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Tax reform strategies to strengthen Indonesia's digital economy contribution

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ABSTRACT

This research aims to deeply investigate tax strategies and policies to increase the tax ratio in Indonesia, especially in the face of increasingly complex dynamics of the digital economy and global fragmentation. Using a descriptive and qualitative analytical approach, through literature studies, secondary data analysis, and case studies, this research aims to identify crucial obstacles in the taxation domain, formulate effective strategies to increase the tax ratio, and scientifically evaluate their impact. The results of the research highlight the state of Indonesian taxation, the strategies that can be applied to increase the tax ratio, as well as scientific contributions through the development of new concepts and the application of sustainable taxation strategies. The contribution of this paper lies in the formulation of policy recommendations that are not only theory-based but also supported by empirical evidence, in order to strengthen the foundation of Indonesia's tax system. In addition, this study provides direction for further research in the field of taxation and economics, directing future research agendas to deepen understanding and develop more effective policies in the face of changing global taxation dynamics.

Keywords: Taxation, Tax Ratio, Digital Economy, Tax Strategy

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INTRODUCTION

In the current era of digital innovation and global fragmentation, the role of taxation has become increasingly vital in supporting sustainable economic growth (Kwan et al., 2021). As one of the developing countries with substantial economic potential, Indonesia needs to strengthen its taxation system to improve its tax ratio, thereby promoting inclusive and sustainable economic development (Kuncoro, 2019). The tax ratio serves as a key indicator of a country's tax revenue performance (Wardana & Puspitarini, 2022). It is widely recognized as a general measure of a nation's taxation condition (Almaas, 2024). In simple terms, the tax ratio is defined as the proportion of total tax revenue to gross domestic product (GDP) within the same period (Kemenkeu, 2024). GDP represents the total value of goods and services produced by a country's economy, excluding the value of goods and services used in production (Aitken, 2019). From a macroeconomic perspective, an increase in tax revenue

enables greater government spending, implying that a higher tax ratio has a significant impact on the overall economy (Maulid et al., 2022). There has been a consistent upward trend in Indonesia's tax ratio from 2020 to 2023 (Kemenkeu, 2024).

Despite Indonesia's growing economic potential, the country's tax ratio remains relatively low compared to developed countries, particularly within the ASEAN region (OECD, 2023). A comparative analysis reveals that Indonesia underperforms in terms of tax ratio when compared to other ASEAN nations. In 2023, Indonesia's tax ratio stood at 11.2%, while countries such as Singapore and Cambodia reported higher tax ratios, at 16.8% and 18.0%, respectively.

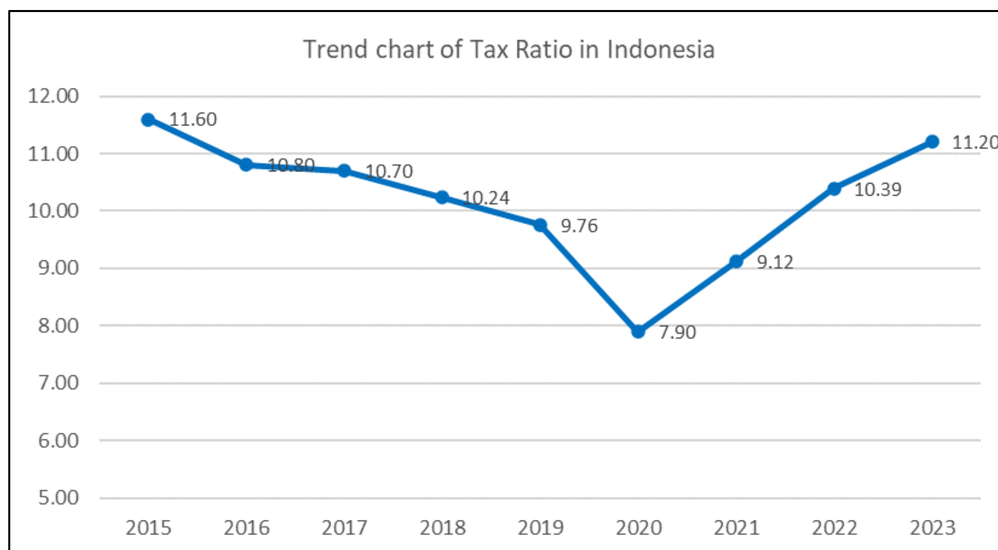

FIGURE 1. Trend Chart of Indonesia's Tax Ratio

Based on data on tax ratios and total tax and excise revenues across ASEAN countries, it is evident that Indonesia does not occupy a more favorable position compared to most of its neighboring nations. Although Indonesia has shown a gradual increase in its tax ratio over the years, the figure remains below the average of several countries, such as Singapore, Thailand, and the Philippines. While Indonesia records a substantial amount of total tax and excise revenue, a relative comparison with other countries indicates that there is still room for improvement in tax efficiency to enhance the contribution of taxes to the overall economy.

The central issue that arises is how effective tax strategies and policies can be implemented to increase the contribution of taxation to Indonesia's economy amid the digital era and global fragmentation. In the digital age, taxation plays a pivotal role not only in mobilizing domestic revenue but also in regulating the rapidly evolving digital business ecosystem. For Indonesia, the surge in digital transactions, e-commerce, and platform-based services has transformed traditional tax bases and created new challenges in tracking and taxing economic activities that often transcend physical boundaries. Without adaptive tax instruments and updated regulatory frameworks, there is a risk of significant revenue leakage and tax base erosion. For instance, digital platforms operating across jurisdictions—such as streaming services, online marketplaces, and gig economy platforms—often generate substantial income from Indonesian users without establishing a taxable physical presence. Thus, enhancing the effectiveness of tax strategies in the digital era is crucial for Indonesia to secure fiscal sustainability, reduce dependence on conventional sectors, and ensure a fair and equitable tax system aligned with the dynamics of a modern digital economy.

TABLE 1. Data on Tax Ratio and Total Tax and Excise Revenue of ASEAN Countries

Country	Tax Ratio (%)			Total Tax and Excise Revenue (Billion USD)		
	2021	2022	2023	2021	2022	2023
Brunei Darussalam	1.9	1.6	1.9	2.4	2.3	2.5
Cambodia	18.3	17.4	18.0	3.8	8.4	9.3
Indonesia	9.1	10.4	11.2	94.9	102.9	116.1
Laos	10.0	11.3	11.5	1.5	1.6	1.7
Malaysia	12.9	13.8	14.2	59.3	61.4	66.2
Myanmar	6.3	6.1	6.5	2.8	2.7	2.9

Philippines	14.8	15.6	16.4	37.6	41.2	44.2
Singapura	16.1	16.4	16.8	55.8	66.2	70.2
Thailand	16.1	16.4	16.7	83.1	84.5	88.3
Vietnam	16.8	17.3	17.6	43.8	46.3	50.2

The central issue that emerges is how effective tax strategies and policies can be implemented to enhance the contribution of taxation to Indonesia's economy in the digital era and amid global fragmentation. Previous studies have explored the enhancement of tax ratios but have yet to thoroughly examine the implementation of adaptive tax strategies. Gnangnon & Brun, (2019) focused on the importance of tax rate reforms to improve tax ratios; however, they did not delve into the implementation of adaptive taxation strategies. Similarly, Sandy & Inayati, (2022) emphasized the role of technology in taxation but did not explore its implications for Indonesia's digital economy. Neve et al., (2019) investigated tax awareness among the public but did not propose concrete measures to improve tax compliance. Furthermore, Noonan & Plekhanova, (2020) highlighted international cooperation in taxation but did not address the dimension of sustainable tax strategies. Finally, Basri et al., (2021) examined the effectiveness of tax administration but fell short of offering integrated policy recommendations to enhance the tax ratio.

Although these prior studies provide valuable insights, there remains a need to integrate the various aspects identified by previous researchers—such as tax rate reforms, technological integration, tax awareness, international cooperation, and administrative efficiency—into the formulation of a comprehensive and sustainable taxation strategy. This study seeks not only to analyze the challenges and opportunities within Indonesia's tax system amid digital innovation and global fragmentation but also to offer a novel conceptual framework that synthesizes multidimensional tax reform components tailored to the context of a digital economy. The novelty of this research lies in its integrative approach to tax strategy formulation, which combines fiscal policy design, digital transformation in tax administration, and strategic alignment with international taxation norms. Furthermore, this study introduces a policy-oriented taxonomy of reform priorities that address structural inefficiencies while enhancing Indonesia's capacity to increase its tax ratio sustainably. By bridging fragmented perspectives in existing literature, this research contributes both theoretically and practically to the discourse on tax reform in emerging digital economies.

LITERATURE REVIEWS

Tax Concept in the Era of Digital Innovation

In the era of digital innovation, the concept of taxation has undergone a significant transformation (Synyutka, 2019). Taxation no longer serves solely as a source of government revenue but has also evolved into a strategic policy instrument to regulate the rapidly growing digital economy (Li & Yang, 2021). Several emerging concepts have gained increasing relevance within the context of modern taxation.

First, the concept of Digital Tax-Free Zones (DTFZ) has emerged, referring to designated areas where digital transactions and online businesses are subject to reduced or even exempted tax rates (KPMG, 2022; Ardin, 2021). The primary objective of DTFZs is to create an attractive environment for digital enterprises by encouraging investment, innovation, and job creation. Moreover, DTFZs aim to strike a balance between fostering the growth of the digital sector and ensuring fair contributions to public revenues (KPMG, 2022).

Second, Online Transaction Taxation has become increasingly crucial due to the proliferation of digital transactions. This type of tax is levied on e-commerce, digital payments, and other online financial activities (Agrawal & Fox, 2021). Online transaction taxes contribute to expanding the tax base, improving revenue collection, and enhancing tax compliance in the digital age (Scarcella, 2020).

Third, Digital Platform Taxation refers to taxes imposed on digital platforms such as e-commerce websites, mobile-based applications, and other intermediaries of digital services. These taxes help ensure that revenues generated through such platforms contribute appropriately to national tax systems. Additionally, digital platform taxation plays a key role in monitoring and regulating increasingly complex digital business activities (Bloch & Demange, 2020).

Next, Transfer Pricing has gained prominence in the context of digitalization, particularly given the rise of complex cross-border transactions conducted by multinational enterprises. Transfer pricing regulations are designed to ensure that intercompany transactions are priced fairly, thus preventing tax base erosion and promoting equitable tax revenue collection (Šupuković, 2021). Moreover, transfer pricing frameworks serve as a tool to combat international tax avoidance (Choi et al., 2020).

Lastly, Technological Innovation in Tax Administration has fundamentally reshaped how tax systems are managed and enforced (Synyutka, 2019). The integration of information and communication technologies has led to greater efficiency, transparency, and effectiveness in tax collection. Technological advancements also support improved tax compliance and enable better oversight of increasingly complex digital business operations (Neuman & Sheu, 2021).

The Role of Taxes in Supporting Advanced Economic Growth
Taxation plays a crucial role in supporting sustainable economic growth (Mpofu, 2022a). Through sufficient and efficient tax revenues, governments are able to finance infrastructure development, public services, and social programs that promote inclusion and societal well-being (Mawejje & Sebudde, 2019). With appropriate tax strategies, taxation can serve as a key driver of sustainable economic development (W. Wang, 2022).

Tax is one of the main sources of state financing, utilized by governments to fund national expenditures. The revenue collected from the tax sector is allocated to the state budget, specifically under the domestic revenue component of the national budget (Kurba, 2024). The role of tax as a budgetary tool represents its primary function, where taxation serves as an instrument to channel funds into the state treasury in accordance with prevailing tax laws and regulations (Bostajyan & Movsisyan, 2022).

Taxation also functions as a regulatory tool, allowing governments to implement economic and social policies (Ruane et al., 2020). This regulatory function enables the government to influence income distribution within the private sector, implement redistribution mechanisms, and manage the volume of private sector expenditure (Bostajyan & Movsisyan, 2022). Furthermore, taxation fulfills a redistributive function by providing capital for job creation. As tax-generated funds circulate within the economy, they contribute to enhancing public income levels—an essential element in driving national economic progress (Basri et al., 2021).

Taxation plays a pivotal role in the economic development of a country (Bostajyan & Movsisyan, 2022). Taxes levied across various economic sectors constitute the primary source of public revenue and are vital for managing the national budget (Țurcanu, 2022). Tax revenues foster economic growth by funding productive economic activities, and conversely, economic expansion enhances tax revenue through the broadening of the tax base and increases in revenue volume (Arvin et al., 2021). Taxation also finances infrastructure development, which is essential for improving efficiency and ease in economic transactions (Tavani & Zamparelli, 2020). Infrastructure investments, such as roads and bridges, boost productivity and strengthen a country's competitiveness in global trade (Gnangnon & Brun, 2019).

Tax Challenges and Opportunities in the Era of Global Fragmentation
Amid global fragmentation, the challenges of taxation have become increasingly complex (Ponomareva, 2022). Aggressive tax practices and the difficulties of cross-border cooperation represent major obstacles to optimizing tax revenue (Chari et al., 2019). Nevertheless, this era of global fragmentation also presents new opportunities, such as enhanced international cooperation in tax information exchange and the development of more transparent international tax standards (Pereira, 2020).

Global fragmentation has given rise to a range of aggressive tax practices, including tax avoidance, tax evasion, and the use of complex business structures designed to minimize tax liabilities (Efendi et al., 2022). These practices pose significant challenges for governments attempting to maximize revenue and combat cross-border tax evasion (Alstadsæter et al., 2022). Moreover, fragmentation complicates international tax cooperation, as divergent tax systems across countries hinder efforts to address transnational tax avoidance (Beretta, 2019; Delatte et al., 2020). Such inconsistencies in tax regulation can create loopholes that facilitate tax evasion (Beretta, 2019).

Despite these challenges, global fragmentation also offers new avenues for cross-border collaboration. International cooperation in the exchange of tax information can play a pivotal role in combating tax evasion and avoidance (Ahrens & Bothner, 2019). Furthermore, it can facilitate the development of more transparent international tax standards (Vermenych, 2022). Transparent tax standards help reduce inconsistencies in taxation frameworks and reinforce efforts to address tax avoidance on a global scale (Kerr, 2019). They also foster stronger international partnerships in tax administration and compliance (Tofan, 2021).

Technological innovation has further transformed how tax systems are managed and monitored (Kwan et al., 2021). The application of information and communication technologies enhances the efficiency, transparency, and effectiveness of tax collection (Synyutka, 2019). In addition, technological advancements can aid in detecting and preventing tax evasion and fraud (Alm, 2021).

In conclusion, while global fragmentation presents significant challenges to tax governance, it also creates meaningful opportunities for cross-border collaboration and the establishment of more coherent and transparent international tax standards. Governments must adopt appropriate and efficient tax strategies to ensure sufficient revenue generation and to effectively support national economic development.

METHODS

This study adopts a qualitative approach with a focus on case study analysis to explore the implementation of taxation strategies in the context of Indonesia's digital economy. The case study method is selected to gain an in-depth and contextualized understanding of effective tax reform strategies aimed at enhancing the tax ratio and strengthening the contribution of the digital sector to national development.

A comprehensive literature review was conducted to establish a strong theoretical foundation and to inform the analytical framework. Data were collected through desk research from a wide range of credible secondary sources, including peer-reviewed journals, research reports, government publications, and official documents

related to taxation, the digital economy, and international tax cooperation. A total of 64 references published between 2019 and 2024 were utilized, comprising reputable international journals, nationally accredited academic sources, institutional reports, and relevant supporting websites. The source composition is presented in Figure 2.

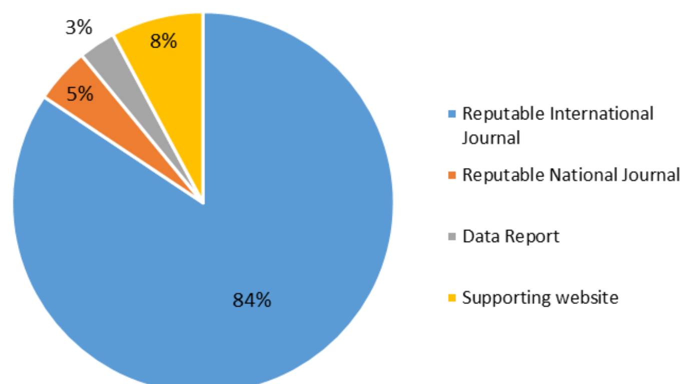

FIGURE 2. Reference Source Composition Chart

The exclusive use of secondary data in this study is justified by the nature of the research objectives, which emphasize policy analysis and synthesis of best practices rather than primary data generation. Secondary data offer rich, diverse, and well-documented insights into global and national taxation trends, enabling the researcher to capture comparative perspectives and cross-sectoral implications that may not be accessible through primary data collection alone.

However, the use of secondary data is not without limitations. The study acknowledges the inherent constraints related to the availability, accuracy, and timeliness of secondary data sources. Potential biases in published reports and the lack of direct stakeholder perspectives may also affect the depth of contextual interpretation. To mitigate these limitations, data triangulation was employed by cross-verifying information from multiple independent and authoritative sources, including case studies, policy briefs, and scholarly literature.

Data analysis was carried out qualitatively using an inductive approach. This involved categorizing findings, identifying recurring patterns and themes, and drawing conclusions in alignment with the research context. The validity and credibility of the findings were further strengthened through methodological triangulation and critical interpretation of evidence. The study adheres to recognized research ethics principles, including the confidentiality of data, responsible citation practices, and objective reporting. Ethical clearance was obtained prior to data utilization, and all findings are presented transparently and truthfully.

RESULTS AND DISCUSSION

Results

Strategy and Policy Model for Increasing Tax Ratio

Indonesia faces significant challenges in improving its tax ratio, primarily due to the persistent gap between tax potential and actual tax revenue (Putra, 2024). Key obstacles include low levels of tax compliance, the complexity of the tax system, and limited public awareness regarding taxation (Bruno, 2019). The government must reform the tax system to make it simpler and more accessible to the public. A more comprehensible system will enable taxpayers to better understand and comply with tax regulations, thereby enhancing compliance (Neve et al., 2019). Public awareness campaigns and tax education initiatives are also crucial to increasing understanding of the importance of taxation in supporting national development and encouraging voluntary tax contributions (Bachus et al., 2019). Furthermore, improving tax infrastructure—such as implementing a more effective and efficient taxation system—is essential to facilitate tax collection and strengthen the contribution of taxes to the economy (Chen, 2022).

The strategic model for improving the tax ratio includes several key components. First, Strengthening Tax Administration, by enhancing the efficiency and effectiveness of tax administration to reduce the gap between potential and actual tax revenues (Basri et al., 2021). Second, Tax Policy Reform, by formulating inclusive and progressive tax policies, such as adjusting tax rates and eliminating inefficient tax exemptions (Saez & Zucman, 2020). Third, Enhancing Transparency, by promoting tax transparency to reduce tax avoidance and strengthen public trust in the tax system (Kerr, 2019). Lastly, Strengthening International Collaboration, by intensifying cross-border cooperation in tax information exchange to address the challenges posed by global fragmentation (Z. Wang, 2020).

These strategic initiatives must be implemented in an integrated and sustainable manner. The government should commit to tax reform programs, engage relevant stakeholders, and intensify tax education and outreach efforts to raise public awareness and compliance (Carrillo et al., 2021). By applying well-measured and sustainable tax strategies and policies, Indonesia is expected to significantly enhance its tax ratio, which in turn will contribute positively to inclusive and sustainable economic development (Basri et al., 2021).

Case Study: Implementing Tax Strategies in the Digital Age

Taxation of Digital Transactions: The taxation of digital transactions has emerged as a complex challenge in the era of digitalization and the sharing economy (Mpofu, 2022). Several analyses and strategies can be employed to enhance tax revenues from online businesses and digital platforms. First, Jurisdictional Challenges in Taxation. Technology companies operate globally and often lack a clear physical presence in any single country, making it difficult to determine the appropriate tax jurisdiction (Shaviro, 2020). One proposed strategy is to foster international cooperation in formulating binding tax regulations for emerging technology firms, as well as leveraging technologies such as blockchain to support more effective tax monitoring and enforcement mechanisms. Second, Uneven Economic Growth. Economic growth driven by new technologies is often uneven between traditional and digital sectors, resulting in disparities in tax contributions across these sectors (Mpofu, 2022). A viable strategy to address this issue includes providing tax incentives for new technology firms operating in strategically important sectors and conducting comprehensive reviews of existing tax regulations to ensure fairness and equity in tax imposition. With appropriate and targeted measures, the taxation of digital transactions can contribute fairly and proportionately to the economic benefits derived from the digital economy.

Connecting All Government and Private Institutions, Including Financial and Non-Financial Entities, to the Directorate General of Taxation's System: One strategic approach to enhancing the tax ratio is the comprehensive integration of all government and private entities—including financial and non-financial institutions—into the system managed by the Directorate General of Taxation. This initiative aligns with Law No. 9 of 2017 on financial information access for taxation purposes, which removes data confidentiality barriers (Azka, 2024). By gaining access to relevant and comprehensive financial data, the Directorate General of Taxation is better positioned to improve tax revenue collection efficiency (Basri et al., 2021). Despite these efforts, Indonesia's tax ratio remains among the lowest in the ASEAN region, while many European countries have already exceeded a 30% tax ratio. Although the Supreme Audit Agency (BPK) is mandated to provide oversight and recommendations, its effectiveness may be limited without a thorough understanding of the interconnections between tax law, sociological dynamics, and the human capital systems within the Directorate General of Taxation. As argued by Purba et al., (2023), optimizing tax revenue requires the BPK to go beyond routine audits and proactively leverage existing legal frameworks. With in-depth knowledge of tax legislation, the agency can issue more targeted and actionable recommendations, facilitating revenue enhancement through systemic data integration—without necessarily increasing tax rates.

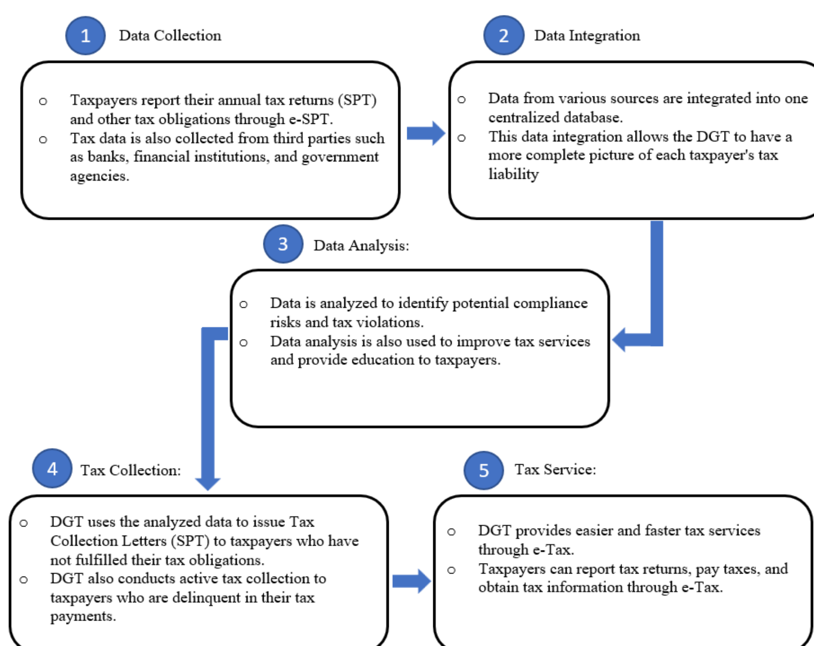

FIGURE 3. Core-system-tax-administration

Increasing the Tax Ratio and Its Positive Impact on the National Economy: An increase in the tax ratio can have a substantial positive impact on a country's economy, including enhancing the allocation of funds for infrastructure development and public welfare (Gnangnon & Brun, 2019). Through an improved tax ratio, the government can allocate more funds for vital infrastructure development, such as roads, bridges, electricity, water facilities, and telecommunications (Tavani & Zamparelli, 2020). This is crucial for supporting economic growth by improving the mobility of people, enhancing transportation efficiency, and facilitating access to essential services such as electricity, clean water, and high-quality communication networks (Arvin et al., 2021).

Furthermore, an increase in the tax ratio also has a direct impact on improving public welfare (Gillman, 2020). A larger budget can be allocated for public services such as healthcare, education, and security. This will help improve the overall quality of life for the population. With more funds available for education, both at the primary and higher levels, the quality of human resources will improve (Shafuda & De, 2020). Meanwhile, the allocation of funds for healthcare will improve public access to quality healthcare facilities and broader health programs, supporting a holistic improvement in welfare (McGuire et al., 2020). Increasing the tax ratio is not only about optimizing national revenue but also serves as an essential instrument in building a strong economic foundation and enhancing the overall quality of life for society (Seelkopf & Bastiaens, 2020).

Challenges and Solutions in Improving Tax Ratio

Several barriers exist in increasing the tax ratio, including the gap in data and information that is difficult to collect accurately in order to evaluate the full potential of tax revenue (Chen, 2022). Additionally, the uncertainty caused by rapidly changing and complex tax regulations can pose a challenge for businesses in complying with the applicable tax rules (Lee & Xu, 2019). Moreover, the lack of public awareness regarding the importance of tax obligations and the benefits derived from tax contributions also hinders the improvement of the tax ratio. Given these obstacles, efforts to increase the tax ratio present a challenge that requires appropriate strategies to address emerging issues and enhance public awareness and compliance with the existing tax system.

The solutions and policy recommendations to improve the tax ratio include strengthening the tax information system to improve the integration and quality of tax data, thereby supporting more accurate tax potential analysis (Kirakosyan & Manucharyan, 2022). Furthermore, collaboration between the government, tax institutions, and the private sector is necessary to encourage tax compliance and strengthen the tax system in a holistic manner (Stanimirović & Sever, 2022). Additionally, tax education and outreach should be enhanced through comprehensive educational programs to raise public awareness about tax obligations and the benefits derived from tax contributions (Zou et al., 2023). By implementing these solutions and policy recommendations in an integrated and sustainable manner, it is expected that the existing barriers to improving the tax ratio can be overcome, and public awareness and compliance with the tax system can be strengthened.

Discussion

The findings presented in this study highlight Indonesia's ongoing struggle to improve its tax ratio due to institutional and systemic inefficiencies. The persistent gap between potential and actual tax revenues reflects not only administrative limitations but also deeper structural and behavioral issues within the economy. These include low public trust, a lack of fiscal transparency, and widespread informality in business practices. As emphasized by Neve et al., (2019) and Bruno, (2019), tax compliance is not solely a function of enforcement, but also of citizen engagement and perceived fairness of the tax system.

The proposed tax strategy model—comprising administrative reforms, tax policy adjustments, transparency initiatives, and international collaboration—resonates strongly with global tax modernization frameworks. Saez & Zucman, (2020) advocate for progressive tax designs that reduce inequality while safeguarding state revenues, a principle which is aligned with the Indonesian context. Furthermore, the need to strengthen tax transparency and adopt technological tools like blockchain signals a growing recognition of digital governance as a pillar for public finance reform (Kerr, 2019; Mpofu, 2022b).

Of particular importance is the discussion on digital taxation. The data suggest that Indonesia's current framework is ill-equipped to handle cross-border digital transactions. This is not unique to Indonesia, as countries worldwide face similar jurisdictional ambiguities with global tech firms. Shaviro, (2020) and Z. Wang, (2020) stress that international coordination is necessary to tax value where it is created, which reinforces Indonesia's call for binding international agreements and technological integration.

The proposed integration of all financial and non-financial institutions with the Directorate General of Taxation's data system aligns with OECD standards on automatic information exchange and reflects a strong institutional commitment toward combating evasion. However, successful implementation will depend on organizational readiness, inter-agency trust, and the ability to protect data privacy while ensuring transparency (Azka, 2024; Purba et al., 2023).

Moreover, the observed link between improved tax ratio and public investment in infrastructure, healthcare, and education affirms the tax multiplier hypothesis. This is consistent with literature suggesting that tax-financed public spending significantly contributes to long-term economic growth, human capital development, and social

welfare (Tavani & Zamparelli, 2020; Arvin et al., 2021). Yet, the impact of such spending depends on governance quality, the absorptive capacity of institutions, and the extent of policy coherence.

In conclusion, while Indonesia's current tax strategies demonstrate potential, future success depends on the state's ability to coordinate across sectors, leverage digital tools, and build public trust. Comprehensive reforms that blend administrative modernization with citizen-centered policy design are essential for ensuring a fair and efficient tax system that supports inclusive development

CONCLUSIONS AND SUGGESTION

Conclusions

In the Context of Taxation Towards an Advanced Economy in the Era of Digital Innovation and Global Fragmentation, the increase in the tax ratio becomes a necessity for Indonesia in supporting inclusive and sustainable economic development. Through a comprehensive analysis of the current taxation conditions, the required strategies and policies, as well as the challenges faced, several key conclusions can be drawn. First, the Urgency of Increasing the Tax Ratio, where enhancing the tax ratio in Indonesia is a crucial factor in optimizing tax revenue to support sustainable economic development. Second, the Complexity of Taxation Challenges, where the challenges in improving the tax ratio include data gaps, regulatory uncertainty, and low public awareness of tax obligations.

The solutions and recommendations include strengthening the tax information system, fostering collaboration between the government and the private sector, and implementing tax education as key steps to address these barriers. Through conceptual innovation and the application of sustainable tax strategies, this paper aims to make a scholarly contribution that can serve as a guide for the development of tax policies in Indonesia. With the proper and sustainable implementation of tax strategies, along with heightened awareness of the importance of tax contributions to economic development, it is expected that Indonesia will be able to face the challenges of taxation in the digital era and globalization more effectively, moving toward a fairer, more efficient, and competitive tax system.

Suggestion

The implications of the findings from this study emphasize the importance of continuously developing adaptive and innovative tax strategies and policies to address the challenges posed by the digital economy and the ever-changing global dynamics. The focus on increasing the tax ratio in Indonesia highlights the urgency of improving the efficiency and effectiveness of the tax system to support sustainable economic growth. The findings regarding strategies for enhancing the tax ratio and their scholarly contribution provide a foundation for formulating more effective policies aimed at strengthening the country's tax framework.

The limitations of this research may include the constraints of available secondary data, methodological challenges in analyzing the complexities of the digital economy, and the scope limitations of the case study, which may affect the generalizability of the findings. Therefore, for future research, it is recommended to broaden the scope of primary data, integrate quantitative approaches for more in-depth analysis, and actively involve tax stakeholders to obtain more comprehensive insights.

The recommendations for future studies include focusing on the implementation of sustainable tax strategies, further research on the impact of the digital economy on taxation, and the development of predictive models to understand tax developments in the digital era. Collaborative efforts between the government, academia, and the industry can also enrich research in this field and support the formulation of more inclusive and effective policies to optimize Indonesia's tax system

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