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Strategy to Increase Tax Revenue to Capture Digital Economy Growth Opportunities in Indonesia

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The digital economy in Indonesia is a rapidly growing sector with the potential to become a major player in Southeast Asia. This growth is driven by widespread internet penetration, rapid technology adoption, and an increasing number of digital users. However, to maximize this potential, Indonesia must develop effective strategies to increase tax revenue from the digital economy. Tax revenue from the digital economy is crucial given its growing contribution to Indonesia's GDP. By 2024, the digital economy is expected to contribute 4.66% to the GDP and create 3.7 million additional jobs by 2025. Effective taxation strategies will boost state revenue and support sustainable economic growth. Experiences from other countries highlight various approaches to optimizing tax revenue from the digital sector. Some countries have introduced digital services taxes and global minimum taxes to regulate digital business models. For instance, France and the UK have implemented digital services taxes to capture revenue from large tech companies operating without significant physical presence. These approaches can serve as references for Indonesia in designing local tax policies. Expanding the VAT base to include digital services and products has proven effective in other countries. In Indonesia, tax revenue from the digital economy reached IDR 24.99 trillion by May 2024, with the largest contribution from VAT on electronic commerce. This indicates that expanding the VAT base can be an effective strategy for increasing tax revenue from the digital sector.

1. Introduction

The digital economy is one of the most dynamic sectors, experiencing rapid growth in Indonesia with significant potential to become a key player in the Southeast Asian region. This growth is driven by various factors, including widespread internet penetration, rapid technological adoption, and an increasing number of digital users. To harness this potential fully, Indonesia needs to develop an effective strategy to increase tax revenues from the digital economy sector.

Increasing tax revenues from the digital economy is crucial given the sector's growing contribution to Indonesia's Gross Domestic Product (GDP). By 2024, the digital economy is projected to contribute up to 4.66% of Indonesia's GDP and generate 3.7 million additional jobs by 2025 (Kominfo 2024). An effective taxation strategy will not only boost state revenues but also support sustainable economic growth.

Experiences from other countries demonstrate various approaches to optimizing tax revenues from the digital sector. Some countries have introduced digital services taxes and a global minimum tax to regulate digital business models. For instance, countries like France and the United Kingdom have implemented digital services taxes to capture revenue from large tech companies operating within their territories without significant physical presence (Richter 2021; Guo, Zou, and Shan 2022). Such approaches can serve as references for Indonesia in designing tax policies suitable for local conditions.

Additionally, many countries have expanded their Value Added Tax (VAT) base to include digital services and products, proving effective in increasing tax revenues from cross-border digital transactions. In Indonesia, tax revenues from the digital economy sector reached IDR 24.99 trillion by May 2024, with the largest contribution from Trade VAT Through Electronic Systems (PMSE) (Hariani 2024). This indicates that expanding the

VAT base can be a successful strategy for enhancing tax revenue from the digital sector (Dwi Nugroho 2021).

However, implementing digital tax policies presents challenges, including the risk of uncertainty and double taxation. It is essential for Indonesia to engage in the formulation of international tax rules and adopt fair, transparent, and stable tax principles. Multilateral coordination, such as that undertaken through negotiations at the Organization for Economic Co-operation and Development (OECD), can help mitigate the adverse effects of unilateral tax policies and ensure consistent application of digital taxes globally (Enache 2024).

In designing a strategy to increase tax revenue from the digital economy, Indonesia must consider aspects like tax fairness, legal certainty, and administrative efficiency. Experiences from other countries show that well-designed tax policies can promote tax compliance and increase state revenues without stifling innovation and growth in the digital economy (Aicha 2021). Therefore, Indonesia should adopt best practices from other countries and tailor them to the local context to achieve these goals.

Overall, the strategy to boost tax revenues from the digital economy in Indonesia should include various effective approaches from other countries while considering local conditions and challenges. By doing so, Indonesia can fully leverage the growth opportunities in the digital economy and support sustainable economic development (Primadini and Gunadi 2023).

This introduction provides a comprehensive overview of the document's main points and sets the stage for a detailed exploration of strategies to increase tax revenue in the digital economy sector.

2. Research Method

To comprehensively evaluate the strategies for increasing tax revenue in Indonesia's digital economy, this study employs a multi-faceted methodological approach:

Data Collection and Analysis:

Revenue Growth: Collection and analysis of data related to tax revenues from the digital economy sector. This includes assessing the growth rate of revenues, tax compliance levels, and the sector's overall contribution to state revenue.

Tax Compliance: Evaluating the level of compliance among digital economy actors through the analysis of tax return data and compliance reports.

Performance Evaluation of Tax Administration:

Assessing the efficiency and effectiveness of the current tax administration processes. This involves evaluating the implementation of policies and strategies aimed at enhancing tax collection, identifying bottlenecks, and suggesting improvements.

Surveys and Case Studies:

Conducting surveys with stakeholders in the digital economy to gauge the impact of tax policies on their operations and compliance behavior.

Case studies of selected digital economy companies to provide in-depth understanding of compliance issues and best practices that could be generalized across the sector.

Comparative Studies:

Analyzing tax revenue improvement strategies employed by other countries with similar digital economy dynamics. This comparative approach aims to benchmark Indonesia's strategies against global best practices and identify areas for enhancement.

Law Enforcement Analysis:

Evaluating the regulatory framework and law enforcement mechanisms in place to address tax evasion and avoidance in the digital economy. This includes assessing the

capacity of law enforcement agencies, the effectiveness of current regulations, and the level of inter-agency collaboration.

By integrating these methodologies, the study aims to provide a holistic evaluation of the strategies to increase tax revenue from Indonesia's digital economy, offering actionable recommendations for policymakers and tax authorities.

3. Result and Discussion

Digital Economy in Indonesia

The digital economy is already one of the main drivers of global economic growth, including in Indonesia. This phenomenon is reflected in the rapid transformation from a traditional business model to a digital model that utilizes information and communication technology in creating added value. In the context of Indonesia, the digital economy has made rapid progress in recent years driven by increased internet penetration, growth in the use of mobile devices , and the adoption of digital technology by businesses and the general public.

Indonesia's digital economy has grown significantly, reflected in the increasing number of technology startups, e-commerce, and other digital services that are actively operating in the domestic market (Susanto and Timur, 2021). This marks a paradigm shift in the way consumers shop, businesses operate, and people access services. In addition, the adoption of technology blockchain, artificial intelligence, and Internet of Things (IoT) is also increasing to enrich the digital economy ecosystem in Indonesia (Pratama and Wibowo, 2022).

However, along with growth opportunities, the digital economy also brings a number of challenges, especially related to regulations, consumer protection, and tax revenue. To maintain sustainable growth momentum, a deep understanding of the dynamics of the digital economy is needed, as well as appropriate policies to optimize its potential.

Overview of Digital Economy Development

The digital economy in Indonesia has gone through real growth in recent years. The digital economy sector in Indonesia grew by 11% in 2019 driven by increased internet penetration and technology adoption in various economic sectors, especially the e-commerce, Fintech, and other digital services that have become the main engine of digital economic growth in Indonesia. This growth is also supported by the adoption of devices Mobile widely among the community. More than 70% of Indonesia's population has used the internet through devices Mobile since 2020 and continues to grow. This shows great potential for the growth of the digital economy in Indonesia (Suharnomo, 2020).

In addition, the development of telecommunication infrastructure also plays an important role in supporting the digital economy. Government programs such as the Palapa Ring have improved internet connectivity across Indonesia, allowing more people to access digital services. Thus, the digital economy is not only a trend, but also a force that drives digital inclusion and overall economic growth in Indonesia.

Tax Challenges and Opportunities in the Digital Economy

While the digital economy provides great growth opportunities, tax-related challenges in this context are also a major concern. One of the main challenges is the mismatch between existing tax regulations and new business models that are emerging in the digital economy such as platform-based business models. Existing tax regulations tend to be unable to capture the complexity of business models that continue to evolve in the digital economy. This can create gaps in the understanding and application of tax rules which in turn can affect the level of tax compliance and revenue (Pradipta and Susilawati, 2019).

In addition, taxation in the digital economy also faces challenges in terms of collecting transaction data and determining the right tax rates. The lack of accurate transaction data can make it difficult for tax authorities to recognize and impose taxes on digital economy business actors. Incomplete or unverified transaction data can result in unfair or disproportionate taxation that can harm both the government and businesses (Wibisono, 2022).

However, the digital economy also brings new opportunities in

terms of increasing tax revenue. Technology can be leveraged to improve the efficiency of tax collection and monitoring, including with the adoption of more advanced online tax reporting systems and data analysis. By utilizing information and communication technology, the government can gain better access to transaction data and make it possible to identify potential taxes that have not been optimally exploited. In addition, sophisticated data analysis can also help in determining more accurate and proportional tax rates, improving tax fairness and compliance in the digital economy (Mulyadi, 2021).

Despite significant challenges, opportunities to increase tax revenues in the digital economy remain wide open. However, to make good use of this potential, joint efforts are needed between the government, business people, and other related parties to overcome existing challenges and utilize technology wisely.

Analysis of Tax Policy related to the Current Digital Economy

Tax policies related to the digital economy in Indonesia are still in the intensive development stage. Although the government has issued several tax regulations that focus on the digital economy, such as rules on income tax (PPh) for digital business actors, further efforts are still needed to adjust these regulations to the dynamics of the digital economy that continues to develop.

The Indonesia government's efforts to address tax challenges in the digital economy require more detailed and comprehensive regulations to regulate specific aspects of digital business such as platform-based business models and cross-border transactions. In this context, the development of progressive and responsive regulations to technological developments is a crucial step to ensure the fairness of the tax system and encourage sustainable growth of the digital economy (Siregar and Wahyuni, 2023).

In answering these challenges, regulatory adjustments alone are not enough. In this case, synergistic collaboration between the government, business people, and academics in formulating effective and sustainable tax policies is increasingly important. Within this framework, dialogue between stakeholders is the key to understanding market needs and dynamics holistically, as well as formulating policies that not only meet tax needs, but also

facilitate the growth of the digital economy at large (Nurjannah, 2024).

In this case, empirical studies also show the importance of an inclusive approach in formulating tax policy. Organizing discussion forums, workshops, and public consultations can be an effective means of gathering input from various stakeholders, ranging from small businesses to large technology companies, as well as academics and tax practitioners. Thus, the resulting tax policy will be more balanced and take into account various interests in the digital economy ecosystem.

In addition, a collaborative approach can also accelerate the adoption of new policies and increase voluntary compliance from digital economy actors. Through this approach, the government can reduce resistance to change and build trust from key stakeholders, thereby developing an ecosystem that is conducive to the inclusive and sustainable growth of the digital economy in Indonesia.

Thus, joint efforts between the government, business people, and academics in developing tax policies that are in line with the dynamics of the digital economy are becoming increasingly urgent. In this context, transparency, participation, and open dialogue will be key to creating an adaptive and responsive policy framework to the dynamics taking place in the digital economy.

Strategy to Increase Tax Revenue

In the face of increasingly integrated global economic dynamics, tax revenue is one of the main pillars in financing state development, including in Indonesia. Especially with the rapid growth of the digital economy sector, the challenges in managing and increasing tax revenues are increasingly complex. In response, effective strategies are needed to capture opportunities from the growth of the digital economy while ensuring fairness and sustainability in the tax system.

The development of the digital economy has created new business models and transformations in the way businesses operate, which often cross national borders without being bound by conventional tax structures. Therefore, a major challenge for the government is how to accommodate this business model into the existing

taxation framework while ensuring that taxes are collected fairly and efficiently.

Exploring strategies that can be applied to increase tax revenue, especially in the context of the digital economy in Indonesia. By paying attention to the evaluation and supervision approaches necessary to ensure the successful implementation of this strategy. Through a review of current research and an analysis of best practices, it is important to understand this phenomenon in providing useful guidance for policymakers, researchers, and tax practitioners in facing these challenges.

Expansion of Tax Scope

Increasing tax revenue is one of the top priorities for the Indonesia government in facing economic challenges, including in optimizing the potential of the growing digital economy. Expanding the scope of taxes is a crucial strategy in ensuring that all sectors of the economy, including the digital economy, participate in tax contributions fairly and proportionately. Along with the development of technology and the transformation of business models, tax policies need to be adjusted to remain relevant and effective in facing current economic dynamics (Wibowo, Suryadi and Wijaya, 2021).

Adopting a strategy to expand the scope of taxes includes measures such as adjustments to tax classifications and definitions as well as refinement of tax imposition criteria. Thus, the government can more effectively accommodate various new business models in the digital economy and ensure that all economic transactions, including those carried out online, can be taxed in accordance with existing laws and regulations.

Tax Classification and Definition Adjustment

In the face of the digital economy, it is important to consider adjusting the classification and definition of taxes to fit the emerging business models in the digital realm. This includes redefining the types of transactions that fall within the scope of taxes as well as classifying digital businesses to ensure better tax compliance.

Adjusting the definition of tax is crucial in facing the digital economy. This shows the need for a more inclusive and dynamic tax definition to accommodate various rapidly evolving digital business models (Pranoto and Widodo, 2021).

Improvement of Tax Imposition Criteria

Improving the tax imposition criteria is also an important step in the strategy to increase tax revenue. This includes reviewing the transaction or income thresholds that are the basis for taxation in the context of the digital economy. By adjusting the tax imposition criteria, the government can ensure that digital entities with great potential to make tax contributions can be effectively captured.

Improving the criteria for imposing taxes is important in facing the challenges of the digital economy. This highlights the need for flexibility in determining tax criteria to take into account the unique characteristics of the digital business ecosystem (Wibowo, Santoso and Setiawan, 2020).

Strengthening Tax Administration

Strengthening tax administration is one of the main pillars in the strategy to increase tax revenue in the digital economy era. In Indonesia, facing the dynamics of the digital economy that continues to develop, concrete steps are needed. The importance of developing an online tax reporting and collection system has become very clear because it allows the government to be more efficient in managing data and supervising digital transactions. In addition, collaboration between the government and the technology industry is crucial to ensure that tax regulations can keep up with technological developments. This joint effort will strengthen tax administration, increase taxpayer compliance levels, and increase the overall tax revenue rate.

Development of Online Tax Reporting and Collection System

The development of an online tax reporting and collection system is a crucial step in capturing the potential for tax revenue from the digital economy. With the increase in economic activities carried out online, an efficient and integrated system is needed

to ensure that tax reporting and payment can be carried out in a timely and accurate manner.

The implementation of online tax reporting and collection systems has proven effective in improving tax compliance and speeding up the tax collection process. This emphasizes the importance of integration between the tax system and technology platforms to ensure data efficiency and accuracy (Siregar and Sari, 2019).

Collaboration between the Government and the Technology Industry

Collaboration between the government and the technology industry is a strategic step in improving the understanding and implementation of tax policies in accordance with the dynamics of the digital economy. Through close cooperation, the government can obtain valuable input from industry players on the challenges and opportunities in capturing potential tax revenues from this sector.

It is very important to have a dialogue between the government and the technology industry in designing tax policies that are sustainable and can take into account technological developments. In this case, inclusive cooperation is needed in developing an ecosystem that is conducive to the growth and development of the digital economy while maintaining tax fairness (Santoso and Soesanto, 2020).

Tax Education and Socialization

Tax education and socialization have a role It is crucial to raise the level of awareness and tax compliance in the midst of rapid digital economic growth. Through this approach, the government can form a better understanding of tax obligations and the necessary contributions from digital economy actors. Aware of the complexity and dynamics of the digital economy, education and socialization efforts must be adjusted to the characteristics and needs of digital economy actors. Various tax education programs, training, and socialization campaigns can help build awareness of the importance of taxes in supporting sustainable economic development (Setiawan and Wijaya, 2021).

Implementation of the Strategy to Increase Tax Revenue

Increasing tax revenues is the main focus for many countries, including Indonesia, especially in the face of the rapid development of the digital economy. The digital economy has had a significant impact on the structure and dynamics of tax revenue, requiring rapid and effective policy adaptation. Along with that, the implementation of the strategy to increase tax revenue is crucial to ensure the sustainability of state revenue. The strategy to increase tax revenue must focus on a deep understanding of the characteristics and behaviors of tax subjects in the digital economy era (Smith and Jones, 2022).

In the context of the digital economy, the main challenge faced by the government is how to collect and collect taxes efficiently and fairly. Facing this challenge, the increase in tax revenue cannot be separated from careful evaluation and supervision of the implementation of the strategy that has been set. Proper evaluation of tax revenue improvement strategies will be an important foundation in determining the success of tax policies in the digital economy era (Johnson, 2023).

One of the key aspects of the implementation of the strategy to increase tax revenue is an effective evaluation mechanism. The evaluation not only includes the achievement of tax revenue targets, but also analyzes the impact of policies on digital economy actors and society as a whole. Data analysis and tax administration performance are important components in the evaluation mechanism for the implementation of the strategy to increase tax revenue (Wang and Li, 2021).

In addition to evaluation, law enforcement is also an integral part of the implementation of the strategy to increase tax revenue. Tax violations, especially in the realm of the digital economy, require firm and effective action. Collaboration between law enforcement agencies and regulators, as well as the implementation of appropriate sanctions, will be key in enforcing tax compliance in the digital age (Garcia, 2020).

Through a holistic and integrated approach, the implementation of the strategy to increase tax revenue is expected to be able to provide a real contribution to sustainable economic growth and

the country's financial sustainability. By paying attention to the results of the evaluation and implementation of effective law enforcement, the next steps in optimizing tax revenue can be directed more appropriately and efficiently.

Action Plan

The rapid growth of the digital economy in Indonesia offers great opportunities but also poses new challenges, especially in terms of increasing tax revenue. In the face of this phenomenon, the government needs to formulate an effective action plan to ensure that the contribution of the digital economy can be fairly reflected in state revenue. The action plan is key in strengthening tax infrastructure, optimizing tax administration, and increasing taxpayer compliance.

Preparation of Tax Regulations on Target

In the face of the growth of the digital economy, it is important to develop tax regulations that are right on target in order to optimize tax revenues without hindering the development of the industry. Targeted tax regulations are the key to success in handling the digital economy. Tax regulations that are flexible and can adapt to the dynamics of the digital economy are able to improve tax compliance and increase tax revenue significantly (Handika, Utama and Irawan, 2021).

Investment in Information Technology Infrastructure

Investment in information technology infrastructure is crucial in supporting the strategy of increasing tax revenue in the digital economy era. The use of information technology such as advanced data management systems and cross-sector data integration can increase efficiency in the process of collecting and analyzing tax data. Thus, investment in information technology infrastructure is an important step in improving the government's ability to capture tax opportunities from the digital economy sector (Wijaya, 2020).

Formation of a Special Team for the Digital Economy

The formation of a special team focused on the digital economy can help the government in designing tax policies that are

responsive and adaptive to the development of the industry. The establishment of a dedicated team for the digital economy can speed up the decision-making process related to tax regulations that impact the sector. This particular team can be made up of various Stakeholders including representatives from the government, academics, and industry players, so as to ensure that the resulting policies pay attention to various aspects and related interests (Rahardjo, 2019).

Evaluation and Supervision

In the era of rapid digital transformation, the digital economy has become one of the main drivers of global economic growth, including in Indonesia. However, along with the development of the digital economy, the challenges in ensuring adequate tax revenue from this sector are also increasingly complex. The increase in online transactions, the use of cryptocurrencies, and new business models are some of the factors that complicate the traditional tax system. Therefore, evaluation and supervision are crucial in optimizing tax revenues from the digital economy.

Evaluation of the implementation of the strategy to increase tax revenue needs to be carried out periodically to ensure the effectiveness of the steps taken. By analyzing data related to revenue growth, tax compliance, and tax contributions from the digital economy sector, it is hoped that the extent to which the strategies that have been implemented have been successful in increasing tax revenues can be evaluated. In addition, the performance of tax administration also needs to be evaluated to identify weaknesses and improvements needed in the tax process, including in terms of efficiency and effectiveness of tax collection.

In addition to internal evaluation, surveys and case studies are also needed to understand the impact of tax revenue increase strategies on digital economy actors directly. The case study is able to provide an understanding of the aspects that affect tax compliance, as well as best practices that can be applied in the context of the digital economy. In addition, comparative studies with other countries facing similar challenges can also provide valuable perspectives in evaluating the success of the strategies implemented.

Meanwhile, supervision of tax violations in the digital economy is an important aspect in ensuring fair and equitable tax compliance. Proper regulation and strict law enforcement are needed to address legal loopholes and ensure that digital economy actors meet their tax obligations. Collaboration between law enforcement agencies, tax authorities, and other relevant parties is also key in facing this complex challenge.

Strategy Implementation Evaluation Mechanism

Evaluation of the implementation of the strategy to increase tax revenue in the face of the digital economy is an important step to ensure the effectiveness and efficiency of the measures taken. The evaluation mechanism can be carried out through several approaches:

1. **Data Analysis**

Collect and analyze data related to tax revenues from the digital economy sector, including revenue growth, tax compliance levels, and tax contributions to total state revenue.

2. **Tax Administration Performance**

Evaluation of tax administration performance related to the implementation of policies and strategies that have been set, including efficiency in the tax process, revenue increase, and handling of tax violations.

3. **Surveys and Case Studies**

Conducting surveys and case studies to evaluate the impact of tax revenue increase strategies on digital economy actors, compliance levels, and aspects that affect the success or failure of implementation.

4. **Comparative Study**

Compare the performance and results of tax revenue improvement strategies with other countries that have similar digital economy characteristics, to evaluate relative success and identify best practices.

In general, the evaluation of strategies to increase tax revenues in the digital economy is crucial to ensure the effectiveness of the measures taken. Data analysis, tax administration performance, case surveys, and comparative studies provide valuable insights. Strict law enforcement and inter-agency collaboration are key to ensuring tax compliance. Thus, appropriate evaluation and supervision measures can help optimize tax revenues from the digital economy sector, which has great potential in spurring economic growth and development in Indonesia (Susanti, Pratama and Santoso, 2020).

Law Enforcement Against Tax Violations

Law enforcement of tax violations in the context of the digital economy requires a comprehensive and adaptive approach. Effective law enforcement measures may include:

1.   Proper Regulation Preparation

Development of clear regulations in accordance with the development of technology and business models in the digital economy, to overcome legal loopholes and avoid tax avoidance practices.

2.   Strengthening Law Enforcement Capacity

Training and education for law enforcement on specific aspects related to the digital economy, such as blockchain, cryptocurrencies, and online transactions so that they can effectively identify and crack down on tax violations.

3.   Collaboration with Related Parties

Collaboration between law enforcement agencies, tax authorities, regulators, and other relevant parties for information exchange and coordination in law enforcement against tax violations in the digital realm.

4.   Strict Enforcement

The application of strict sanctions against digital economy actors who violate tax obligations, whether in the form of fines, asset withholding, or other legal actions, to signal that violations

will not be tolerated.

Law enforcement against tax violations in the digital economy in Indonesia requires a holistic and adaptive approach. Through the drafting of appropriate regulations and strengthening the capacity of law enforcement, as well as collaboration between relevant agencies, these steps are key in addressing this complex challenge. The importance of firm action is also in the spotlight to signal that tax violations will not be tolerated. In this context, efforts to improve the supervision and law enforcement process will continue to be the main focus in dealing with the dynamics of the digital economy. Thus, the implementation of an effective law enforcement strategy is crucial to ensure fair and equitable tax compliance, as well as increase overall state tax revenues from the rapidly growing digital economy sector (Wiratama and Cahyono, 2023).

4. Conclusion

In recent years, the digital economy in Indonesia has gone through a very rapid development. This sector is already one of the most dynamic sectors and is experiencing very rapid development in Indonesia. With the increasingly widespread internet and the increasing use of digital technology, various aspects of people's lives are increasingly connected to the internet, offering open opportunities for various businesses and industries.

To capture digital growth opportunities in Indonesia, the government needs to develop an appropriate strategy in increasing tax revenues. One of the strategies that can be applied is to expand the tax base and improve tax collection capabilities. The government also needs to consider several aspects, such as fairness, openness, and certainty in developing a strategy to increase tax revenue.

In developing a strategy to increase tax revenue, the government needs to pay attention to several aspects, such as digital capabilities, technology adoption, and

effective tax policies. An effective strategy must be able to increase tax revenue without hindering the growth of the digital economy. Therefore, the government needs to conduct a comprehensive and in-depth study to develop the right strategy.

The experiences and best practices of other countries can be a useful reference in developing strategies to increase tax revenue. For example, some countries have developed specific digital taxes to regulate taxes on digital transactions. This tax can be in the form of value-added tax (VAT) or other taxes imposed on digital transactions.

In recent years, the Indonesia government has developed several strategies to increase tax revenues from the digital economy sector. One of them is to develop a more effective and efficient tax collection system. The government has also developed several policies to improve tax collection capabilities, such as by intensifying supervision and enforcement of business actors who do not comply with tax rules.

Policy recommendations that must be carried out by the Indonesia government to realize this are:

1.   **Expanding the Tax Base**

The government needs to expand the tax base by integrating digital technology in the tax system. This can be done by developing a tax collection system that is increasingly effective and efficient.

2.   **Improving Tax Collection Capabilities**

The government needs to improve its tax collection capabilities by intensifying supervision and enforcement of business actors who do not comply with tax rules.

3.   **Developing Digital Taxes**

The government needs to develop specific digital taxes to regulate taxes on digital transactions. This tax can

be in the form of value-added tax (VAT) or other taxes imposed on digital transactions.

4.   Intensify voluntary compliance

The government needs to intensify voluntary compliance by increasing public awareness and education about the importance of complying with tax rules.

5.   Developing a Better Surveillance System

The government needs to develop a better supervision system to monitor and supervise business actors who do not comply with tax rules.

6.   Intensifying Cooperation with Stakeholders

The government needs to intensify cooperation with stakeholders, such as business actors, the public, and financial institutions to increase awareness and compliance with tax rules.

By developing the right strategy and making appropriate policy recommendations, the Indonesia government can increase tax revenues from the digital economy sector and capture digital growth opportunities in Indonesia.

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