

A Systematic Literature Review on the Factors Influencing E-Tax Services Adoption on the MSME Tax Compliance

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ABSTRACT

E-tax services have been widely used in developing countries. e-tax services assist a country towards an easy and convenient tax process. Adoption of e-tax services offers many benefits towards the tax compliance for taxpayers. The efficacy of an e-tax system is contingent upon a taxpayer's approval. However, Micro, Small, and Medium Enterprise (MSMEs) users still face difficulties using e-tax services through a digital platform for many reasons. This study sought to identify the determinants affecting the adoption of e-tax services in developing nations, notwithstanding their advantages. This study has identified the factors of the e-tax service adoption by MSMEs on the tax compliance using a systematic literature review methodology to address the research aim. This study systematically reviews the factors of e-tax service adoption on the MSMEs tax compliance adhering to the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines. All 25 papers were identified for thorough synthesis. This study has chosen articles utilising two primary databases, Scopus and Web of Science, together with one supplementary resource, Google Scholar. Based on the thematic analysis, four themes were found: technological, economic, social capital, and psychological factors. This study provides several notable advances to both practical applications and the understanding of the e-tax service acceptance. The findings explain the importance of the e-tax service adoption by the MSMEs on the tax compliance and provide direction for future research.

Keywords: E-tax services adoption, MSME, online tax services, tax compliance

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INTRODUCTION

The advancement of digital technology has led many countries to adopt the digital tax system or electronic tax system (e-tax). The e-tax services are available in digital portal

and mobile applications to provide easy, secure, efficient, and fast access to the taxpayers. e-tax services play a pivotal role in ensuring tax compliance. Mbise and Baseka (2022) indicate that e-tax systems improve the tax compliance due to the availability of the tax data on digital platforms. Despite the significance of e-tax services, the concerns of non-compliance continue to persist. Regardless of all the efforts raised to make the tax process easier, the system remains unnoticed by the public, especially micro small business owners (Mukuwa & Phiri, 2020).

Most previous studies have primarily examined the factors influencing e-filing service adoption but have not thoroughly explored the adoption of the comprehensive e-tax services by the MSMEs. Bassey et al. (2022) conducted a general systematic review of digital tax administration. This study seeks to address the gap by systematically examining prior research concerning the MSMEs’ adoption of e-tax services for the tax compliance. The review is guided by two research questions: (1) What has previous literature focussed on regarding the MSMEs’ adoption of e-tax services? and (2) What factors influence the MSMEs’ adoption of e-tax services for tax compliance.

METHODOLOGY

This review follows the Preferred Reporting Item for Systematic Reviews (PRISMA) guideline. First, the research question was formulated using PICO (Shaffril et al., 2018). Based on this concept, the authors incorporated three key factors in the review: Micro, Small, and Medium Enterprises (Population), e-tax services adoption (Interest), and Malaysia (Context). Second, the primary data sources for the review were the Web of Science (WoS), Scopus, and Google Scholar databases. The systematic review process involves four stages. Below is a diagramme summarising the process in selecting the final articles (Figure 1).

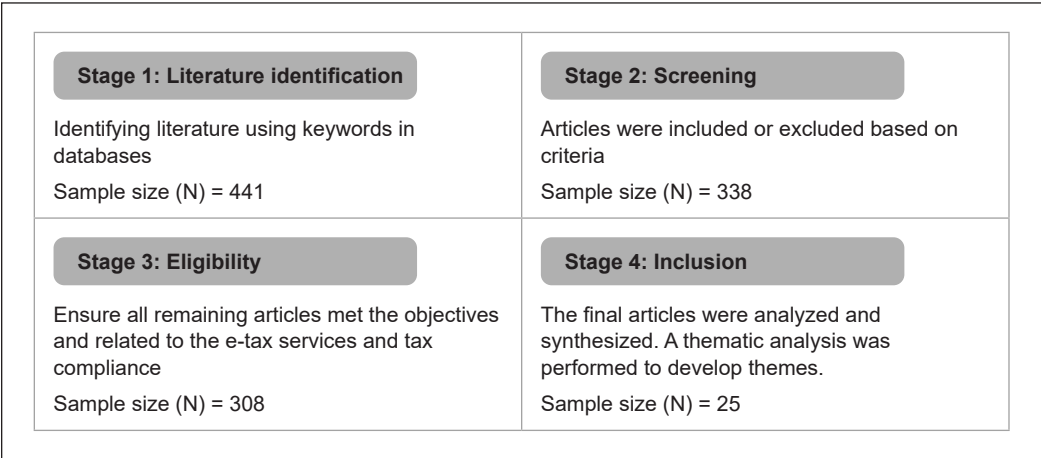


Figure 1. Diagramme of systematic review process
Source: Authors’ work

FINDINGS AND DISCUSSION

The findings indicate that scholars have primarily focussed on two key areas: the adoption and continuous intention towards the e-tax services. Most studies employed quantitative research methods, utilising the regression analysis and Structural Equation Modelling (SEM) as analytical tools. Extant studies have shown that the theory of the Technology Acceptance Model (TAM) has been widely applied to analyse the factors that predict users’ behaviour on information technology (IT) and understanding of the IT adoption. The thematic analysis leads to four themes related to the factors influencing e-tax services adoption on the MSMEs’ tax compliance. These themes include Technological factors, Economic factors, Social Capital factors, and Psychological factors (Figure 2).

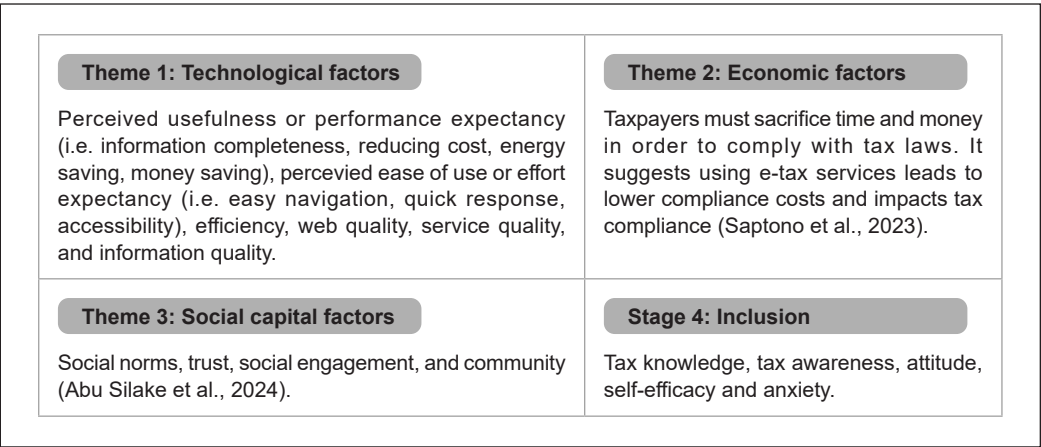


Figure 2. Diagramme of themes
Source: Authors’ work

CONCLUSION

This study presents a systematic literature review on factors influencing the e-tax services adoption on the MSMEs’ tax compliance by concentrating on articles published between 2019 and 2024. Based on the analysis, several reasons lead to the adoption of the e-tax services by the MSMEs. It is grouped into four categories: Technological, Economic, Social Capital, and Psychological. The findings of this study provide valuable insights for tax policymakers to improve the e-tax services by addressing key technological factors and other factors in enhancing the e-tax services adoption among the MSMEs. Efforts should focus on improving system security, platform reliability, optimising user interfaces for a seamless experience, and integrating advanced automation for efficiency to increase the taxpayers’ tax compliance. Additionally, greater emphasis should be placed on providing support for the MSMEs to encourage adoption. Furthermore, efforts are needed to enhance awareness and proper education to the MSMEs’ taxpayers.

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