

Impact of Information Technology on Reducing Tax Evasion in Sri Lanka

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Abstract

Taxation is a significant income source for many countries, and tax evasion is a significant issue for tax agencies. Information technology could potentially address this issue. According to this study, information technology can significantly reduce tax evasion by enhancing the effectiveness of tax collection. This research aims to find out whether there is a relationship between information technology and tax evasion in Sri Lanka and evaluate how well information technology (IT) works in Sri Lanka to reduce tax evasion. By lowering tax evasion and tax avoidance, information technology factors have a statistically significant impact on the effectiveness of revenue collection. The previous studies show that increased use of IT in the tax system results in less tax evasion (Thuneibat, Ali, Alqaraleh, & Thneibat, 2022). This study is going to investigate the relationship between information technology and tax evasion. The study will survey Colombo auditors from Sri Lankan listed businesses to examine the impact of digitalization on tax evasion using PLS techniques. The study suggests that sustainable IT advancements can improve taxpayer services and enhance the efficiency of the tax system. The researcher has found out that there is a significant relationship with information technology for reducing tax evasion in Sri Lanka. Future research can expand the sample and conduct tests in various contexts to better understand the relationship.

Keywords: Information Technology, User Quality, System Quality, Tax Evasion, Digitalization