

INTERNATIONAL TAXATION

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Abstract

The development of the digital economy and technology-based business models has brought new challenges in the international tax system, especially related to the determination of taxation rights between countries. This study aims to examine the development of international tax policy, the challenges faced, and the effectiveness of global cooperation in preventing cross-border tax avoidance. The method used is Systematic Literature Review (SLR) by identifying literature from various reliable databases such as Google Scholar, Scopus, SINTA, and Web Of Science. The results of the study show that economic digitalization requires a paradigm shift in the international tax system which has been focusing on physical presence.

Global policies such as BEPS and international minimum taxes have been developed, but their implementation still faces major challenges, especially in developing countries due to limited infrastructure, digital literacy, and differences in tax administration capacity. The findings of this study confirm the need to update international tax theory to be relevant to the dynamics of the digital economy, as well as the importance of adjusting policies to the institutional capacity of each country. This study makes a theoretical and practical contribution to the development of fairer and more effective tax policies in the era of economic globalization.

Keywords: International Taxation, Global Tax Policy, Digital Economy Taxation, Base Erosion and Profit Shifting (BEPS), And International Tax Cooperation.

1. INTRODUCTION

The development of the digital economy and technology-based business models has also expanded the scope of international taxation. Economic activities that no longer rely on physical presence pose serious challenges for tax authorities in determining taxation jurisdictions and taxation rights between countries. Multinational corporations can make significant profits to the state without having a fixed form of business, thus sparking a global debate about the fairness and effectiveness of the current international tax system.

In addition, international cooperation in the field of taxation is becoming increasingly important to overcome aggressive tax avoidance practices, such as base erosion and profit shifting (BEPS). International organizations and countries around

the world continue to strive to build a common framework through international tax treaties and global standards. Therefore, a systematic study is needed to understand the effectiveness of various international tax policies that have been implemented.

Economic globalization has driven increased cross-border business activities, such as international trade, foreign direct investment, and the expansion of multinational corporations. With these conditions, there must be clear regulations, "the tax rules of one country will affect the constituents, resources, and tax revenues of other countries" in response to the need for global coordination in the face of the complexity of modern economic transactions. (Dagan & Pirlot, 2024)

Based on the complexity of these problems, the Systematic Literature Review (SLR) is a relevant approach to comprehensively examine the developments, challenges, and directions of international tax policies. In the context of developing countries such as Indonesia, international taxation has a strategic role in protecting state revenues while attracting foreign investment. The application of "the Indonesian government to reduce tax conflicts, namely the imposition of taxes on transactions between two countries based on the applicable regulations in the Indonesian Tax Law" must be able to balance national fiscal interests and the demands of economic globalization. (Yanto, 2023)

International taxation is an important topic to study because the changes in the structure of the global economy are happening very quickly, especially due to digitalization and increased cross-border capital mobility. The tax system that was originally designed for conventional economic activities is now faced with cross-border transactions that are intangible and difficult to trace geographically. In addition, research on international taxation is important because it is directly related to efforts to prevent tax evasion and erosion of the country's tax base.

This topic is also relevant to study because each country has different interests and capacities in implementing international tax policies. The difference in the level of tax administration readiness, regulatory quality, and taxpayer compliance causes the results of global policy implementation to be not too uniform. The practice of profit shifting and the use of differences in tax rates between countries can significantly reduce tax revenue, especially for developing countries.

Thus, research on this topic not only contributes to the development of science, but also provides practical benefits for policymakers, academics, and tax practitioners in the face of increasingly complex global economic dynamics.

SLR research questions :

- a) How have international tax policies developed in response to globalization and digitalization of the economy?
- b) What are the main challenges faced by countries, especially developing countries, in the implementation of international taxation?
- c) How effective are cooperation and international tax standards in preventing cross- border tax avoidance?

2. METHODOLOGY

"Literature review becomes the basis of academic research." (Xiao & Watson, 2019) The literature search process is carried out through reputable scientific data, namely Google Scholar, Scopus, SINTA, and Web Of Science. The selection of the database is based on considerations of the quality and credibility of published scientific articles as well as international and national coverage relevant to international tax issues.

The application of inclusion and exclusion criteria in this study refers to rational and objective systematicism as explained in the book Economic Research Methods (Widodo et al., 2023) In literature review and qualitative research, the selection of data sources must be carried out in a planned manner and based on relevance to the research problem so that the results of the study have sufficient validity and depth of analysis.

"The research method is not just what statistics to use, but rather the thinking behind the research, which is how the researcher really wants to find out, how to build an argument about ideas and concepts, and what evidence that the researcher can find an argument or support an existing argument." In addition, research that only discusses domestic taxation is not available in full text or is not relevant to the issue of globalization and economic digitalization is also issued so that the analysis remains directed and consistent. (Darna & Herlina, 2018).

The initial stage begins with the identification of the research through a search in the database using predefined keywords. Furthermore, initial screening is carried out based on titles and abstracts to assess the suitability of the topic with the research question. This process is carried out consistently to ensure transparency and accuracy of SLR results in the implementation of systematic reviews.

3. FINDINGS AND DISCUSSION

3.1 Article Extraction Table

NO	AUTHOR	YEAR	KEY FOCUS	METHOD	KEY FINDINGS
1.	(Setyorini & Lestari, 2024)	2025	International taxation in the digital age	<i>Narrative literature review</i>	Identify four main themes: cross-border tax challenges, national regulatory responses, multilateral initiatives, and new technologies affecting international tax systems.

3.1.1 Patterns Analysis Of Findings

a. The Challenges of International Taxation in the Digital Era

Research shows that the digital economy has fundamentally changed the international tax system, especially in handling transactions that cross national borders

without the physical presence of the Company. "These new tax rules aim to change the way profits are allocated in a way that better reflects how digital companies generate value remotely, depending on the customer's location,"(LACHHAB et al., 2022)

b. Differences in State Capacity in the Implementation of International Tax Policies

Much of the literature compares the ability of administrations between countries to establish digital tax policies. "Modernizing tax administration through digital transformation has become a vital approach to improve the effectiveness of the tax system and drive greater taxpayer compliance." (Jaya et al., 2025)

3.1.2 Comparison Of Research Results

Aspects	Research A	Research B
Digital tax policy	Emphasizing the need for multilateral reforms for global fiscal justice (OECD BEPS, digital tax rules)	Shows <i>the capacity disparity</i> between developed and developing countries that affects the outcome of digital tax policies.
Regulatory approach	Focus on national and global policies currently being implemented for <i>cross-border taxation</i> .	Analyze the implementation of the global minimum tax (OECD Pillar Two) and its effects in various country contexts.

3.1.3 Dominant Methods Used

- a) Literature review: collecting research by topic and keyword in a leading academic database then synthesizing it into a main theme.
- b) Systematic Literature Review: follows more standardized procedures such as the definition of research selection search criteria and thematic synthesis (e.g. PRISMA).

3.1.4 Research Inconsistency Or Gap

Many studies discuss the challenges of digital taxation and global policies such as BEPS. "The results of the study reveal that digital taxation policies, such as the implementation of digital-based Taxpayer Identification Numbers (NPWP) and online tax reporting systems, have improved the efficiency of tax administration. However, many MSMEs face challenges, including low digital literacy, inadequate technology infrastructure, and negative perceptions of additional tax burdens." (Ciptawan et al., 2025)

3.2 Research Gap And Implications

Based on the results of the SLR, most international tax research still focuses on the formulation of global policies such as BEPS, and the global minimum tax, but has not studied much aspects of the implementation of these policies empirically in developing countries. This gap shows the need for more contextual and applicative research in developing countries, especially in facing the challenges of the digital

economy. (Ciptawan et al., 2025)

This SLR provides theoretical implications that classical international tax theory that emphasizes physical presence (permanent establishment) is increasingly less relevant in explaining the reality of the digital economy. (LACHHAB et al., 2022) The results of this study also strengthen the view that the theory of global tax harmonization cannot be separated from the context of the institutional capacity of each country. The difference in administrative capabilities between developed and developing countries shows that the effectiveness of global policies is not only determined by policy design, but also by institutional factors and national readiness. (Jaya et al., 2025)

Further research is recommended to examine the empirical impact of the implementation of international tax policies based on global consensus, especially OECD Pillar One and Pillar Two, on the behavior of multinational corporations and the distribution of tax rights between countries. Where "the global minimum tax shapes national tax and welfare policies in a formal model of international tax competition with heterogeneous countries." (Johannesen, 2022)

"Furthermore, the social influence of e-filing use has a positive influence on tax compliance." In other words, e-Filing itself is a tax return (Notification Letter) for annual taxes electronically. This method has been provided directly by the Directorate General of Taxes, in other words, this method is provided to facilitate the implementation of tax policies during the COVID-19 period. With e-filing, the community is greatly helped and has a high influence because of time and cost efficiency, flexibility, reduced administrative burden, and ease of access to reporting. (Rakhmawati & Hariyanti, 2022)

4. CONCLUSION

Based on the results of the SLR that has been carried out, it can be concluded that the development of international taxation is greatly influenced by globalization and economic digitalization. The literature shows that digital business models have changed the traditional paradigm of international taxation which has been responsible for the concept of physical presence or permanent stabilising. Multinational companies, especially digital companies, are able to generate significant profits in a country without a physical presence, thus posing challenges in determining jurisdiction and taxation rights between countries.

This SLR makes a theoretical and practical contribution to the development of international tax science. Theoretically, this study strengthens the argument that classical international tax theory needs to be updated to be relevant to the characteristics of the digital economy. The findings of the SLR support the development of a new theoretical framework that emphasizes the relationship between the location of economic value creation and state taxation rights, not just physical presence.

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