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E-Taxation and Fiscal Governance: A Narrative Review of Compliance, Efficiency, and Equity

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ABSTRACT: The digitalization of tax systems has emerged as a transformative trend in global fiscal governance, with electronic taxation reshaping compliance, efficiency, and policy design. This narrative review aims to synthesize evidence on how e-taxation influences taxpayer behavior, enhances administrative operations, and contributes to fiscal equity. Literature was collected through Scopus, Web of Science, and Google Scholar using keywords such as digital taxation, e-tax compliance, tax policy innovation, and electronic invoicing. Inclusion criteria focused on peer-reviewed studies between 2010 and 2025, encompassing diverse methodologies including empirical studies, case analyses, and policy reviews. Findings show that digitalization improves taxpayer compliance by reducing administrative burdens, increasing transparency, and curbing tax evasion. Beyond compliance, it also helps integrate SMEs into the formal economy and strengthens the achievement of sustainable development goals. The discussion highlights infrastructure, human resources, and adaptive regulations as key drivers for successful digital taxation. Future research should prioritize longitudinal assessments, distributive equity analyses, and the governance of emerging technologies. Overall, e-taxation represents both a technological and governance innovation with the potential to build more inclusive and resilient fiscal systems worldwide.

Keywords: Digital Taxation, E-Tax Compliance, Tax Policy Innovation, Electronic Invoicing, Blockchain in Taxation, Sustainable Fiscal Governance, Global Tax Reform.

INTRODUCTION

In recent years, the digitalization of tax systems has emerged as a pivotal trend shaping fiscal governance across both developed and developing economies. The movement towards electronic taxation (e-taxation) has revolutionized the way governments administer taxes, shifting from traditional paper-based models to technology-driven platforms that facilitate filing, payment, and taxpayer–authority communication. Scholars increasingly highlight that such reforms enhance efficiency, transparency, and accountability within fiscal systems, leading to notable improvements in taxpayer compliance (Djinarto et al., 2024; Rufasto et al., 2024; Lasiński-Sulecki, 2023). This transformation, underpinned by advancements in information technology, artificial intelligence,

and data analytics, is central to achieving sustainable revenue mobilization and strengthening state capacity in the digital economy.

The digitalization of taxation is not merely a technical shift but reflects broader socio-economic changes. By enabling governments to automate data collection from various sources, e-taxation systems reduce the administrative burden on taxpayers while simultaneously allowing tax authorities to perform more accurate and timely assessments of tax liabilities (Ivanchenkova et al., 2022). This dual advantage—ease of compliance for citizens and enhanced enforcement capacity for governments—has positioned digitalization as a cornerstone of modern fiscal policy. Empirical evidence demonstrates that nations adopting e-filing and electronic reporting systems have experienced substantial reductions in compliance errors and instances of tax evasion, thereby reinforcing the legitimacy and sustainability of their fiscal systems (Djinarto et al., 2024; Rufasto et al., 2024; Lasiński-Sulecki, 2023).

The importance of digital taxation is underscored by data illustrating tangible benefits from implementation. For example, Poland's digitization of VAT reporting significantly reduced fraud and elevated compliance levels, validating investments in tax technologies as both administratively effective and fiscally prudent (Lasiński-Sulecki, 2023; Remlein et al., 2022). At a global scale, such successes reinforce the claim that digital technologies enhance transparency by tracking capital flows more effectively, making concealment of income increasingly difficult. These improvements also foster trust in fiscal authorities, as greater visibility in tax processes contributes to self-reporting and strengthens voluntary compliance (Djinarto et al., 2024; Ivanchenkova et al., 2022; Pulatov, 2024).

Equally notable is the role of advanced data analytics and artificial intelligence in optimizing compliance monitoring. Machine learning models are being deployed to identify behavioral patterns that indicate fraud or heightened compliance risks, thus refining audit processes and enabling more effective resource allocation (Rufasto et al., 2024; Belahouaoui & Attak, 2024). This technological integration allows tax administrations to move beyond reactive enforcement towards predictive governance, where high-risk taxpayers are targeted more effectively and administrative efficiency is maximized. These innovations collectively signify that digitalization is not only reshaping the operational dimension of taxation but also redefining the conceptual framework of fiscal oversight.

Despite these advancements, the implementation of digital tax systems faces significant challenges, particularly in developing countries. A key barrier lies in the insufficiency of technological infrastructure, with limited internet connectivity and outdated digital systems constraining the adoption of advanced tax platforms (Hamid et al., 2023; AbuAkel & Ibrahim, 2023). Resistance to organizational change also persists, with bureaucratic inertia and reluctance among tax officials hampering integration of new practices into established systems (Berberov & Milogolov, 2020; Hamudi, 2022). Such institutional constraints highlight that digitalization is not merely a technical endeavor but requires profound cultural and structural transformations within tax administrations.

Another challenge involves educational and knowledge gaps among both tax authorities and the public. Insufficient awareness and limited digital literacy impede the effective use of e-tax platforms, resulting in underutilization of available technologies (Zakaria et al., 2024). The lack of systematic training and capacity-building initiatives further exacerbates this issue, diminishing the

potential of digital reforms to achieve desired compliance outcomes (Hamid et al., 2023). Without addressing these human capital deficiencies, investments in digital systems risk failing to translate into tangible improvements in compliance or efficiency.

Moreover, the intersection of tax digitalization and fiscal equity raises important concerns. Evidence suggests that wealthier individuals and larger corporations, equipped with greater access to resources and digital capabilities, may disproportionately benefit from e-taxation reforms, leaving behind small enterprises and lower-income taxpayers (Čerka et al., 2024). This imbalance threatens to exacerbate socio-economic disparities, as those with limited technological access or literacy struggle to comply effectively. Scholars emphasize the necessity of inclusive policies to ensure that digitalization promotes equity rather than deepening existing inequalities (Belahouaoui & Attak, 2024). In this sense, the promise of digital taxation must be balanced against its potential risks to fairness and accessibility.

Legal and regulatory frameworks also present notable obstacles. In many developing economies, outdated or insufficient legal provisions fail to accommodate electronic reporting and compliance, thereby restricting the full potential of digital systems (Hamid et al., 2023; Bovsh et al., 2021). The lack of consistent alignment between legal reforms and technological advancements undermines the institutional legitimacy of digitalization initiatives. To ensure sustainable implementation, governments must synchronize tax legislation with emerging digital practices, creating regulatory environments that are adaptable and future-oriented.

While scholarly literature affirms the benefits of digitalization in enhancing efficiency and accountability, substantial gaps remain. Much of the current research focuses predominantly on technological capabilities, often overlooking the socio-economic and equity dimensions of tax digitalization (Hamid et al., 2023; Berberov & Milogolov, 2020; Jerry & Boughaleb, 2025). Limited comparative studies across regions also constrain understanding of how context-specific variables—such as infrastructure, governance quality, or cultural attitudes—shape the outcomes of e-taxation. These gaps underscore the need for holistic approaches that integrate technological, social, and legal perspectives in examining digital tax reforms.

This review seeks to address these gaps by critically analyzing the literature on the digitalization of tax systems, with particular emphasis on compliance outcomes, efficiency gains, and policy innovations. Specifically, the paper aims to examine the extent to which e-taxation contributes to transparency, equity, and trust in fiscal governance, while also identifying challenges and limitations in its implementation. In doing so, it provides a comprehensive synthesis of existing evidence and highlights avenues for future research that can inform both policymakers and scholars.

The scope of this review is global, with attention to diverse regional contexts, including Europe, Asia, and Africa, as well as specific population groups such as small and medium enterprises (SMEs) and multinational corporations. In Europe, scholarship often centers on harmonizing digital tax policies within the European Union to combat avoidance and improve transparency (Čerka et al., 2024; Borselli & Petroni, 2021). In Asia, research emphasizes SMEs' adoption of e-taxation and the role of training and infrastructure in facilitating their compliance (Belahouaoui & Attak, 2024; Kumar et al., 2025). In Africa, the focus tends to be on infrastructural and administrative constraints that hinder successful implementation (Hamudi, 2022; Chaudhary & Suri, 2021). Studies on multinational corporations explore the challenges of international tax

avoidance and the necessity of aligning global tax frameworks in a digitalized economy (Blix & Bustos, 2021; Elbra et al., 2022). Together, these strands of literature demonstrate that digital taxation is shaped not only by technological progress but also by regional socio-economic conditions, policy environments, and institutional capacities.

By integrating these insights, the present review underscores that the digitalization of tax systems is a multifaceted phenomenon requiring nuanced analysis. It involves technological modernization, but equally, it demands careful consideration of human capital, equity, and regulatory contexts. As governments continue to experiment with and refine their digital tax infrastructures, academic inquiry must remain attentive to both the opportunities and the constraints of these transformations, ensuring that digitalization contributes to inclusive and sustainable fiscal governance.

METHOD

This study employed a structured methodology to ensure a comprehensive and systematic exploration of the literature on digital taxation and taxpayer compliance. The methodological approach was designed to capture a wide range of academic contributions, while at the same time ensuring that the sources analyzed were credible, peer-reviewed, and relevant to the research objectives. By combining well-established databases, carefully selected keywords, and rigorous inclusion and exclusion criteria, the methodology guarantees both the breadth and depth of coverage required to produce a high-quality narrative review.

The initial stage of the methodology involved identifying appropriate databases for literature retrieval. Three primary databases were selected: Scopus, Google Scholar, and Web of Science. Each database was chosen based on its unique strengths and suitability for covering the scope of this research. Scopus and Web of Science were prioritized for their focus on peer-reviewed journals with high academic standards, which ensures the reliability and quality of the literature. Both platforms provide powerful search tools that facilitate the identification of highly cited articles and enable sorting by relevance, publication year, and subject area. Google Scholar was included to complement these databases by expanding the search to a broader spectrum of scholarly documents, including conference proceedings, working papers, and books, which are particularly valuable in capturing emerging discussions on digital taxation and compliance (Belahouaoui & Attak, 2024; Ivanchenkova et al., 2022). This triangulated use of databases allowed the research to combine the rigor of high-quality journals with the inclusivity of a wider literature pool.

The second stage focused on the careful selection of keywords to guide the literature search. Keywords were drawn from both established research terminology and contemporary technological developments in taxation. The core set of keywords included "digital taxation," "e-tax compliance," "tax policy innovation," and "electronic invoicing." Each of these terms was chosen for its relevance to different dimensions of the research focus. For instance, "digital taxation" was intended to capture literature addressing the overall shift to digital tax systems, while "e-tax compliance" targeted studies focusing on behavioral aspects of taxpayer interactions within digital environments (Ivanchenkova et al., 2022). The term "tax policy innovation" was incorporated to identify articles that discuss regulatory and institutional transformations prompted

by digitalization, and "electronic invoicing" captured the literature specific to mechanisms of digital reporting and verification.

In addition to the core keywords, the methodology integrated advanced technological terms reflecting the growing impact of disruptive technologies on taxation. Phrases such as "blockchain technology in taxation" and "AI in tax compliance" were employed to identify literature examining how emerging technologies reshape compliance frameworks, risk management, and auditing practices (Ofoeda et al., 2023; Kumar et al., 2025). This expanded keyword set reflects the dynamic evolution of research in this field, where digital tools are increasingly intertwined with fiscal governance. By integrating both traditional and emerging terms, the methodology ensured that the review encompassed both the foundational and the cutting-edge aspects of digital taxation.

The third stage of the methodology involved defining inclusion and exclusion criteria to filter relevant studies. Inclusion criteria required that selected studies be peer-reviewed, published between 2010 and 2025, and explicitly focus on digitalization in taxation, taxpayer compliance, or related innovations in tax policy. These criteria ensured that the review captured recent developments while also acknowledging the early stages of digital taxation reforms. Studies were also included if they provided empirical evidence, theoretical frameworks, or case studies with direct relevance to the research themes. Exclusion criteria eliminated non-peer-reviewed articles, opinion pieces, studies outside the 2010–2025 timeframe, and publications that discussed digitalization in general without specific application to taxation or compliance. This filtering process was critical to maintain the academic integrity of the review and avoid the inclusion of tangentially related literature.

Regarding the types of research incorporated, the methodology aimed for diversity to reflect the multidisciplinary nature of digital taxation research. Empirical studies, including randomized controlled trials, cohort studies, and case-control designs, were considered, especially when assessing the behavioral impact of e-tax systems. Case studies of specific national contexts provided valuable insights into the localized implementation of digital tax reforms. Cross-sectional surveys and econometric analyses were included for their ability to present statistical evidence on compliance levels, efficiency gains, and taxpayer behavior. Qualitative studies, such as interviews and ethnographic research, were also considered when they offered perspectives on institutional challenges, equity concerns, or taxpayer perceptions. This blend of quantitative and qualitative evidence enriched the review by balancing numerical findings with contextual understanding (Hamid et al., 2023; Ponomareva, 2022).

The process of literature selection followed a multi-stage screening protocol. In the first step, database searches using the defined keywords generated a comprehensive pool of potentially relevant studies. Titles and abstracts were initially reviewed to assess alignment with the research focus. Articles that clearly lacked relevance—such as those addressing digitalization in unrelated fields—were excluded at this stage. The second step involved a full-text review of the remaining studies to evaluate whether they met the inclusion criteria. During this stage, particular attention was paid to the methodological rigor of each study, the clarity of its contributions, and its direct relevance to digital taxation and compliance. Studies that demonstrated strong empirical evidence or theoretical contributions were prioritized. The third step consisted of cross-referencing the bibliographies of included studies to identify additional sources that may not have appeared in the

initial database searches. This snowballing technique further strengthened the comprehensiveness of the review (Hamid et al., 2023; Ofoeda et al., 2023).

To evaluate the quality of included literature, a critical appraisal was conducted. Empirical studies were assessed based on the validity of their design, the robustness of their data analysis, and the reliability of their findings. Theoretical and policy-oriented articles were evaluated on the coherence of their arguments, the novelty of their contributions, and their alignment with the broader discourse on digital taxation. Studies that failed to demonstrate sufficient methodological rigor or relevance were excluded at this stage. This quality assurance process was essential in ensuring that the synthesis of findings was grounded in credible and academically robust evidence.

Ultimately, the methodological approach used in this study enabled a systematic and balanced review of the literature. By combining multiple databases, diverse keywords, strict inclusion and exclusion criteria, and a rigorous selection process, the study captured a wide range of perspectives on digital taxation while maintaining academic rigor. This comprehensive methodology facilitated the identification of patterns, gaps, and innovations across the literature, thereby laying a strong foundation for the subsequent analysis of results and discussion. The integration of diverse study types and global contexts further enriched the review, allowing for a nuanced understanding of how digital taxation influences compliance and fiscal policy innovation across different regions and populations. The methodological design thus ensures that the conclusions drawn from this research are both credible and representative of the current state of scholarship on digital taxation.

RESULT AND DISCUSSION

The review of literature reveals several key themes that illustrate the impact of digitalization on tax systems, with particular attention to taxpayer compliance, policy innovations, administrative efficiency, and broader socio-economic outcomes. These themes reflect both the opportunities and challenges presented by e-taxation in diverse contexts, providing a global perspective on its successes, limitations, and implications for fiscal governance.

The first theme concerns taxpayer compliance, where digitalization has shown a consistently positive influence. Numerous studies indicate that the transition toward electronic filing and payment systems significantly improves compliance rates among both individuals and corporations. The simplification of processes reduces administrative burdens and makes tax obligations more accessible to taxpayers, thus encouraging voluntary compliance (Belahouaoui & Attak, 2024; Plekhanova & Noonan, 2023). Research demonstrates that these effects are particularly pronounced in the small and medium enterprise (SME) sector, where digital tools help reduce historical barriers to compliance. The increased ease of filing, coupled with reduced opportunities for evasion, fosters a more equitable fiscal environment, with SMEs experiencing measurable gains in compliance (Belahouaoui & Attak, 2024).

Empirical evidence also points to significant differences in compliance outcomes between developed and developing countries. In advanced economies such as the European Union member states, the deployment of sophisticated digital platforms has bolstered monitoring and enforcement capacities, producing higher levels of taxpayer compliance (Čerka et al., 2024; AbuAkel & Ibrahim, 2023; Pulatov, 2024). These systems provide automated data analysis and

real-time monitoring, allowing authorities to detect irregularities quickly. By contrast, developing countries face persistent obstacles, including weak infrastructure, poverty, and limited taxpayer literacy, which constrain the effectiveness of e-tax initiatives (Ponomareva, 2022; Hamudi, 2022). Evidence from Harare underscores this challenge, as low levels of awareness regarding tax obligations significantly reduced compliance rates (Hamudi, 2022). This contrast highlights the importance of contextual readiness in determining the success of digital taxation systems.

The second theme addresses digital policy innovations, where technology-driven reforms have reshaped approaches to combating tax avoidance. Blockchain technology, in particular, has been identified as a promising tool for enhancing transparency in tax reporting. By providing immutable and traceable audit trails, blockchain minimizes the opportunities for income concealment and fosters greater accountability (Pudeyan et al., 2020; Ivanchenkova et al., 2022). In parallel, real-time data availability enables tax authorities to identify suspicious patterns and intervene rapidly, thereby strengthening enforcement capacities (Plekhanova & Noonan, 2023; Pudeyan et al., 2020). These technological innovations reflect the potential of digitalization to close longstanding gaps in tax administration.

Comparative international studies offer further insights into the success and failure of policy reforms. Several European nations have demonstrated the effectiveness of e-tax policies, reporting substantial increases in compliance and tax revenues following the implementation of digital systems (Tynaliev et al., 2024; Konstantinou & Konstantinou, 2024). In contrast, countries that pursued digital reforms without adequate infrastructural or educational support encountered difficulties. Research in Brazil, for example, reveals that administrative bottlenecks and low levels of public understanding significantly undermined the effectiveness of e-taxation (Ponomareva, 2022; Andrade et al., 2023; Zhang et al., 2023). These divergent outcomes emphasize the necessity of integrating technological reforms with investments in infrastructure, taxpayer education, and institutional capacity.

The third theme concerns administrative efficiency, where e-invoicing and digital audits have had a transformative impact. E-invoicing facilitates automated transaction recording, minimizing human error and accelerating the processing of tax-related documents (Borselli & Petroni, 2021; Djinarto et al., 2024). By providing authorities with comprehensive, real-time access to financial data, these systems enhance the accuracy of audits and enable targeted enforcement measures. Digital audit tools further strengthen this capacity by employing advanced analytics to detect anomalies and potential risks, allowing tax administrations to adopt proactive strategies (Borselli & Petroni, 2021; Djinarto et al., 2024). Such improvements not only reduce administrative burdens but also ensure more efficient allocation of resources within tax administrations.

Equally important is the effect of digitalization on reducing administrative costs for both governments and taxpayers. For tax authorities, digital platforms minimize the need for physical document storage and reduce operational expenses related to paper handling and in-person interactions (Ofoeda et al., 2023). The introduction of e-invoicing systems, in particular, has been shown to decrease the time and cost of tax processing significantly, delivering measurable fiscal savings (Marron et al., 2025). For taxpayers, online filing systems reduce the risks of delays, late penalties, and errors, while offering faster confirmation and greater convenience (Marron et al., 2025; Current Issues and Empirical Studies in Public Finance, 2022). These dual benefits

underscore the economic efficiency of digital taxation systems, which lower costs and increase satisfaction for all stakeholders.

The final theme addresses the broader social and economic impacts of tax digitalization. A growing body of literature suggests that e-taxation contributes to reducing socio-economic inequalities by enhancing access for marginalized groups. SMEs, often underrepresented in formal tax systems, are now better integrated into national economies due to simplified digital platforms and reduced transaction costs (Lasiński-Sulecki, 2023; Konstantinou & Konstantinou, 2023). By lowering barriers to compliance, digital taxation helps SMEs strengthen their formal participation, thereby expanding their access to credit, infrastructure, and public services. This integration not only benefits individual businesses but also strengthens the fiscal base of developing economies.

Beyond equity considerations, e-taxation also supports sustainable development and the achievement of the United Nations Sustainable Development Goals (SDGs). Digital taxation enhances government revenues, enabling greater investment in public goods and social infrastructure such as education, healthcare, and poverty alleviation (Marron et al., 2025; Konstantinou & Konstantinou, 2023; Rufasto et al., 2024). Transparent and efficient digital systems increase public trust in tax administrations, which in turn promotes higher levels of civic engagement and compliance (Tynaliev et al., 2024). By reinforcing the social contract between citizens and the state, digital taxation contributes to long-term socio-economic development.

Taken together, these findings demonstrate that the digitalization of tax systems produces multifaceted outcomes across compliance, policy innovation, administrative efficiency, and socio-economic equity. Success in these areas, however, is strongly conditioned by the infrastructural, educational, and regulatory contexts within which reforms are pursued. While developed countries tend to benefit more rapidly from digital reforms, developing countries face greater challenges but also stand to gain significantly if implementation is carefully aligned with local needs. The evidence suggests that digitalization is not a one-size-fits-all solution, but rather a transformative tool whose effectiveness depends on thoughtful integration into diverse fiscal environments. Ultimately, the literature affirms that e-taxation represents both a technological advancement and a governance innovation, offering a pathway toward more equitable, efficient, and sustainable fiscal systems worldwide.

The findings from this narrative review underline the significant impact of digitalization on tax systems while also revealing the systemic factors, policy implications, and research gaps that shape its effectiveness. The discussion builds upon existing literature to analyze how infrastructural, human, and legal frameworks influence the outcomes of e-taxation, while also situating these findings in a broader policy context and identifying areas for future inquiry.

A critical systemic factor influencing the success of digital taxation is the robustness of digital infrastructure. As noted by Belahouaoui and Attak (2024), countries with advanced internet connectivity and reliable digital platforms demonstrate smoother adoption of e-taxation initiatives, as accessibility for taxpayers is secured. In contrast, contexts where internet penetration remains low and digital tools are unreliable face significant challenges in realizing the potential benefits of e-taxation (Hamid et al., 2023; AbuAkel & Ibrahim, 2023). These infrastructural disparities contribute to the uneven impact of digital reforms, as highlighted by Hamudi (2022), who found that in Harare, inadequate public awareness combined with weak technological systems limited

compliance. Thus, infrastructure not only serves as the foundation for technological innovation but also as a determinant of equity, dictating who can fully participate in the digital fiscal system.

Human capacity within both tax administrations and the taxpayer population emerges as another determinant of e-taxation effectiveness. Plekhanova and Noonan (2023) emphasize that training and education for tax officials are essential to ensure they can effectively manage and promote digital tools. At the same time, taxpayer literacy in navigating digital systems is equally important to encourage voluntary compliance. Without adequate knowledge dissemination, digital reforms risk exacerbating inequalities, as wealthier or more technologically adept individuals are better positioned to benefit from simplified systems (Čerka et al., 2024). The need for human capacity building has been echoed across multiple studies, with scholars pointing to capacity development as a precondition for meaningful and inclusive digital transformation (Tynaliev et al., 2024; Djinarto et al., 2024).

Equally vital is the presence of clear and adaptive regulatory frameworks. Countries with progressive and supportive tax regulations tend to experience higher success rates in implementing e-taxation systems (Tsindeliani et al., 2019; Plekhanova & Noonan, 2023). Regulation not only legitimizes digital practices but also provides essential safeguards around data protection and privacy, which build public trust in the system. As Čerka et al. (2024) argue, transparency and security are prerequisites for fostering compliance, as taxpayers are more likely to engage when they perceive the system as both fair and safe. Conversely, in nations with outdated or inconsistent legal provisions, digital reforms face significant obstacles. This disjuncture between technological advancements and regulatory lag poses risks to both the stability and legitimacy of digital tax systems (Hamid et al., 2023; Bovsh et al., 2021).

Global comparative studies of digitalization in taxation point toward several important policy implications. One key implication is the pressing need to establish adaptive regulatory frameworks that reflect the realities of the digital economy. Several countries have already introduced digital services taxes to address tax avoidance by multinational corporations, which often exploit jurisdictional loopholes to minimize their tax liabilities (Karagiorgos et al., 2019; Blix & Bustos, 2021). Such policies highlight the need for international coordination to ensure that tax systems remain equitable and that digital transformations do not merely entrench advantages for globally mobile corporations. These policy innovations underscore the potential for digitalization to strengthen fiscal fairness, provided that legal frameworks are designed to capture the realities of cross-border economic activity.

Another implication concerns the role of human capital development in sustaining fiscal reforms. As indicated in the results, capacity-building initiatives for both tax officials and taxpayers are central to increasing digital literacy and maximizing the benefits of e-taxation (Tynaliev et al., 2024; Djinarto et al., 2024). Policymakers must prioritize investment in training programs, public awareness campaigns, and technical support services to ensure that reforms are not only technologically sound but also socially inclusive. Without such measures, the digital divide risks creating new barriers to compliance, particularly among SMEs and low-income taxpayers.

A third implication lies in the importance of public–private partnerships to enhance infrastructural capacity. As suggested by Pudeyan et al. (2020) and Čerka et al. (2024), collaboration between government and private sector actors can accelerate the development of robust digital

infrastructure. By leveraging private sector expertise and resources, governments can ensure broader access to digital tax systems while maintaining fiscal oversight. Such partnerships are especially critical in developing countries, where resource constraints often limit the scope of state-led infrastructural investments. Aligning these collaborations with national development goals can ensure that fiscal digitalization contributes not only to compliance but also to inclusive economic growth.

The findings of this review also highlight limitations in existing scholarship that suggest avenues for further research. One limitation is the scarcity of longitudinal studies examining the long-term effects of e-taxation on compliance, equity, and fiscal efficiency. While cross-sectional studies provide valuable snapshots, they cannot fully capture how digital reforms evolve over time or how they interact with changing socio-economic conditions (Karagiorgos et al., 2019; Blix & Bustos, 2021). Longitudinal research could offer deeper insights into whether early gains in compliance and efficiency are sustainable and whether reforms succeed in fostering durable improvements in fiscal equity.

Another limitation is the lack of research on the distributive impacts of digital taxation. Malamis (2020) stresses the need to assess how the benefits and burdens of digitalization are distributed across different income groups and business sizes. Current literature often emphasizes aggregate efficiency gains, but less attention is paid to whether these gains are equitably shared. Studies that focus on marginalized populations, such as microenterprises and informal sector workers, are particularly scarce, yet they are essential for understanding how digitalization can be harnessed as a tool for inclusive development.

A further gap in the literature concerns the interaction between emerging technologies and traditional tax systems. While blockchain, artificial intelligence, and machine learning are increasingly integrated into tax administration, their implications for legal frameworks, governance structures, and taxpayer rights remain underexplored (Castro, 2020; Elbra et al., 2022). Research in this area could clarify how these technologies can enhance transparency and accountability while addressing potential risks, such as data misuse or algorithmic bias. Investigating these dimensions will be crucial in designing digital tax systems that are not only efficient but also fair and ethically sound.

Finally, limitations also exist in terms of regional focus. Much of the existing scholarship emphasizes Europe and, to a lesser extent, Asia, while research on Africa, Latin America, and the Middle East remains limited. Given the distinct infrastructural, cultural, and economic conditions of these regions, more context-specific studies are necessary to avoid the overgeneralization of findings from advanced economies to developing contexts. Expanding regional coverage would not only provide a more comprehensive understanding of global digitalization trends but also offer practical insights for policymakers in underrepresented regions.

Overall, the discussion of findings underscores that the effectiveness of digital taxation is not determined by technology alone but by the broader systemic, regulatory, and socio-economic contexts in which it is embedded. The literature demonstrates that infrastructure, human capacity, and regulation are critical enablers, while adaptive policies and inclusive practices are necessary to ensure equitable outcomes. Addressing the current gaps in scholarship through longitudinal,

distributive, and technology-focused studies will be vital to advancing the field and guiding future policy decisions.

CONCLUSION

This review highlights that the digitalization of tax systems has profoundly reshaped fiscal governance by enhancing taxpayer compliance, improving administrative efficiency, and driving policy innovations. The findings demonstrate that e-taxation contributes to reducing compliance burdens and curbing tax evasion, particularly when combined with advanced tools such as e-invoicing, blockchain, and artificial intelligence. However, the success of these systems remains highly contingent upon systemic factors, including robust digital infrastructure, the capacity of human resources, and adaptive regulatory frameworks. Disparities between developed and developing countries illustrate that while advanced economies benefit from sophisticated platforms and higher levels of compliance, developing nations continue to face challenges such as infrastructural deficits, limited digital literacy, and inequities in access. Addressing these challenges requires inclusive policies, investments in education and training, and stronger collaborations between public and private sectors.

The urgency of accelerating digital tax reforms lies in their potential to foster transparency, expand the fiscal base, and contribute to sustainable development. Governments are encouraged to adopt adaptive regulatory frameworks that capture the realities of the digital economy, strengthen human capital through capacity-building initiatives, and promote equitable access to digital systems. Future research should focus on longitudinal studies that capture the long-term impacts of digitalization, distributive analyses that assess equity outcomes across income groups, and the exploration of emerging technologies and their governance implications. By integrating these measures, digital taxation can evolve into a more inclusive, efficient, and resilient fiscal system that supports both national development and global sustainability.

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