# DIGITAL TAXATION POLICIES, COMPLIANCE, AND OPERATIONAL ISSUES AMONG SMES: BASIS FOR A STAGED INTEGRATION STRATEGY

## ABSTRACT

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The growth of the digital economy has led to changes in Philippine tax administration. The researcher identifies Republic Act No. 12023 and Revenue Regulations No. 11-2025 as relevant to digital taxation and describes compliance costs, digital-literacy gaps, and procedural complexity as concerns for small and medium enterprises. This study assessed perceived compliance and operational issues associated with the policies. The study used a quantitative descriptive-correlational design. Ten SME owners and tax personnel in Quezon City with direct operational experience were selected through purposive sampling. A structured survey used checklists and a four-point Likert scale. Frequency, percentage, weighted mean, and standard deviation summarized responses, while one-way analysis of variance and independent-samples t-tests were identified for inferential analysis. The source reports that 65% of firms experienced slow internet and 55% reported technical problems. Respondents also identified software costs, external bookkeeping expenses, digital-literacy gaps, and limited government support. A strong relationship between tax policies and operational disruption was reported. A staged integration strategy, continuing training, and reliable accounting technologies were recommended. Respondents perceived digital taxation as potentially improving accounting accuracy, while infrastructure and technical instability hindered adoption. Interpreted through the Technology Acceptance Model, compliance was associated with ease of use and available support. The proposed strategy emphasizes gradual infrastructure improvement, guided training, and operational resilience.

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