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An Analysis of Tax Awareness Among the Younger Generation in Enhancing Central Tax Compliance in the Digital Era

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A R T I C L E I N F O

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A B S T R A C T

This study aims to assess tax understanding among young people as a means to foster compliance with central government taxes in the digital era. Taxes constitute a primary source of state revenue used to support national development. However, taxpayer compliance levels face ongoing challenges, particularly due to rapid advancements in digital technology. This research employs a descriptive qualitative method, utilizing data gathered through a literature review. The findings indicate that the government has implemented various strategies, such as the digitalization of tax services, enhanced public education, and the strengthening of technology-based oversight. Nevertheless, obstacles remain, including low tax literacy and limited access to technology in certain regions. Consequently, more efficient efforts are required to continuously improve taxpayer compliance, specifically by leveraging digital media as a tool for education, outreach, and tax services that are easily understood by young people. Raising tax awareness also requires clear information, the educational use of social media, and the active engagement of young people in understanding their tax-related rights and obligations. Ultimately, it is hoped that young people will not only recognize the importance of fulfilling their tax obligations but also develop a sense of responsibility to actively participate in supporting state revenue and national development.

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INTRODUCTION

Taxes are a primary source of state revenue, playing a strategic role in supporting national development and the provision of public services (Directorate General of Taxes, 2024; Mardiasmo, 2019). The success of a tax system is not determined solely by government-implemented policies; it also relies heavily on the level of awareness and compliance among the public—the taxpayers (Journal of Public Administration, 2022). In this context, the younger generation holds a significant position as future taxpayers, whose engagement will determine the sustainability of state revenue.

Nevertheless, various studies indicate that the level of tax awareness among the younger generation remains relatively low (Jurnal Ilmiah Akuntansi, 2019; Universitas Gadjah Mada, 2021). This is due to a limited understanding of the functions and benefits of taxes, as well as a lack of adequate tax literacy (Universitas Indonesia, 2022). Many young people do not yet fully realize that taxes are mandatory contributions used for the public good and national development.

Technological advancements and the digital era present both opportunities and challenges for enhancing tax awareness. While the younger generation—highly familiar with technology—enjoys broad access to information, they do not necessarily possess a deep understanding of their tax obligations. Factors such as limited formal education on taxation, a lack of government transparency, and the complexity of tax administration all influence their level of compliance. Furthermore, aspects such as tax literacy, trust in the government, and social norms play a significant role in shaping the attitudes and behaviors of the younger generation toward taxation. Adequate knowledge of tax matters can foster awareness and encourage compliance, whereas low levels of trust can serve as a barrier to fulfilling tax obligations.

Efforts to increase tax awareness among the younger generation must be carried out systematically, for instance, by integrating tax education into the formal education system. Through various tax inclusion programs, the government has sought to foster an understanding from an early age, ensuring that the younger generation develops a strong awareness of the importance of taxes to the nation. This research aims to analyze the level of tax awareness among the younger generation and identify the factors that influence it, particularly in the digital era. Ultimately, this is expected to help formulate effective strategies for enhancing tax awareness and compliance among the youth, thereby supporting sustainable national development.

LITERATURE REVIEW

Tax Awareness

Tax awareness is a state in which an individual understands the existence of taxes, recognizes their functions and benefits, and possesses the willingness to fulfill their tax obligations. Nurmantu (2005) explains that taxpayer awareness relates to a taxpayer's understanding of and attitude toward tax regulations. In a similar vein, Rahayu (2017) identifies an understanding of tax-related rights and obligations as a crucial factor in shaping taxpayer behavior. Thus, tax awareness is demonstrated not only through knowledge about taxes but also through one's attitude and sense of responsibility in meeting these obligations.

Taxpayer Compliance

Tax compliance refers to the behavior of taxpayers in fulfilling tax obligations, which includes registering, calculating, paying, and reporting taxes in accordance with regulations. Andreoni et al. (1998) explain that tax compliance is a complex phenomenon, as it is influenced by both economic and behavioral factors. Allingham and Sandmo (1972) analyze compliance decisions in relation to the risk of audits and sanctions, while Slemrod (2019) emphasizes the role of administration and enforcement in fostering compliance. This body of literature suggests that compliance does not rely solely on oversight; it also requires the support of taxpayer understanding and awareness.

Tax Literacy and Tax Morale Among the Younger Generation

Tax literacy encompasses the ability to understand tax-related information, regulations, procedures, as well as one’s rights and obligations. For the younger generation, such literacy serves as a foundation for recognizing taxes as a contribution toward state financing and public services. Alm and Torgler (2006) define the concept of "tax morale" as a moral impulse or internal motivation to fulfill tax obligations—a motivation that can be shaped by culture, social norms, and attitudes toward institutions. Kirchler (2007) further explores tax-related behavior from the perspective of economic psychology. Consequently, educational efforts aimed at the younger generation must foster not only knowledge but also a sense of responsibility and trust in the tax system.

Digitalization of Tax Administration and Education

The digitalization of tax administration enables taxpayers to access information, make payments, and submit reports through electronic services. Agustiningsih and Isroah (2016) examine the relationship between the implementation of e-filing, tax literacy, and taxpayer awareness in relation to tax compliance. The OECD (2021) also identifies taxpayer education as a key component in fostering a culture of tax compliance. For the younger generation, digital media serves as an accessible and communicative channel for delivering such education. However, the convenience offered by technology must be matched by the ability to correctly understand information and utilize these services, ensuring that digitalization effectively contributes to greater tax awareness and compliance.

METHODOLOGY

This study employs a qualitative, descriptive research method. It seeks to understand and explain in detail the level of tax awareness among the younger generation, and how this relates to increasing compliance with central government taxes in the digital era. A qualitative, descriptive approach was chosen because the study aims to understand and derive meaning from the phenomena of tax awareness and tax compliance, based on information gathered from various scholarly sources and relevant documents.

This research employs a literature review method, relying primarily on secondary data. The data are gathered from various sources relevant to the research topic—such as research journals, academic articles, books, reports, and official documents—that address tax awareness, taxpayer compliance, the characteristics of the younger generation, tax policy, and digital transformations in tax administration processes. Sources were selected based on their relevance to the research focus and the specific issues under discussion. As this study utilizes existing data and does not involve direct interviews with individuals, there is no selection of a population or sample, as would be the case in quantitative or field-based research.

Data was collected by searching for and examining various relevant books and reference materials. The identified books were then selected, read carefully, and categorized according to topics concerning tax awareness among the younger generation, tax compliance, and the use of digital technology within the tax system. This process was carried out to obtain information that would assist in addressing the research objectives and fulfilling the goals of the study.

Data analysis was conducted using a qualitative descriptive approach, involving several steps: collecting and selecting information, categorizing data by topic, interpreting the content of the literature, and drawing conclusions. This analysis explores the relationship between the level of tax awareness among the younger generation, advancements in the digitalization of tax systems, and efforts to enhance compliance regarding central government taxes. The findings are organized into a coherent narrative, providing a deeper understanding of the role that tax awareness among the younger generation plays in strengthening the commitment to pay taxes in the digital era.

RESEARCH RESULT AND DISCUSSION

Based on a literature review of various relevant sources, it is found that tax awareness among the younger generation—which contributes to improved central tax compliance in the digital era—is influenced by several interrelated factors: tax knowledge and literacy, an understanding of the functions and benefits of taxes, trust in the government, the quality of tax services, the social environment, tax education, and the advancement of digital technology. In general, tax awareness among the younger generation remains uneven. While some young people understand that taxes serve as a source of state revenue used to fund development and public services, others still perceive taxes as a burden, as they fail to grasp the connection between tax obligations and the benefits received by society (Nurmantu, 2005; Rahayu, 2017).

Tax knowledge and literacy are crucial factors in shaping tax awareness and compliance. Young people who understand the types and functions of taxes, the rights and obligations of taxpayers, and tax procedures tend to have a better grasp of the importance of fulfilling their tax obligations; conversely, a lack of knowledge can lead to misconceptions about taxation (Journal of Economic Education, 2023). Furthermore, trust in the government is also linked to tax compliance. Transparency, accountability, and the responsible management of tax revenue can enhance public trust in the government (Damayanti & Supramono, 2012; OECD, 2021).

The development of digital technology also offers opportunities to enhance the convenience of tax administration through electronic access to information, payments, and reporting. However, digitalization does not automatically lead to increased awareness and compliance, as it still requires digital literacy and an understanding of how to use tax services (Directorate General of Taxes, 2024; Ministry of Finance of the Republic of Indonesia, 2024). Based on these findings, the challenges, solutions, and outcomes related to increasing tax awareness among the younger generation are summarized in Table 1.

Challenges, Solutions, and Outcomes in Enhancing Tax Awareness

Problem	**Solution**	**Output**
Low level of tax literacy among some of the younger generation.	Enhancing tax education and literacy through educational institutions and digital media.	Improved understanding of tax obligations
The perception that taxes are a burden, with no direct, tangible benefits felt in return.	Providing education regarding the benefits of taxes for development and public services.	The formation of more positive perceptions and attitudes toward taxes.
Low level of trust in the management of tax revenue.	Enhancing government transparency, accountability, and communication regarding the use of tax revenue.	Increasing public trust in the government.
Suboptimal utilization of digital tax services.	Increasing outreach and assistance regarding the use of digital tax services.	Ease of tax payment and reporting.
Tax education has not yet reached the younger generation optimally.	Leveraging social media, educational institutions, and communicative digital content.	Increasing the reach and effectiveness of tax education

Analysis of Tax Awareness Issues Among the Younger Generation

Based on Table 1, it is evident that the challenges regarding tax awareness among the younger generation are not limited to a lack of tax knowledge; they also encompass perceptions of taxation, trust in the government, the utilization of digital technology, and limited access to tax education. Consequently, fostering greater tax awareness and compliance requires an integrated approach—one that involves enhancing tax literacy, providing early-stage education, ensuring government transparency, improving service quality, and optimizing the use of digital technology.

Research findings indicate that tax awareness among the younger generation is not yet uniform. This situation can be attributed to variations in knowledge levels, personal experience, social environments, and perceptions regarding the government and the tax system. Young people—particularly students—generally lack extensive experience in fulfilling tax obligations; consequently, they may not always view taxes as a vital component of public life. If taxes are managed transparently and utilized responsibly, the willingness to meet tax obligations could increase. For the younger generation, fostering greater trust can be achieved through effective public communication and transparent tax reporting. However, digitalization does not automatically resolve issues surrounding tax awareness; it still requires tax literacy and education, given that digital platforms are characterized by their speed, interactivity, and ease of access.

Information regarding taxation can be disseminated through content that introduces the subject at an early stage. Beyond digital media, educational institutions should also strengthen tax education through seminars, outreach programs, and formal learning activities. Research findings concerning university students indicate that the level of tax literacy among the younger generation still requires improvement. This study distinguishes itself by specifically linking the tax awareness of the younger generation to the evolution of digital technology. Based on the overall findings, it can be concluded that enhancing tax compliance among the younger generation requires an integrated strategy encompassing tax education, increased trust in the government, improved service quality, transparency in tax administration, and the optimization of digital technology.

Discussion Based on Theory and Previous Research

Through this strategy, the younger generation is expected to go beyond mere social and civic responsibility. Tax awareness is also linked to the concept of "tax morale"—an individual's internal drive to fulfill their tax obligations. Alm and Torgler (2006) explain that cultural factors, social norms, and attitudes toward institutions can influence tax morale. Consequently, tax compliance is determined not only by sanctions or legal requirements but also by the attitudes and values that develop within society.

Tax knowledge is a crucial element in fostering such awareness. Young people who understand the function of taxes, the various types of tax obligations, and the procedures for payment and reporting will more easily grasp the rationale behind tax requirements. This finding aligns with the *Journal of

Economic Education* (2023), which explores the relationship between tax knowledge, taxpayer awareness, and the use of e-filing in the context of taxpayer compliance. Andreoni et al. (1998) also explain that tax compliance is a complex phenomenon influenced by a variety of economic and behavioral factors. Therefore, enhancing compliance among the younger generation requires an approach that goes beyond the enforcement of rules—it must also involve the development of knowledge and awareness.

Trust in the government is also a crucial factor in shaping tax awareness and compliance. Damayanti and Supramono (2012) highlight the significance of trust in the government in relation to the tax system and taxpayer compliance. If the public believes that tax revenue is managed transparently and utilized responsibly, their willingness to fulfill tax obligations may increase. In the context of the younger generation, such trust can be fostered through transparent public communication regarding how tax revenue is used for development, education, healthcare, infrastructure, and public services.

The Role of Digitalization and Tax Education

Tax digitalization offers an opportunity to strengthen tax awareness and compliance. The government has transformed tax administration by leveraging digital technology to enhance the ease and efficiency of services provided to taxpayers (Ministry of Finance of the Republic of Indonesia, 2024; Directorate General of Taxes, 2024). For the younger generation, who are accustomed to using technology, digital services can simplify access to information, tax payments, and tax reporting. However, digitalization does not automatically resolve issues surrounding tax awareness, as it still requires digital and tax literacy. Therefore, this tax transformation must be accompanied by outreach efforts and guidance that are easy to understand.

Social media can also be utilized as a tool for tax education, given its fast, interactive, and easily accessible nature. Tax-related information can be conveyed through content that is simple, visual, and relevant to the lives of the younger generation. The Directorate General of Taxes (2025) emphasizes the importance of introducing the concept of taxation to young people as a means of fostering tax awareness from an early age. Beyond digital media, educational institutions also need to strengthen tax education through seminars, outreach programs, and various learning activities. Studies focusing on university students indicate that the level of understanding regarding taxation among the younger generation still requires improvement (Universitas Gadjah Mada, 2021; Jurnal Ilmiah Akuntansi, 2019).

Synthesis of Discussion Findings

The distinction lies in the fact that this study focuses on the relationship between tax awareness among the younger generation and the development of digital technology. Based on the overall findings, it can be concluded that enhancing tax compliance among the younger generation requires an integrated approach—encompassing effective tax education, greater trust in the government, improved service quality, transparency in tax administration, and

the optimal use of digital technology. Through such a strategy, the younger generation is expected to be able to effectively utilize digital tax services, while simultaneously developing the awareness and sense of responsibility that will encourage them to fulfill their tax obligations.

Research Gap

Based on the literature reviewed for this study, previous discussions have covered topics such as tax knowledge, taxpayer awareness, and the use of e-filing in relation to tax compliance (Journal of Economic Education, 2023); the reality of tax awareness among the younger generation (Jurnal Ilmiah Akuntansi, 2019; Universitas Gadjah Mada, 2021); and public trust in the government as it pertains to tax compliance (Damayanti & Supramono, 2012). Meanwhile, literature on digital transformation addresses the simplification of tax administration and services (Directorate General of Taxes, 2024; Ministry of Finance of the Republic of Indonesia, 2024). Given this body of literature, the focus of the present study lies in integrating these various aspects—specifically, tax awareness among the younger generation, the factors influencing it, and the evolution of digital technology—within the context of central tax compliance.

Research Novelty

The novelty of this research lies in its focus on linking tax awareness among the younger generation with the advancement of digital technology as a means to enhance compliance with central government taxes. The analysis integrates factors such as tax knowledge and literacy, an understanding of the functions and benefits of taxes, trust in the government, service quality, social environment, tax education, and the utilization of digital services. Employing a qualitative descriptive method based on a literature review, this study synthesizes the importance of integrating tax education with digital literacy, demonstrating how accessible digital tax services can foster tax awareness and compliance among the younger generation.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results and discussion, it can be concluded that awareness regarding taxes among the younger generation is not yet uniform. While some young people recognize the importance of taxes as a source of state revenue, others perceive them as a burden, as the benefits are not felt directly. Tax literacy proves to be crucial in enhancing public understanding of taxation; the better an individual understands taxes, the more likely they are to comply with their tax obligations. Furthermore, tax awareness is influenced by various factors, including educational background, the level of trust in the government, the quality of tax-related services, and an individual's social environment. The advancement of digital technology offers opportunities to improve tax literacy, although its potential has yet to be fully utilized.

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