

E-Commerce Value-Added Tax Enforcement Strategies: A Comprehensive SWOT Analysis Approach

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ABSTRACT

Tax enforcement is the single key factor that motivates tax compliance. It can enhance tax compliance because of the element of deterrence. This study seeks to identify tax enforcement strategies that enhance E-Commerce Value-Added Tax (VAT) compliance in Indonesia. Conducting a qualitative methodology, the research explores document analysis, interviews, and focus group discussions with interviewees. A content analysis of the data was performed to identify Strengths, Weaknesses, Opportunities, and Threats (SWOT) to formulate tax enforcement strategies. The results of the study indicate that combining Strengths and Opportunities was the most appropriate strategy. The S-O strategies consist of: 1) integration of the registration system; 2) tax audit; 3) tax examination abroad; 4) service of document; 5) penalty imposition; 6) assistance in collection; and 7) access termination. The implications of implementing these strategies need collaboration with other parties and countries, using comparative data and international treaty instruments, and utilizing invoice data reported by taxable entrepreneurs. While numerous studies have discussed E-Commerce Value-Added Tax, this research is novel in its focus on tax enforcement strategies through a comprehensive SWOT analysis.

Keywords: e-commerce value-added tax, tax compliance, tax enforcement strategies, SWOT analysis

1. INTRODUCTION

One of the VAT-taxable items for digital transactions is the sale of digital goods or services by non-resident suppliers. Since July 1, 2020, Indonesia has introduced a VAT collection method that appoints non-resident business players and digital platforms as collectors. The appointment is based on the data and information possessed or acquired by the Directorate General of Taxes (DGT) or on notification to be appointed as e-commerce VAT collectors submitted by business players according to SE-44/PJ/2020 (DGT, 2020).

In other words, it depends on DGT's data and information, and the willingness of e-commerce business players to become e-commerce VAT collectors. The effectiveness of e-commerce VAT collection, particularly from non-resident suppliers, relies heavily on the voluntary compliance of these business players (Kurniawan, 2020). Regrettably, the level of willingness among e-commerce business players to be appointed as e-commerce VAT collectors still needs to be enhanced (Kusumawati et al., 2021). As of October 9, 2023, 762 foreign electronic system operators had completed the registration process at the

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Ministry of Communication and Information, the past nomenclature of the Ministry of Communication and Digital Affairs/Komdigi (Kementerian Komunikasi dan Informatika, 2023). On the other side, as of October 6, 2023, the DGT appointed only 161 e-commerce business players as e-commerce VAT collectors (Kantor Pelayanan Pajak Badan dan Orang Asing, 2023).

Moreover, enforcing penalties for non-compliance with e-commerce VAT regulations is also a noteworthy concern. Article 32A paragraph (3) of the Taxation General Provision Law (UU KUP) states that the rules of the determination, tax collection, legal remedies, and penalties imposition, as outlined in the taxation laws and regulations, also apply to e-commerce VAT collectors, with necessary modifications (*mutatis mutandis*). According to Article 32A paragraph (4) of UU KUP, e-commerce VAT collectors may also face penalties, such as access termination, if they have been previously warned. Additionally, according to Article 44E paragraph (2), the regulations regarding the determination, tax collection, legal remedies, warnings, and requests for access termination are governed by regulations of the Minister of Finance. Nevertheless, Indonesia currently needs rules that specifically address the details and procedures regarding this topic (Andikara et al., 2023; Juswanto & Abiyunus, 2023; Rebecca, 2021). The imposition of penalties needs to be considered since it relates to the economics-of-crime tax compliance model stated by Alm (2019).

A numerous studies have been conducted on the effectiveness of e-commerce VAT and VAT revenue (Tofan & Trinaningsih, 2022; Febrianti et al., 2021), tax collecting principles & mechanisms, (Kusumabangsa, 2021; Marbun & Rahayu, 2023; Andreana & Inayati, 2022), tax compliance, supervision, constraints, and alternative approaches to tax (Mustofiyah et al., 2021; Kusumawati et al., 2021; Wandani & Wijaya, 2023; Primadini & Gunadi, 2023; Darhani & Wijaya, 2022; and Poernomo & Irawan, 2022). Nevertheless, scholarly investigation has yet to be specifically

dedicated to enforcing e-commerce VAT. Conversely, the primary issue being discussed currently is tax enforcement. Tax enforcement can restrict the ability of business players and taxpayers to evade their VAT responsibilities (Organisation for Economic Co-operation and Development [OECD], 2019).

According to Trevino (2006), in Hans Kelsen's thesis, tax enforcement requires legislative restrictions known as regulations or ordinances. It refers to the level of complexity in the tax system, which can be assessed by examining the complexity of the current tax code and the administrative complexity within the tax framework (Hoppe et al., 2021). Hoppe et al. (2021) discovered that the level of complexity in Indonesian taxation has reached an extremely high range, encompassing both tax codes and tax systems. On the other hand, tax complexity is inversely correlated with tax compliance (Borrego et al., 2016). Therefore, specific strategies are required to develop an appropriate tax enforcement framework to achieve the goal of tax compliance discussed.

This study aims at developing tax enforcement strategies that Indonesia can adopt to enhance e-commerce VAT compliance. This study contributes to addressing the problem of low voluntary tax compliance of e-commerce business players, to optimize the implementation of e-commerce VAT designed as the solution of the current situation, and to tackle the critical issues of possible disputes and tax avoidance in e-commerce VAT in Indonesia. This study has the novelty of concentrating on developing tax enforcement strategies to enhance e-commerce VAT compliance that have yet to be explored in prior studies.

2. THEORETICAL FRAMEWORK

2.1 Tax Enforcement

Kirchler et al. (2008) stated that tax compliance is influenced by two main factors: trust in authorities and the capacity of tax authorities (power of

authorities). This concept is known as the *slippery slope framework*. One way to achieve these two factors is through tax enforcement, in addition to service and trust (Alm & Torgler, 2011, in Misra, 2019). In standard expected utility theory, Alm (2019) asserts that "...enforcement is the single key factor that motivates compliance." Tax enforcement is an effort undertaken to achieve tax compliance. Tax enforcement is considered to have such a role because it contains elements of deterrence alongside the rule of law, in this case, the supremacy of law manifested in the form of tax provisions (Bruno, 2019).

This manifestation of deterrence can be achieved through two approaches: punitive and persuasive (Misra, 2019). In the punitive approach, deterrence takes the form of increased tax rates, increased detection and tax audits, and the imposition of sanctions (Misra, 2019). In this case, the possibility of being caught and punished will depend heavily on the information obtained by the tax authorities, such as information from third parties, including tax collectors (Alm, 2019). Furthermore, de la Feria (2020) adds that audits, the imposition of sanctions, and negative compliance incentives are effective methods to deter tax evasion.

In the persuasive approach, deterrence takes the form of increased tax publications, tax incentives, and tax education (Misra, 2019). This is then related to the communication (contact) that tax authorities must provide to taxpayers. Slemrod (2019) stated that such communication can increase tax compliance in the short term. This is because communication signals that taxpayers are on the tax authority's radar. It is crucial due to the natural behavior of individuals who will always try various ways to reduce the tax owed by avoiding or evading taxes (Alm, 2019).

Slemrod (2019) also mentioned the existence of other enforcement tools as complementary aspects of tax enforcement in encouraging tax compliance. According to him, these aspects include public disclosure, simplified tax regimes, and non-deterrence policies to reduce

non-compliance. First, public disclosure can be implemented to make information regarding a taxpayer's fulfillment of tax obligations publicly available. This effort can incite taxpayers' fear if information about their non-compliance is revealed, as it can lead to embarrassment as a penalty for non-compliance, in addition to the financial penalties that await them.

Second, a simplified tax regime is an effort to simplify the tax system. This idea stems from the understanding that complexity will invite tax non-compliance (Borrego et al., 2016). One possible measure is the implementation of threshold provisions (Slemrod, 2019). Meanwhile, OECD et al. (2022) address the simplified registration and collection regime as the most effective mechanism to enhance tax compliance of non-resident suppliers. Budak & James (2018) define the simplification of tax law by providing the clarity of regulation so that it is easy to read and understand.

Third, non-deterrence policies to reduce non-compliance refer to letters containing sentences that can psychologically awaken the reader. These letters are also structured with sentences that can appeal to conscience (appeal-to-conscience letters). According to him, several words (wording) that can psychologically arouse taxpayers include: 1) sentences stating that the tax authority has obtained information regarding the taxpayer's unreported income; 2) words emphasizing that the taxpayer to whom the letter is sent is a minority group that has not paid taxes; and 3) an explanation of the financial sanctions that will be imposed (Slemrod, 2019).

Both approaches must be done side by side. Tax compliance can be enhanced, and tax evasion can be suppressed by increasing both tax authorities' trust and power, and not relying on power or trust only (Batrancea et al., 2019). Particularly from the trust side in the digital era, the mutual trust between the tax authority and taxpayers is crucial for tax compliance. It comprises the clarity of tax laws, the effective communication, the simplification of tax procedures, and the digitization of tax services (Belahouaoui & Attak,

2025). The technology should be involved in the digital era. It can enhance compliance since it discourages tax evasion by increasing the discovery risks (Han et al., 2025). The next part will discuss tax enforcement as one of the elements within enforced tax compliance mainly discussed in this study.

2.2 E-Commerce VAT Enforcement in a Worldwide Perspective

In the context of VAT on e-commerce, the OECD (2019) explains that tax enforcement is an effort to create a level playing field or fair business competition for businesses and platforms that comply with their tax obligations. Tax enforcement can limit the opportunities for businesses and taxpayers to evade their VAT obligations (OECD, 2019).

In the VAT Digital Toolkit for Asia Pacific, OECD et al. (2022) present guidelines for enforcement actions that can be adopted and implemented to address non-compliance. These guidelines include the identification and calculation of VAT owed by the tax authority, the imposition of interest penalties, administrative sanctions, criminal prosecution, settlement of VAT debts, appointment of financial intermediaries as VAT collectors, customs enforcement actions, website blocking, and publication of a list of VAT collectors for e-commerce.

The enforcement and imposition of penalties for non-compliance with the e-commerce VAT provisions require extraterritorial power (Abdallah, 2022). This is due to the different jurisdictions between tax authorities and e-commerce business players or taxpayers (Mpofo, 2022; Rukundo, 2020). In this regard, OECD et al. (2022) recommend international administrative cooperation, such as the exchange of information, debt recovery, and joint audits. Debt recovery is carried out to address the possibility of the absence of taxable assets that can be seized for tax debt settlement. On the other hand, a joint audit refers to a combination of information exchange,

compliance control, and tax checks on one or a group of taxpayers by more than one tax authority (OECD et al., 2022).

Several countries have tax enforcement provisions that enforce their VAT provisions on e-commerce. These countries include Ethiopia, Australia, Singapore, and the United Kingdom. Quoting Abdallah (2022), in Ethiopia, if a VAT collector for E-Commerce fails to report the collected VAT on time, administrative sanctions are imposed in the form of fines ranging from 100 percent of the tax owed to 50,000 Birr. If the report submitted does not correspond to the actual situation (making false or misleading statements), the E-Commerce VAT collector will be subject to a fine ranging from 1,000 Birr to 100,000 Birr and imprisonment for 3 to 5 years. However, if the false or misleading statement is made intentionally, the penalty will be a fine of up to 200,000 Birr and imprisonment for up to 15 years (Abdallah, 2022).

In Australia, if a foreign business (non-resident supplier) has not registered to be appointed as an E-Commerce VAT collector or fails to properly remit the VAT collected from domestic consumers, the tax authorities will contact the non-resident business. If there is no response, a risk assessment or audit will be conducted, which could lead to the appointment of a collector, calculation of VAT debt (using third-party information), imposition of an administrative penalty of 75 percent, imposition of interest (general interest charge) on the VAT debt from the previous tax period, blocking of incoming funds from Australia, registration of the debt with the court in the country of origin, and collection action (in cooperation with the authorities of the country of origin if stipulated in the tax treaty). In addition to the imposition of interest and penalties, prosecution can also be initiated if the submitted report does not reflect the actual situation, there are indications of tax evasion or avoidance, or when non-resident businesses intentionally fail to fulfill their tax obligations (Australian Taxation Office, 2021).

In Singapore, overseas vendors who fail to comply with the VAT provisions for their e-commerce are subject to sanctions similar to those imposed on domestic businesses under domestic regulations. Non-compliance includes late or incomplete notification of registration as a VAT collector for E-Commerce, late or incomplete submission of a VAT report for E-Commerce, incomplete submission of an E-Commerce VAT report, incomplete submission of a VAT report for E-Commerce, late or incomplete remittance of collected VAT for E-Commerce, failure to maintain proper record-keeping, and failure to fulfill tax obligations as a VAT collector for E-Commerce in Singapore. These provisions are stipulated in the IRAS e-Tax Guide regarding the imposition of VAT on overseas vendors (Inland Revenue Authority of Singapore, 2021).

In the UK, similar provisions apply. HM Revenue & Customs (HMRC) will impose general sanctions on overseas sellers who fail to comply with the UK's VAT requirements for E-Commerce. Late submission of reports will incur a penalty of £150, while late remittance of VAT will incur a surcharge ranging from 2 percent to 15 percent. In addition, HMRC can appoint overseas sellers as VAT collectors for PMSE and require them to pay a cash deposit or bond if it detects a risk of non-payment or late payment of the tax. If overseas sellers continue to fail to comply with the requirements, HMRC can notify the online marketplace where they trade that they are not complying with the VAT requirements for PMSE. The online marketplace can then remove them from their platform (HM Revenue & Customs, 2020).

2.3 The SWOT Strategy

In formulating strategies, only the most feasible alternative strategies must be considered for their advantages, disadvantages, trade-offs, costs, and benefits (David & David, 2017). One method of strategy formulation is the Strengths, Weaknesses, Threats, and Opportunities (SWOT) analysis, which

systematically combines external factors (opportunities and threats) and internal factors (strengths and weaknesses) (Wehrich, 1982).

Strengths are internal capabilities or resources that can help to achieve goals. Weaknesses are internal factors in the form of limited resources that have a negative impact on goals achievement. Opportunities are external factors in the form of favorable conditions. Threats or constraints are external factors in the form of a detrimental condition (Primadini & Gunadi, 2023). In this case, a matrix is used as a tool in matching these external factors and internal factors to formulate four types of strategies, i.e., WT (weaknesses-threats) strategies, WO (weaknesses-opportunities) strategies, ST (strengths-threats) strategies, and S-O (strengths-opportunities) strategies (David & David, 2017).

First, the W-T strategy is used to minimize weaknesses amid threats. Second, the W-O strategy is a strategy that is carried out to maximize existing opportunities, but on the other hand, it must also minimize its weaknesses. Third, the S-T strategy is a strategy that is carried out based on the strengths owned to overcome existing threats. Fourth, the company uses the S-O strategy when it is in a position where it can maximize its strengths and opportunities (Wehrich, 1982).

3. RESEARCH METHODOLOGY

This study uses a descriptive qualitative study with an inductive approach. The primary data were obtained from interviews and focus group discussions (FGD), and the secondary data were acquired from FGD minutes organized by FGD interviewees and laws and regulations supporting the topic. The semi-structured interviews were conducted with pre-prepared themes and questions but were flexible during the interview (Saunders et al., 2019).

Using the purposive sampling method, the interviewees selected for the interviews came from various roles, ranging from policymakers (Fiscal Policy Agency—the past nomenclature of

Table 1
Interview and FGD Interviewees List

No.	Institutions	Positions	Details
1	Indonesian E-Commerce Association (idEA)	Subject regulated by policy	Interviewee 1
2	State Revenue Policy Center, Fiscal Policy Agency (DJSEF)	Policymaker	Interviewee 2
3	Directorate of Taxation Regulation I, Directorate General of Taxes (PP 1)	Policymaker	Interviewee 3
4	Tax law expert (Expert)	Policy observer	Interviewee 4
5	Foreign Individual and Enterprise Tax Office, Directorate General of Taxes (Badora)	Policy executor	Interviewee 5
6	Directorate of International Taxation, Directorate General of Taxes (PI)	Policymaker	Interviewee 6

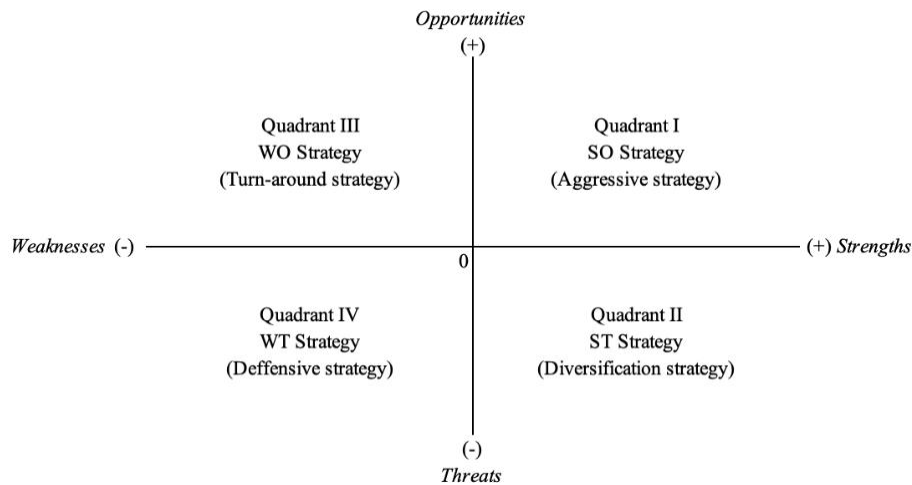
Note. Source: Processed data by Author

Directorate General of Economic and Fiscal Strategy (DJSEF), Directorate of Tax Regulation I, Directorate of International Tax), policy observers (tax law practitioners), to subjects regulated by the policy (Indonesian E-Commerce Association/idEA). On the other hand, FGD was conducted with interviewees from the Foreign Individual and Enterprise Tax Office as the policy executors under SE-44/PJ/2020. Table 1 shows the details of each interviewee. The collected data is analyzed through the data analysis stages according to Miles et al. (2014), i.e., data condensation, data display, and conclusion drawing/verification. In conducting the data condensation, researchers conducted first-cycle coding and second-cycle or pattern coding,

according to Miles et al. (2014). The data analysis was guided by thematic analysis, which allows researchers to identify, analyze, and report the dominant themes that emerge in the data (Ngulube, 2022). Specifically, to answer research questions related to the formulation of e-commerce VAT tax enforcement strategies, the researcher analyzed the patterns obtained from thematic analysis using SWOT analysis.

The SWOT analysis used in this study is similar to that conducted by Primadini & Gunadi (2023) in their research, with some adjustments by adopting the strategy formulation framework according to David & David (2017). The SWOT will be written into the internal factors analysis

Figure 1
Cartesian Diagram of Strategies in SWOT Analysis



Note. Source: Primadini & Gunadi (2023)

summary (IFAS) and the external factors analysis summary (EFAS). Both summaries were brought together to formulate SO (strength-opportunities), ST (strength-threat), WO (weakness-opportunity), and WT (weakness-threat) strategies. The strategy type is selected by scoring the IFAS and EFAS matrix based on the concept of David & David (2017). The total score obtained is then translated into coordinate points on the Cartesian diagram as done by Primadini & Gunadi (2023). The position of the coordinate points will then determine the chosen strategy type, as shown in Figure 1.

To ensure the validity and trustworthiness of the research results, the researcher triangulated the data and requested feedback from interviewees on the study results. According to Miles et al. (2014), these two efforts are some ways to confirm research findings. Triangulation was conducted using benchmarks in the form of data sources (from different interviewees), methods (interviews, FGD, and document analysis), and theories.

4. RESULTS AND DISCUSSIONS

4.1 Results

4.1.1 Tax Compliance

Referring to the coding result with the theme “tax compliance”, four sub-themes (coding) discuss tax compliance. These sub-themes include 1) factors influencing tax compliance, 2) compliance behavior of e-commerce VAT taxpayers, 3) trust and power in tax compliance, and 4) efforts to enhance tax compliance. This theme was conveyed by five out of six interviewees. The overview of each interviewee’s argument is shown in Table 2.

4.1.2 Considerations in Implementing Tax Enforcement

Referring to the coding result, there are central themes that discuss some considerations in implementing tax enforcement. From the interviews and FGD conducted, the researcher captured six things without a fixed order, namely: 1) Indonesia’s jurisdiction to enforce tax enforcement against e-commerce business players or taxpayers; 2) DGT’s authority as the tax authority

Table 2
Tax Compliance

Interviewees	Arguments
Interviewee 1 (idEA)	The efforts to enhance tax compliance include the expansion of appointments and the tightening of supervision.
Interviewee 2 (DJSEF)	1. The taxpayer’s reputation and the clarity of tax regulations are some of the factors that influence tax compliance. 2. In enforcing tax compliance, the power of authorities must be demonstrated, and it is not only the power of the Directorate General of Taxes (DGT) but also of Indonesia as a whole. 3. Tax compliance can be enhanced by reaching out to e-commerce business players.
Interviewee 3 (PP 1)	DGT is one of many institutions that must demonstrate the power of authorities to enforce tax compliance.
Interviewee 4 (Expert)	Justice is the factor that influences tax compliance.
Interviewee 5 (Badora)	There are various types of taxpayer behavior, i.e., compliant, partially compliant, and non-compliant taxpayers.
Interviewee 6 (PI)	-

Note. Source: Processed data by Author

Table 3*Considerations in Implementing Tax Enforcement*

Interviewees	Arguments
Interviewee 1 (idEA)	DGT's authority as the tax authority and the need for a level playing field between regular VAT taxpayers and e-commerce VAT taxpayers (both foreign and domestic) are considerations to ensure effective tax enforcement for e-commerce VAT.
Interviewee 2 (DJSEF)	-
Interviewee 3 (PP 1)	Indonesia's large market share provides a significant opportunity to enforce tax enforcement on e-commerce VAT. In addition, Indonesia has jurisdiction over this matter because e-commerce VAT collectors are in the scope of the definition of taxpayers according to the Taxation General Provision Law.
Interviewee 4 (Expert)	The domicile of e-commerce business players or taxpayers located outside the country raises further questions about whether Indonesia has jurisdiction to conduct tax enforcement. If tax enforcement is based on international law, it can be implemented because international law is based on agreements between countries. Furthermore, the public response needs to be taken into consideration, particularly about access termination as one of the tax enforcement forms.
Interviewee 5 (Badora)	The status of tax obligations for e-commerce VAT collectors remains uncertain on whether DGT can enforce tax enforcement against these collectors. Furthermore, in regard to access termination, the possibility that consumers' money may be retained due to the e-commerce VAT collection prior to the termination also needs to be taken into consideration.
Interviewee 6 (PI)	Domestic regulations and international treaty instruments can serve as legal base that grants jurisdiction to the tax authorities in Indonesia to conduct tax enforcement.

Note. Source: Processed data by Author

to execute tax enforcement by considering the domicile of foreign business players, the existence of international law based on agreements between countries, the legal basis for tax enforcement, and the taxpayers' status; 3) level playing field for business players provided by tax enforcement; 4) Indonesia's large market share; 5) public response to enforcement actions in the form of access termination; and 6) retained consumers' money due to enforcement actions in the form of access termination. In this case, Interviewee 2 was the only one who did not express his views on this theme. The overview of all interviewees on this theme is shown in Table 3.

4.1.3 Constraints in Implementing Tax Enforcement

The coding result also shows the central theme of constraints in implementing tax enforcement, i.e.,

technical legal basis, comparative data, and service-related constraints. Interviewee 3, Interviewee 4, Interviewee 5, and the document analysis discussed this theme with an overview of the argument shown in Table 4

4.1.4 Tax Enforcement Strategies

Interviewee 2, Interviewee 3, Interviewee 4, Interviewee 5, and the document analysis result provide explanations regarding tax enforcement strategies that can be carried out in the future in response to existing conditions, both from the perspective of policymakers, policy observers, and policy executors. The strategies are discussed from the justification and the alternative measures point of view, with an overview in Table 5. In this case, tax enforcement is considered a common practice and a manifestation of the power of authorities. Some

Table 5*Constraints in Implementing Tax Enforcement*

Interviewees	Arguments
Interviewee 1 (idEA)	-
Interviewee 2 (DJSEF)	-
Interviewee 3 (PP 1)	<ol style="list-style-type: none"> 1. The provisions on tax enforcement are still regulated at the level of laws. The operational regulations are still in discussion. 2. However, the problem of norms is not the core issue. The accessibility of data from external entities presents a limitation, as we are only able to make requests for it, even from other countries. 3.
Interviewee 4 (Expert)	The provisions governing tax audit and tax collection procedure, specifically for foreign e-commerce VAT collectors, are required.
Interviewee 5 (Badora)	<ol style="list-style-type: none"> 1. Tax enforcement can only be implemented once the regulations governing its procedures have been issued. The existing provisions governing tax audit and tax collection procedures need to be sufficiently relevant to be applied to foreign e-commerce VAT collectors. 2. It is important to consider the availability of comparative data and the provisions of penalties in order to carry out effective tax enforcement. 3. Service-related constraints, such as those that occur when e-commerce VAT collectors make the payment, also need to be considered. Service is a manifestation of granting rights to taxpayers before tax enforcement can be conducted.
Interviewee 6 (PI)	-
Document analysis	<ol style="list-style-type: none"> 1. The comparative data serves as the basis for appointing e-commerce VAT collectors who have exceeded the threshold, examining the accuracy of VAT payment and reporting, and examining the accuracy of revoking requests for the appointment of e-commerce VAT collectors. 2. The centralized administrative process at the headquarters and ongoing issues around supporting applications and information systems are service-related constraints.

Note. Source: Processed data by Author

Table 4*Implications of tax enforcement strategies*

Interviewees	Arguments
Interviewee 1 (idEA)	-
Interviewee 2 (DJSEF)	Indonesia and DGT must collaborate with other countries to enforce effective tax laws.
Interviewee 3 (PP 1)	DGT must establish coordination with other parties to carry out tax enforcement.
Interviewee 4 (Expert)	-
Interviewee 5 (Badora)	<ol style="list-style-type: none"> 1. Services as a manifestation of taxpayers' rights must be optimized before enforcing their obligations through tax enforcement. 2. DGT needs to collaborate with third parties to optimize the availability of comparative data.
Interviewee 6 (PI)	Tax enforcement is carried out based on the results of prior supervision.
Document analysis	The improvement of the payment business process should be carried out to address payment issues. The refinement of service standard operating procedures (SOP) should be implemented to shorten administrative processes. Additionally, updating the supporting application and information systems is necessary to overcome any issues encountered with these systems.

Note. Source: Processed data by Author

alternative strategies discussed include ex officio appointment, integration of registration systems, tax audit, imposition of penalties, access termination, utilization of invoices, data requests to taxpayers, and use of escrow accounts.

4.1.5 Tax Enforcement Tools

There are several tools needed to support the implementation of tax enforcement. Interviewee 6 is the only interviewee who has been a policymaker in the international taxation field and conveyed his arguments related to this discussion. First, implementing tax enforcement against e-commerce VAT collectors requires international treaty instruments that refer to agreements between countries as a legal base (according to Interviewee 6). Second, several efforts can be made to support the implementation of tax enforcement, i.e., 1) exchange of information (Eol); 2) tax examination abroad or simultaneous tax examinations; 3) assistance in collection (assistance in collection under DTC or assistance in recovery under MAAC); and 4) service of documents (according to Interviewee 6).

4.1.6 Implications of Tax Enforcement Strategies

Based on the previous tax enforcement strategies, Interviewee 2, Interviewee 3, Interviewee 5, Interviewee 6, and the document analysis result discuss the implications of these strategies, i.e., the need to: 1) optimize services; 2) cooperate with other parties; and 3) enhance supervision towards e-commerce business players or taxpayers. A detailed overview of the arguments is shown in Table 6.

4.1.7 Formulating Tax Enforcement Strategies

The tax enforcement strategy in this study was formulated by categorizing the thematic analysis results of the coding results from interviews and FGD into strengths, weaknesses, opportunities, and threats categories. According to David & David (2017), the categorization is written into IFAS (internal factors analysis summary) and EFAS (external factors analysis summary) as the first stage (input stage) of strategy formulation, as shown in Tables 7 and 8.

Table 6
Tax enforcement strategies

Interviewees	Arguments
Interviewee 1 (idEA)	-
Interviewee 2 (DJSEF)	1. Tax enforcement against foreign e-commerce VAT collectors can be justified since it is the manifestation of the authorities' power and common practice in several countries. 2. Blocking access for e-commerce business players is one of the tax enforcement measures that might be taken.
Interviewee 3 (PP 1)	1. Tax supervision and enforcement are common practices in taxation. 2. There are other tax enforcement strategies that can be used, including access termination, ex officio appointment of e-commerce business players that meet the threshold as e-commerce VAT collectors, and penalty imposition.
Interviewee 4 (Expert)	Access termination is a strategy that can be conducted without having to consider jurisdictional issues.
Interviewee 5 (Badora)	The utilisation of invoices reported by taxable entrepreneurs that credit VAT from e-commerce input VAT can serve as an alternative strategy amidst the existing constraints.
Interviewee 6 (PI)	-
Document analysis	The integration of the electronic system provider registration of the Ministry of Communication and Information Technology and the registration of the e-commerce VAT collector of the DGT through the OSS-RBA application, tax audit, direct data requests to taxpayers, and the use of an escrow account are several tax enforcement strategies.

Note. Source: Processed data by Author

Table 7
Internal Factors Analysis Summary

No.	Internal Factors	Items
1	Strengths	<ol style="list-style-type: none"> 1. DGT's authority as the tax authority in Indonesia. 2. Indonesia's significant market share. 3. DGT's jurisdiction to conduct tax enforcement is due to the existence of domestic regulations and international agreements that serve as a legal basis. 4. DGT's jurisdiction to conduct tax enforcement based on the status of e-commerce VAT taxpayers.
2	Weaknesses	<ol style="list-style-type: none"> 1. The insufficient availability of comparative data as a basis for implementing tax enforcement, particularly data on foreign e-commerce business players. 2. There are still constraints in remitting e-commerce VAT by foreign e-commerce VAT collectors at perception banks. 3. The absence of operational regulations for the implementation of tax enforcement for foreign e-commerce VAT collectors.

Note. Source: Processed data by Author

Table 8
External Factors Analysis Summary

No.	External Factors	Items
1	Opportunities	<ol style="list-style-type: none"> 1. E-commerce VAT enforcement is a common practice in various countries. 2. International law is based on agreements between countries, and it supports the implementation of tax enforcement. 3. There is an opportunity for collaboration with domestic parties in providing the data on e-commerce business players and supporting the implementation of tax enforcement. 4. There is an opportunity for collaboration with other countries in providing data on e-commerce business players and supporting the implementation of cross-border tax enforcement.
2	Threats	<ol style="list-style-type: none"> 1. Collaboration in providing data on e-commerce business players with other parties within the country and with other countries which is still non-coercive in nature. 2. The domicile of e-commerce business players or taxpayers which is located outside the country. 3. Non-compliance actions of e-commerce VAT taxpayers.

Note. Source: Processed data by Author

First, strengths mean capabilities that can help to achieve goals (Primadini & Gunadi, 2023). What is categorized as a strength item is related to the power of authorities in the slippery slope framework concept of Kirchler et al. (2008). The power of authorities means the capacity of tax authorities to detect and act against tax evasion. According to Interviewee 2, the power of authorities is also interpreted as the tax authority's power to reach taxpayers and enforce strict provisions if taxpayers are not compliant.

Second, weaknesses mean weaknesses in the form of limited resources that have a negative impact on achieving goals (Primadini & Gunadi,

2023). The three weakness items in Table 8 symbolize the DGT's limited resources if it wants to enforce tax enforcement of e-commerce VAT. Comparative data acts as information owned by tax authorities to detect taxpayers' non-compliance and deal with tax enforcement as a manifestation of deterrence (Alm, 2019; Bruno, 2019). The absence of an operational legal basis is also a limitation because the existing tax enforcement procedures are still conventional and cannot accommodate transactions that are the object of e-commerce VAT collection. This condition aligns with what Wulandari (2023) stated that the existing law enforcement measures and audit procedures

are still conventional, so some adjustments are required. Tax authorities and e-commerce business players or taxpayers are in different jurisdictions (Mpfung, 2022; Rukundo, 2020). The payment constraints that occur are the service-related constraints. It needs to be highlighted because it is related to the trust in authorities in the slippery slope framework (Kirchler et al., 2008). According to Batrancea et al. (2019), relying only on power or trust is insufficient to achieve tax compliance.

Third, opportunities mean external factors in the form of favorable conditions outside the DGT (Primadini & Gunadi, 2023). The opportunities are that tax enforcement of e-commerce VAT is a common practice in various countries; international law is based on agreements between countries, and opportunities for collaboration with other parties and countries. These four things are DGT's

external conditions that can be an opportunity for DGT to enforce tax enforcement.

Fourth, threats mean external factors in the form of adverse conditions outside the DGT (Primadini & Gunadi, 2023). Data collaboration is correlated with the comparative data needed to realize tax enforcement. The difference in domicile of e-commerce business players and tax authorities results in jurisdictional differences between tax authorities and taxpayers. This is the major issue of digital economy taxation (Mpfung, 2022; Rukundo, 2020). The act of taxpayer non-compliance is related to the natural behavior of taxpayers who always tend to do tax avoidance and tax evasion (Alm, 2019).

The identified strengths, weaknesses, opportunities, and threats are then written into a SWOT matrix with W-T, W-O, S-T, and S-O strategies from the existing coding result. This is the

Table 9
SWOT Matrix

SWOT Matrix	S	W
(Matching strengths, weaknesses, opportunities, and threats to formulate SO, ST, WO, and WT strategies)	<ol style="list-style-type: none"> 1. DGT's authority as the tax authority 2. Indonesia's large market share 3. DGT's jurisdiction to conduct tax enforcement due to domestic regulations and international treaty instruments 4. DGT's jurisdiction to conduct tax enforcement on the basis of taxpayers' status 	<ol style="list-style-type: none"> 1. The insufficient availability of comparative data 2. Remittance constraints 3. The absence of operational tax enforcement regulations
O	S-O Strategies	W-O Strategies
<ol style="list-style-type: none"> 1. Tax enforcement is a common practice in various countries 2. International law based on the agreements between countries 3. Collaboration opportunity with other domestic parties 4. Collaboration opportunities with other countries 	<ol style="list-style-type: none"> 1. Registration system integration (S2, O3) 2. Tax audit (S1, S3, S4, O1, O2, O4) 3. Tax examination abroad (S1, S3, S4, O1, O2, O4) 4. Service of document (S1, S3, S4, O1, O2, O4) 5. Penalty imposition (S1, S2, S3, S4, O1, O2) 6. Assistance in collection (S1, S3, S4, O1, O4) 7. Access termination (S1, S2, O3) 	<ol style="list-style-type: none"> 1. Data request to e-commerce VAT taxpayers (W1, O1) 2. Collaboration with other parties (W1, O3) 3. Eol (W1, O1, O2, O4)
T	S-T Strategies	W-T Strategies
<ol style="list-style-type: none"> 1. The non-coercive data collaboration with other domestic parties and other countries 2. The domicile of e-commerce VAT business players or taxpayers outside the country 3. Non-compliance behavior of e-commerce VAT taxpayers 	<ol style="list-style-type: none"> 1. The utilization of escrow accounts (S1, T1) 2. Ex officio appointment (S1, S3, S4, T3) 3. Tax audit (S1, S3, S4, T2, T3) 4. Tax examination abroad (S1, S3, S4, T2, T3) 5. Service of document (S1, S3, S4, T2, T3) 6. Penalty imposition (S1, S2, S3, S4, T2, T3) 7. Assistance in collection (S1, S3, S4, T2, T3) 8. Access termination (S1, S2, T2, T3) 	<ol style="list-style-type: none"> 1. The utilization of escrow accounts (W1, W3, T1) 2. Data request to e-commerce VAT taxpayers (W1, T1) 3. The utilization of invoices (W1, T1, T3) 4. Eol (W1, T2)

Note. Source: Processed data by Author

Table 10
IFAS Matrix

No. (1)	Items (2)	Weight (3)	Rating (4)	Score (5) = (3) x (4)
Strengths (S)				
1	DGT's authority as the tax authority in Indonesia.	0,16	4	0,60
2	Indonesia's significant market share.	0,16	4	0,58
3	DGT's jurisdiction to conduct tax enforcement due to the existence of domestic regulations and international agreements that serve as a legal basis.	0,15	4	0,58
4	DGT's jurisdiction is to conduct tax enforcement based on the status of e-commerce VAT taxpayers.	0,15	4	0,53
Total strengths		0,61		2,30
Weaknesses (W)				
1	The insufficient availability of comparative data as a basis for implementing tax enforcement, particularly data on foreign e-commerce business players.	0,15	1	0,18
2	There are still constraints in remitting e-commerce VAT by foreign e-commerce VAT collectors at perception banks.	0,11	2	0,19
3	The absence of operational regulations for the implementation of tax enforcement for foreign e-commerce VAT collectors.	0,13	1	0,13
Total weaknesses		0,39		0,50
TOTAL		1		2,80

Note. Source: Processed data by Author

second stage of David & David's (2017) strategy formulation framework to formulate strategies based on the SWOT analysis shown in Table 9. It matches the identified internal and external factors. The strategies listed in Table 9 are coding results from interviews, FGD, and document analysis. Some of these strategies have also been mentioned by OECD et al. (2022) in the International VAT/GST Guidelines.

To determine the type of strategy, researchers perform calculations by giving values to weight, rating, and score columns on each strength, weakness, opportunity, and threat item based on the concept of David & David (2017). The weight column is filled with a range of 0.0 (not significant) to 1.0 (very significant), representing how significant a factor is to the e-commerce VAT enforcement strategy decision to be taken. The rating of strengths is filled with 3 or 4 (3 = minor strength; 4 = major strength), and the rating of weaknesses is filled with 1 or 2 (1 = major weakness; 2 = minor weakness), which indicates how strong or weak the DGT's or Indonesia's strengths or

weaknesses are. On the other hand, the rating of opportunities and threats is filled with 1 to 4 (1 = very ineffective; 2 = ineffective; 3 = quite effective; 4 = very effective), which indicates how effective DGT's efforts in utilizing the existing opportunities and overcoming the occurring threats—the score column results from multiplying the values in the weight and rating columns.

The weighting is done by creating an internal factors analysis summary (IFAS) and external factors analysis summary (EFAS) matrix, as shown in Tables 10 and 11. The scores in these tables come from the average weighting given by interviewees. Based on the total scores in Tables 10 and 11, the coordinate points obtained are as follows:

$$= \frac{\text{Strength total score} - \text{Weakness total score}}{2};$$

$$\frac{\text{Opportunities total score} - \text{Threats total score}}{2}$$

$$= \frac{2,30 - 0,50}{2}; \frac{1,73 - 1,13}{2}$$

$$= 0,90; 0,30.$$

Table 11
EFAS Matrix

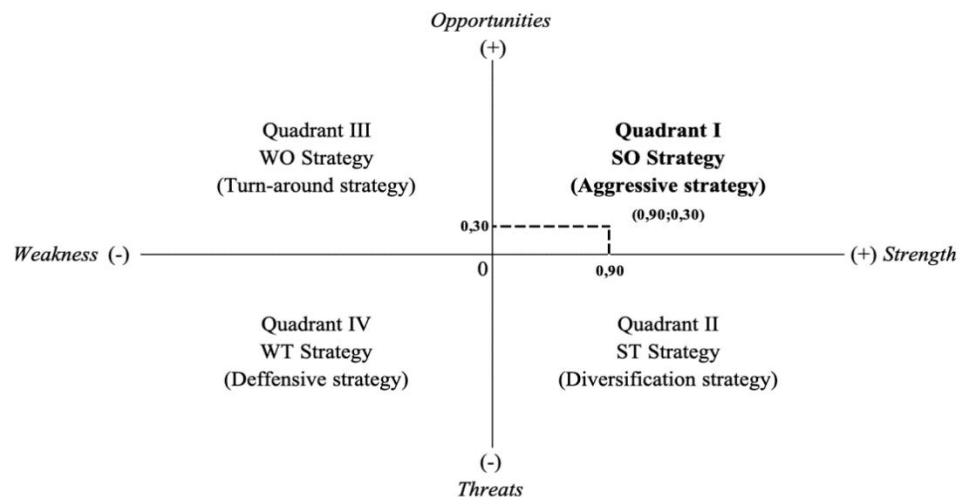
No. (1)	Items (2)	Weight (3)	Rating (4)	Score (5) = (3) x (4)
Opportunities (O)				
1	E-commerce VAT enforcement is a common practice in various countries.	0,15	3	0,50
2	International law is based on agreements between countries, and it supports the implementation of tax enforcement.	0,15	3	0,46
3	There is an opportunity for collaboration with domestic parties in providing the data on e-commerce business players and supporting the implementation of tax enforcement.	0,14	3	0,42
4	There is an opportunity for collaboration with other countries in providing data on e-commerce business players and supporting the implementation of cross-border tax enforcement.	0,12	3	0,36
	Total opportunities	0,57		1,73
Threats (T)				
1	Collaboration in providing data on e-commerce business players with other parties within the country and with other countries which is still non-coercive in nature.	0,14	3	0,37
2	The domicile of e-commerce business players or taxpayers which is located outside the country.	0,15	3	0,39
3	Non-compliance actions of e-commerce VAT taxpayers.	0,15	3	0,37
	Total threats	0,43		1,13
	TOTAL	1		2,86

Note. Source: Processed data by Author

In the Cartesian diagram shown in Figure 6, the coordinate point is in Quadrant I, symbolizing that the appropriate tax enforcement strategy is the S-O strategy. The S-O strategy is used in a favorable position since the strengths can exploit existing opportunities (Wehrich, 1982). In this case, the

chosen alternative strategies are 1) registration system integration, 2) regular tax audits, 3) tax examination abroad, 4) service of documents, 5) penalty imposition, 6) assistance in the collection, and 7) access termination.

Figure 1
SWOT Cartesian Diagram



Note. Source: Processed data by Author

4.2 Discussion

4.2.1 The S-O Strategies: The Most Appropriate Strategies Formulated

a. Registration system integration

The integration of the registration system refers to integrating the registration system for electronic system operators (PSE) of the Ministry of Communication and Information Technology (Komdigi) through One Single Submission Risk-Based Approach (OSS-RBA) with the registration system for e-commerce VAT collectors of DGT. Suppose an e-commerce business player who registers as a PSE in Komdigi's OSS-RBA system has exceeded the threshold according to PER-12/2020. In that case, the system can directly lead to registration as an e-commerce VAT collector (based on the result of the document analysis). Such a registration system will simplify the existing registration system. According to OECD et al. (2022), it aligns with the simplified registration and collection regime.

b. Regular tax audits

A tax audit is a procedure that must be carried out to issue a legal product, such as a tax assessment letter (according to Interviewee 3). This effort is made if the e-commerce VAT collector still needs to fulfill its obligations after being reminded. In a punitive approach, tax audit along with increased detection are some ways to perform deterrence (Misra, 2019). It drives tax enforcement as the single key factor to enhance compliance (Alm, 2019; Bruno, 2019). In Australia, a risk assessment or audit will be conducted if the non-resident suppliers do not respond to the tax authority's notification. It will lead to the appointment to be the VAT collector, calculation of VAT debt, penalty imposition, fund blocking, debt registration in the court, collection action, and prosecution if needed (Australian Taxation Office, 2021).

c. Tax examination abroad

Tax examination abroad may be conducted as requests for information or documents abroad

or simultaneous tax examinations as joint audit actions with partner countries (according to Interviewee 6). Simultaneous tax examination is similar to a joint audit, which OECD et al. (2022) refer to as a tax audit of one or a group of taxpayers by more than one tax authority.

d. Service of documents

Service of documents refers to correspondence assistance requested to partner countries to deliver taxation letters to taxpayers residing in that country (according to Interviewee 6). It addresses the extraterritorial power concern required to conduct tax enforcement for non-resident suppliers, as stated by Abdallah (2022).

e. Penalty imposition

The imposition of penalties is an action taken after examining or validating the fulfillment of tax obligations. The penalties can be in the form of interest, fines, and so on imposed on tax bills or tax assessment letters issued to taxpayers (according to Interviewee 3). Article 32A paragraph (3) of UU KUP regulates that the provisions on the imposition of penalties defined in taxation laws and regulations apply *mutatis mutandis* to e-commerce VAT collectors.

Penalty is the obvious way mentioned in conducting tax enforcement either in the punitive approach (Misra, 2019) or in the guidelines for enforcement actions provided by OECD et al. (2022). It deters tax evasion in an effective way along with tax audit (de la Feria, 2020). Ethiopia, Australia, Singapore, and the UK have penalty imposition to enforce the non-compliance of the VAT collector for e-commerce and/or non-resident suppliers (Abdallah, 2022; Australian Taxation Office, 2021; HM Revenue & Customs, 2020; Inland Revenue Authority of Singapore, 2021).

f. Assistance in collection

Assistance in collection means a request for assistance to partner countries to carry out collection actions against e-commerce VAT taxpayers whose assets are located in partner countries due to their domicile in those countries (according to Interviewee 6). This effort is made as

a follow-up to the imposition of penalties if the taxpayer still needs to pay off the penalties.

OECD et al. (2022) call this effort debt recovery, which refers to enforcement actions in the form of requests to repay tax debts to other countries' tax authorities. This might be done due to the absence of taxpayers' assets, which can be seized by tax authorities in the country where the taxpayer operates (OECD et al., 2022). Australia is one of the countries implementing this collection action by cooperating with the authorities of the origin country (if stipulated in a tax treaty) as an advanced action following the tax audit (Australian Taxation Office, 2021).

g. Access termination

Access termination is considered as one of the tax enforcement actions that can be carried out without questioning jurisdiction (according to Interviewee 4). Article 32A paragraph (4) of UU KUP regulates that in addition to being subject to penalties as stipulated in the applicable laws and regulations, with necessary modifications (*mutatis mutandis*), e-commerce VAT collectors may also be subject to penalties in the form of access termination after being warned. Then, Article 32A paragraph (7) of UU KUP clarifies that the Minister of Communication and Information Technology has the authority to execute it. The UK is one of the countries that will remove the non-resident suppliers from their platform if they fail to comply with the obligation as the e-commerce VAT collectors (HM Revenue & Customs, 2020).

4.2.2 Implications of Tax Enforcement Strategies

The chosen S-O strategies imply the need for: 1) technical legal basis (according to Interviewee 3, Interviewee 4, and Interviewee 5); 2) comparative data (according to Interviewee 3 and Interviewee 5); 3) collaboration with other parties (according to Interviewee 2, Interviewee 3, Interviewee 5, and document analysis results); 4) collaboration with other countries (according to Interviewee 2, Interviewee 3, and document analysis results); and

5) international treaty instruments (according to Interviewee 6) in order to be implemented. Based on the coding results, two major topics illustrate the implications of all alternative strategies: implications around tax complexity and tightening supervision of e-commerce VAT taxpayers.

a. Implications of tax complexity

A defined tax enforcement strategy will have implications for issuing a technical legal basis. The technical legal basis needs to contain the operationalization of tax enforcement implementation. In other words, the complexity of tax regulations may occur due to the details of the regulations (Hoppe et al., 2021). It is common since complexity is recognized as a by-product of efforts to design and reform an optimal tax system to realize equity and fairness (Hoppe et al., 2021). However, the higher the tax complexity, the lower the tax compliance (Borrego et al., 2016).

Nevertheless, explicit provisions must outline tax enforcement as one factor influencing tax compliance (according to Interviewee 2). Clarity of provisions can represent regulations that are easy to read and understand as a form of tax simplification from the simplification aspect of tax law to mitigate tax complexity (Budak & James, 2018). In addition, other efforts to mitigate tax complexity include developing taxation technology, conducting socialization, improving DGT's administrative capabilities, providing sufficient time for taxpayers, and optimizing services (according to Interviewee 1 and Interviewee 2).

These efforts are related to the statements of: 1) Misra (2019) that the the increased tax publication and tax education are several manifestations of deterrence in punitive approach; 2) Batrancea et al. (2019) regarding the concepts of trust and power in the slippery slope framework of Kirchler et al. (2008), tax compliance can be achieved not only by relying on power in the form of tax enforcement but also on trust; 3) Belahouaoui & Attak (2025) that digitization of tax service as one of determinant of mutual trust between tax authority and taxpayers; and 4) Han et

a. (2025) concerning technology utilization to help discovering tax evasion.

b. Implications for Supervision Enhancement

The supervision carried out by tax authorities on e-commerce business players or taxpayers needs to be tightened and strengthened (according to Interviewee 6). It is carried out based on the supervision results on the fulfillment of tax obligations of e-commerce VAT collectors (according to Interviewee 6). Supervision can make them feel they exist on the tax authority's radar (Slemrod, 2019). As a result, they can see the risks if they commit non-compliant acts. Ultimately, tax compliance can be realized (Alm, 2019; Bruno, 2019).

The reminder of obligations is one of the efforts that can be made by reminding taxpayers about fulfilling their tax obligations (according to Interviewee 5). This effort can be one of the supervisory efforts in communicating with taxpayers to reduce tax evasion and tax avoidance (Bruno, 2019; Slemrod, 2019).

5. CONCLUSIONS

The SWOT analysis conducted on the coding results of interviews, FGD, and document analysis shows that the appropriate strategy is the S-O strategy (aggressive strategy). In this case, the chosen strategy is one that can use its strengths and take advantage of existing opportunities. The S-O strategies include: 1) registration system integration, 2) regular tax audit, 3) tax examination abroad, 4) service of documents, 5) imposition of penalties, 6) assistance in collection, and 7) access termination.

The implications of the chosen S-O strategies include the need for: 1) a technical legal basis, 2) comparative data, 3) collaboration with other parties, 4) collaboration with other countries, and 5) international treaty instruments. Nevertheless, the general implications of tax enforcement strategies are the emergence of tax complexity and the need for enhancing supervision. First, tax enforcement strategies

requiring further operational regulation may cause tax complexity, both the complexity of tax regulations (tax code complexity) and administrative complexity in the tax system (tax framework complexity). Hence, tax enforcement must be outlined in explicit provisions that may lead to tax simplification to mitigate tax complexity.

In addition, other efforts to mitigate tax complexity can be made by: 1) developing tax technology; 2) conducting adequate socialization to taxpayers; 3) improving DGT's administrative capability; 4) providing sufficient time for taxpayers to understand the existing provisions; and 5) optimizing services to taxpayers. Second, the supervision conducted by DGT on e-commerce VAT business players or taxpayers needs to be tightened and strengthened. It is necessary to conduct since tax enforcement is carried out based on the results of supervision on the fulfillment of tax obligations of e-commerce VAT collectors.

6. IMPLICATIONS AND LIMITATIONS

This study attempts to formulate tax enforcement strategies to enhance e-commerce VAT compliance in Indonesia. It is expected to address the low voluntary compliance, tax avoidance, and tax evasion of e-commerce business players and to optimize the implementation of e-commerce VAT in Indonesia. It used a qualitative approach to capture interviewees' viewpoints with various roles. However, first, the interviewees in this study do not include foreign e-commerce business actors, who comprise the majority of e-commerce VAT collectors and neutral parties like academicians. Second, the FGD was only conducted with policy executors and did not involve other parties such as policymakers, policy observers, policy-regulated subjects, academicians, consultants, etc. Therefore, future study is expected to involve overseas e-commerce business players for the interviews and involve various parties in conducting FGDs.

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