

IMPACT OF ONLINE TAX SYSTEM ON TAX- COMPLIANCE AMONG INDIVIDUAL TAX PAYERS IN SRI LANKA

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ABSTRACT

This study investigates the impact of the online tax system on tax compliance among individual taxpayers in Sri Lanka. Tax compliance is essential for effective revenue collection and economic stability, yet many taxpayers struggle with traditional manual processes. The introduction of an online tax system aims to simplify tax administration, enhance transparency, and improve compliance. This quantitative study employed a cross-sectional research design utilizing a stratified sampling technique to select 384 individual taxpayers from a population of 204,467. Data were gathered through a structured questionnaire, and statistical analysis was conducted using SPSS to assess the relationship between the online tax system and compliance behavior. The results reveal a positive correlation between the online tax system and increased tax compliance. Key factors such as ease of use, taxpayers' awareness, and taxpayers' knowledge significantly enhance compliance rates among individual taxpayers. However, this study also highlights the need for ongoing taxpayer education to maximize the benefits of the online system. These findings underscore the importance of implementing automated tax systems to improve compliance rates. Policymakers and tax authorities should prioritize user-friendly interfaces and provide comprehensive taxpayer education to enhance engagement. Future research should consider the experiences of corporate taxpayers and examine the long-term effects of online tax systems on compliance behavior to ensure that strategies align with the evolving needs of all taxpayer groups.

Keywords: Ease of use, online self – assessment system, tax compliance, tax payers' awareness, tax payers' knowledge.