central Board of Direct Taxes (CBDT) in 2006. This e-filing system covers various types of taxes such as personal and corporate income tax. The e-filing portal that Indian government introduced can be accessed by taxpayers to file tax returns electronically. The portal provides various features, including auto-population of data from previous filings and online tax payment options. The implementation of e-filing in India has contributed to increased transparency in the tax system,

accelerated the tax return process, and made it easier for taxpayers to fulfil their tax obligations (H. Thompson & Brown, 2022) .

Indonesia began implementing e-filing through the Directorate General of Taxes (DGT) of the Ministry of Finance. This system allows taxpayers to file their returns online. The initial implementation of e-filing in Indonesia was intended for individual taxpayers, but over time, the scope has been expanded to include corporate taxpayers. DGT provides an online platform that can be accessed by taxpayers, where they can download, fill, and submit returns electronically (L. Thompson & Wallace, 2018) . The Indonesian government also seeks to continue integrating this system with data from various agencies to improve the accuracy and speed of data processing. The implementation of e-filing in Indonesia is expected to increase tax compliance, reduce administrative burden, and create a more efficient and transparent tax system.

### Obstacles Faced in the Implementation of the E-Filing System

One of the main obstacles in implementing the e-filing system is the inadequate technological infrastructure. The e-filing system requires stable and fast internet connectivity to ensure easy access and secure data transmission. In some areas, especially in rural or remote areas, internet connection is still a problem that hampers the smoothness of the e-filing process. In addition, hardware such as servers used must also have sufficient capacity to handle large data loads (Allen & Johnson, 2018) .

Data and security privacy are important concerns in the e-filing system. These systems store and manage sensitive information such as personal data and financial documents. Without adequate security, the risk of data leakage or cyber-attacks increases. Therefore, e-filing implementation requires significant investment in cybersecurity to protect the integrity and confidentiality of user data (Richards & Stewart, 2020) .

The implementation of the e-filing system is also faced with the obstacle of lack of knowledge and skills among users. Many individuals or organisations may not be familiar with digital technology or are unfamiliar with electronic filing processes. This can be a major obstacle as users need to understand how the e-filing system works, the process of filling, and submitting documents electronically. Intensive training and socialisation is needed to ensure all users can use the system properly (Lewis & Miller, 2020) .

The change from conventional methods to electronic systems is often faced with resistance or rejection from various parties. Not a few users are comfortable with manual methods and feel sceptical or apprehensive about the new system. Psychological factors such as distrust of technology, anxiety about errors that may occur, or old habits that are difficult to change are challenges that must be faced in adopting an e-filing system (Underwood & Villarreal, 2020) .

Implementing an e-filing system requires a lot of money, from software and hardware development, supporting infrastructure, to training and socialisation costs. For some organisations or local governments, budget limitations can be a major barrier. Without adequate financial support, the implementation of an e-filing system may not run optimally or even not be implemented at all (Kim & Larson, 2021) .

Technical issues and system maintenance also often arise in the implementation of e-filing systems. The system needs to be updated and improved as needed to ensure optimal performance. Limited IT team or inadequate technical support can hamper the effectiveness and efficiency of the system. In addition, the presence of undetected bugs or technical glitches can cause disruptions in the process of sending or managing electronic documents (Yates & Zimmerman, 2020) .

In the face of these constraints, a comprehensive strategy, strong commitment from all stakeholders are needed to ensure the successful implementation of the e-filing system.

### The Impact of E-Filing on Tax and Administration Taxpayer Compliance

E-Filing is a tax administration system that allows taxpayers to file tax reports electronically. The implementation of E-Filing aims to simplify the tax reporting process, improve tax administration efficiency, and encourage tax compliance. The existence of E-Filing has brought many changes in the way tax administration is carried out and how taxpayers interact with tax authorities (Foster & Gill, 2021) .

E-Filing has a positive impact on tax administration. The system allows tax authorities to receive, process and store tax data more efficiently and quickly. Processes that previously took a long time and required a lot of manpower can be now done automatically and in a shorter time . In addition, E-Filing also reduces the possibility of human error in data input and minimises the risk of losing or damaging physical documents (Rodriguez & Garcia, 2020) .

By switching to an E-Filing system, tax administration expenses can be significantly reduced. The cost of sending and storing physical documents is reduced, while the need for labour to manage these documents also

decreases. On the other , E-Filing handimproves the accuracy of data reported by taxpayers as these systems are usually equipped with automated data validation that helps reduce input errors common in manual reports (Gray & Hill, 2018) .

E-Filing also contributes to improving taxpayer compliance. process The easier and faster reporting encourages taxpayers to be more timely in submitting their tax reports. additionIn, the availability of 24/7 online access allows taxpayers taxes to report at timeany , without having to visit the tax office, thus eliminating geographical and operational time barriers (Davis & Green, 2020) .

The . E-Filing system increases transparency and oversight for tax authoritiesAll incoming data can be monitored in real-time, which makes it easier to detect anomalies or indications of non-compliance. With integrated and centralised data, tax authorities have better tools to conduct data and analysis make more timely and accurate decisions in terms of tax monitoring and collection (Wallace & Young, 2021) .

Overall, E-Filing has had a significant positive impact on tax administration and taxpayer compliance. By improving efficiency, accuracy, and transparency in the tax reporting and monitoring process, the system has made it easier for tax authorities to to perform their their duties and encouraged taxpayers fulfil obligations more compliantly. In the long run, E-Filing is expected to continue improving the quality of tax administration and taxpayer compliance, as well as making the tax system more modern and reliable.

### Conclusion

The digitisation of tax reporting through the implementation of E-Filing systems in various countries has significantly improved the efficiency of tax administration. Many countries have reported a marked reduction in the time and cost required to process tax returns. additionIn, better accessibility has been also achieved, allowing taxpayers to report their taxes at time any and from anywhere. This reduces the administrative burden for both taxpayers and tax authorities, as well as removing many of the traditional barriers such as expanded geographic access and limited office time.

The . widespread use of E-Filing has had a also positive impact on taxpayer compliance ratesThe system makes it easier for taxpayers to report as it provides auto-fillable forms, step-by-step guidance, and data validation to prevent input . errorsThus, the process reporting becomes simpler and more accurate, which has impact on anthe timeliness and accuracy of the reports filed. In many countries, an increase in tax compliance is evident after the introduction of the E-Filing system, indicating that the technology is effective in encouraging compliant behaviour among taxpayers.

The E-Filing also system has improved the transparency and monitoring capabilities of tax authorities. data Electronically collected allows the authority to conduct more in-depth and real-time , data analysisdetecting anomalies or non-compliance more quickly and efficiently. This not only helps in enforcing more targeted tax policies, but also increases public confidence in the tax system. Experiences from various countries show that digitalisation of tax reporting through E-Filing is an important step towards a more modern, transparent, and reliable tax system, which ultimately supports better economic development.

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