

# Challenges and Experiences of Taxpayers in the Payment Channel in Bureau of Internal Revenue

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*Abstract- This study, conducted in 2025, examined the challenges and experiences of taxpayers in utilizing the payment channels of the Bureau of Internal Revenue (BIR), focusing on both manual and online tax payment systems. It employed a mixed-methods approach, integrating quantitative and qualitative research designs to provide a more comprehensive understanding of taxpayer experiences. A total of 173 taxpayers served as respondents of the study. Data were gathered through a structured questionnaire and supplemented by semi-structured interviews to capture both measurable assessments and personal insights regarding the payment systems. The findings revealed that there is a significant difference in the lived experiences of taxpayers between manual and online payment systems in terms of efficiency, accessibility, and security. Specifically, the online system was generally perceived as more efficient, more accessible, and more secure compared to the manual system. The results indicate a clear distinction between the two payment channels, with online tax payment systems demonstrating stronger performance and user satisfaction. Based on these findings, the study recommends regular evaluation and continuous improvement of both systems to further enhance efficiency, accessibility, and security, ensuring a more effective and taxpayer-friendly service delivery in the BIR payment system.*

administration and reduce compliance costs. In the Philippines, this shift has been particularly evident. By 2023, the Department of Finance reported that 69% of taxpayers were filing electronically rather than manually, marking a significant departure from traditional paper-based systems. To further accelerate this transition, the government launched its Digital Transformation (DX) Program, aimed at modernizing tax processes, enhancing efficiency, and minimizing administrative bottlenecks. This initiative reflects a broader global trend toward digital tax systems, which promise not only greater convenience for taxpayers but also improved transparency and revenue collection for states.

In response, tax authorities worldwide have progressively shifted toward digital infrastructures, introducing electronic tax filing and payment systems (e-tax). These systems are theoretically designed to leverage technology for instantaneous transactions, reduce waiting times, and increase administrative transparency, thereby enhancing the overall public service delivery and, crucially, strengthening tax compliance (Kebede, Tona, & Fitamo, 2025).

## I. INTRODUCTION

*This chapter presents the background of the study, theoretical framework, conceptual framework, statement of the problem, hypotheses of the study, significance of the study, scope and limitations of the study, and the definition of terms used in this study.*

### Background of the Study

The modernization of tax administration is a critical global imperative, driven by the need to enhance efficiency, curb tax evasion, and improve overall government fiscal stability (Kagabo, 2021; Tarus & Koori, 2024).

In recent years, governments have increasingly turned to digital platforms to streamline tax

Consistent with international trends, the Philippines has adopted national and local-level initiatives to digitalize tax services, implementing online tax payment facilities to streamline transactions, particularly for real property and business taxes (Vibora & Mandigma, 2022). While these digital platforms offer a path toward improved efficiency and accessibility, challenges persist that impede the seamless transition from manual to online processes. For instance, implementation studies in Local Government Units (LGUs) have highlighted issues such as digital literacy gaps among taxpayers, poor internet infrastructure, and concerns regarding the perceived security and reliability of the digital payment gateways (Vibora & Mandigma, 2022). These localized hurdles contribute to the continued prevalence of the manual system, often preferred by

taxpayers seeking familiar processes or who lack the technical resources for online compliance.

The existing body of literature provides extensive analysis on technology adoption models in taxation and the effectiveness of e-tax systems from an administrative perspective. However, a crucial research gap exists in the systematic, comparative analysis of the actual experience of taxpayers across both payment systems. While studies focus on technical implementation and compliance rates (Tarus & Koori, 2024), they often overlook the nuanced, subjective perceptions of efficiency, accessibility, and security that directly inform a taxpayer's ultimate decision. Specifically, the factors influencing the continued choice between a traditional, labor-intensive manual method and a modern, technically demanding online method—particularly when both are available—remain insufficiently explored from the taxpayer's perspective (Ndlovu & Schutte, 2023).

Therefore, this study aims to address this empirical gap by conducting a descriptive and comparative analysis of the experiences of taxpayers using manual versus online tax payment systems. By focusing on the core dimensions of efficiency, accessibility, and security, the research seeks to identify the specific factors that significantly influence taxpayers' payment method choices. The ultimate goal is to generate actionable data that can be used by tax policymakers and administrators to refine digital strategies, mitigate implementation challenges, and develop targeted interventions to foster greater adoption of online platforms, thereby optimizing tax collection and improving the overall public service experience.

#### Theoretical Framework

This research on the Experience of Taxpayers in Manual and Online Payment of Taxes is grounded in a combination of established theories that aim to thoroughly explore the key factors that shape taxpayers' choices between the manual and online tax payment systems.

The Taxpayers Acceptance Model (TAM) suggests that taxpayers are increasingly embracing online systems, inspired by their intuitive design and practical benefits. When a platform offers enhanced efficiency and user-friendly navigation, it naturally encourages broader acceptance and engagement. It

provides a framework to understand how individuals come to accept and use technology. In this context, TAM helps explain how taxpayers perceive and respond to the adoption of online tax payment systems compared to traditional manual methods. Furthermore, the Technology Acceptance Model (TAM) provides valuable insights into how taxpayers engage with digital payment systems, highlighting opportunities to enhance user confidence, accessibility, and simplicity. By understanding these perceptions, policymakers and tax authorities can further refine the online payment experience—making it more secure, inclusive, and intuitive—thereby encouraging broader adoption and satisfaction. Thus, incorporating TAM into this research enhances its relevance by providing a structured approach to analyzing technological acceptance and its impact on taxpayer behavior.

Building on this, the Unified Theory of Acceptance and Use of Technology (UTAUT) highlights the encouraging impact of performance expectancy, effort expectancy, social influence, and supportive conditions—factors that collectively foster greater confidence, engagement, and enthusiasm in adopting new technologies., which together explain how taxpayers' attitudes and behaviors toward online systems are shaped by both individual factors and external resources. The Unified Theory of Acceptance and Use of Technology (UTAUT) explains the factors that influence individuals' decisions to adopt and use technology. In this study, it can be used to explore how taxpayers perceive and interact with both manual and online tax payment systems. The framework includes constructs like performance expectancy, which can shed light on whether taxpayers find online payment methods more efficient and beneficial compared to manual ones. Effort expectancy can help evaluate how easy taxpayers find the online payment process, which could influence their adoption. Social influence examines how external factors, such as peer or government encouragement, affect taxpayers' decisions to switch to online payments. Facilitating conditions address whether the necessary resources (like internet access or technical support) are available to make online payments feasible. Finally, behavioral intention and use behavior assess how likely taxpayers are to intend to use online systems and whether they actually follow through, providing insight into real-world adoption patterns. By integrating these constructs, UTAUT can offer a

comprehensive understanding of the barriers, motivations, and experiences shaping taxpayers' interactions with manual and online tax payment methods, guiding future improvements and fostering better adoption strategies.

The Social Cognitive Theory (SCT) highlights how individuals build confidence and motivation to adopt online payment methods through self-efficacy, observational learning, and outcome expectations. It celebrates the way people learn from their environment and experiences, shaping behaviors that reflect growing digital confidence. SCT emphasizes self-efficacy—an individual's belief in their ability to succeed—which plays a vital role in encouraging taxpayers to embrace online systems with assurance and optimism. In the context of your study, self-efficacy can help explain whether taxpayers feel confident in using online tax payment systems or if they prefer the manual method due to perceived difficulty. Observational learning is another key component of SCT, suggesting that taxpayers may be influenced by observing the behavior of others, such as peers or government campaigns, which could impact their adoption of online payment systems. Outcome expectations also play a role in SCT, as taxpayers may decide to adopt or resist online payments based on their beliefs about the benefits (e.g., convenience, speed) or risks (e.g., security concerns). Additionally, environmental factors like access to technology and government support can influence taxpayers' decisions, as SCT acknowledges the impact of external conditions on behavior. By applying SCT, your research can provide insights into how social, cognitive, and environmental factors shape taxpayers' experiences with both manual and online payment systems, enabling a richer appreciation of the drivers and opportunities that inspire individuals to embrace technology. Lastly, the Diffusion of Innovations (DOI) theory explores how characteristics such as relative advantage, compatibility, and complexity impact the rate of adoption of new technologies, with taxpayers more likely to adopt online payment systems if they perceive these innovations as advantageous and easy to use. Collectively, these theories provide a robust framework to examine the personal, social, and technological factors influencing the experiences of taxpayers, offering valuable insights into how tax authorities can improve online tax systems and address barriers to adoption.

## Conceptual Framework

This study is conceptually framed to systematically explore the key determinants influencing a taxpayer's choice between manual and online tax payment systems, grounded in their experience with each method. The framework operates on the premise that the objective attributes of each payment system are translated into subjective taxpayer perceptions, which subsequently drive the decision-making process.

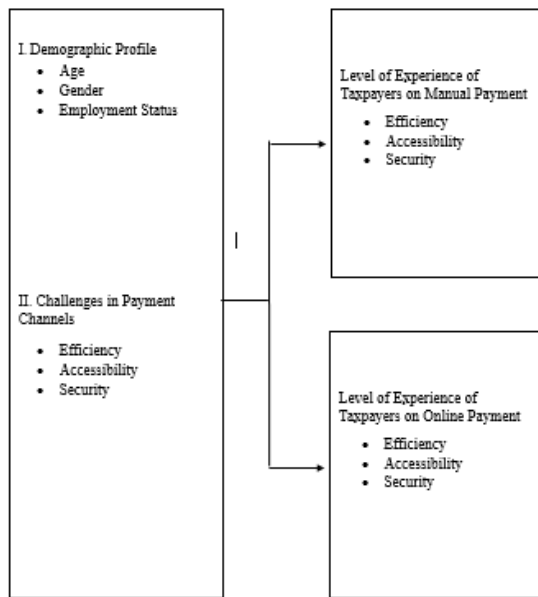
The framework identifies the Independent Variables (IVs) as the taxpayer's Experiences with the specific payment methods: the Manual Payment System and the Online Payment System. These experiences are meticulously measured across three critical dimensions: Efficiency (processing time, simplicity), Accessibility (convenience, availability of service), and Security (perceived safety, trust in the transaction). These dimensions serve as operational measures for broader technological acceptance concepts, such as perceived ease of use and perceived usefulness, which are integral to understanding user satisfaction and system preference.

The central Process of the study involves the Comparison of Experiences between the two distinct systems. This comparison seeks to quantify the difference in taxpayer satisfaction and operational experience to determine which method is perceived as superior. The IVs (Manual and Online Experiences) directly inform and determine the Dependent Variable (DV): the Factors Influencing Taxpayer Choice (the decision to use manual versus online payment). This outcome variable represents the ultimate behavioral decision, which is a culmination of the comparative experiences of convenience, trust, and perceived value derived from each system.

Finally, the relationship between the IVs and the DV is examined under the influence of Moderating Variables, specifically the Demographic Profile of the participants, including Age, Gender, and Employment Status. These variables are hypothesized to significantly influence the experience-to-choice relationship; for example, a taxpayer's age or employment status may amplify or diminish the impact of perceived inefficiency or

inaccessibility on their final payment choice. By analyzing these complex interrelationships, the conceptual framework provides a structured blueprint for investigating how taxpayer experience—shaped by systemic attributes and individual characteristics—drives the ongoing utilization of both traditional and digital tax payment channels.

Figure 1. Schematic Diagram of the Study Illustrating the Relationships Among Underlying Variables.



#### Statement of the Problem

This study aimed to describe and compare the challenges and experiences of taxpayers in the payment channels in the Bureau of Internal Revenue, and to identify the key factors influencing their choice of method.

It focused on answering the following questions:

1. What is the demographic profile of the participants in terms of age, gender, and employment status?
2. What is the level of experience of the participants with the manual tax payment system, specifically concerning:
  - a. efficiency;
  - b. accessibility; and
  - c. security?
3. What is the level of experience of the participants with the online tax payment system, specifically concerning:
  - a. efficiency;
  - b. accessibility; and
  - c. security?

4. Is there a significant difference in the participants' reported experiences between the manual and online tax payment channels?
5. What are the primary factors that significantly influence participants' decision to choose either the manual or the online tax payment channel?
6. What are the challenges encountered by the participants in utilizing both payment channels in Bureau of Internal Revenue?

#### Hypothesis of the Study

There is a significant difference in the participants' reported experiences between the manual and online tax payment channels.

#### Significance of the Study

This study would be significant to the following:

Tax Administration Agencies (e.g., BIR, LGUs).

This study is crucial for Tax Administration Agencies as it provided an empirical, taxpayer-centric view of their service delivery. The comparison of experiences (efficiency, accessibility, security) for both manual and online systems pinpoint specific operational weaknesses in each channel. Agencies can use these data to justify budgetary allocations, prioritize system upgrades, and conduct targeted training programs to address service gaps. Ultimately, by understanding the factors that influence taxpayer choice, the agencies can strategically optimize their communication and outreach efforts to encourage higher adoption rates of the more efficient, cost-effective online payment platform.

Policymakers and Legislator.

This study can be beneficial to have evidence-based insights necessary for drafting and enacting effective tax reform measures. The research provided concrete data on why digital payment adoption may be slow or fragmented, allowing legislators to design policy mandates—particularly concerning technological infrastructure, data privacy, and digital inclusion—that directly address the citizens' needs and concerns. This study supports the formulation of laws and regulations that ensure both the manual and digital tax payment environments are equitable, secure, and conducive to maximizing compliance.

Information Technology (IT) Developers and System Engineers.

The study's detailed assessment of the online tax payment system's efficiency, accessibility, and security offers a direct feedback mechanism for IT Developers and System Engineers. The findings highlight user pain points, common errors, and areas of perceived risk within the online platform. This information is invaluable for subsequent system iterations, allowing developers to prioritize features that enhance user-friendliness, improve system stability, and integrate stronger security protocols to build greater taxpayer confidence and self-efficacy in using the technology.

Taxpayers and the General Public.

Taxpayers and the General Public are the ultimate beneficiaries. By highlighting the strengths and weaknesses of both payment methods, the study empowers taxpayers to make more informed choices regarding how they remit taxes. Furthermore, the research acts as a mechanism for public accountability, compelling tax authorities to improve service quality, reduce compliance burdens (like long queues and confusing systems), and ensure a safer, more efficient tax payment environment, thereby fostering greater trust and satisfaction with government services.

Future Researchers.

This research may provide a foundational comparative study on tax payment channels. Future Researchers can utilize the framework, methodology, and the demographic-based findings as a benchmark for subsequent longitudinal studies, cross-jurisdictional comparisons, or deeper qualitative investigations into the psychological and social aspects of tax behavior and technology adoption. The study contributes new empirical data to the body of literature on public sector digitalization and taxpayer compliance.

Scope and Limitations of the Study

The scope of this research was specifically limited to the taxpayers residing within the jurisdiction of a city in Negros Occidental, focusing on their firsthand experiences with the Bureau of Internal Revenue's manual and online payment platforms. The investigation is structured around three critical dimensions of service delivery: efficiency, pertaining to the speed and ease of transaction;

accessibility, concerning the ease of reaching or utilizing the platform; and security, involving the perceived safety and reliability of the payment process. By employing a mixed-methods research design, the study integrates the quantitative assessment of user satisfaction levels with the qualitative exploration of the specific challenges faced by the participants. Furthermore, the study examines the correlation between the participants' demographic profiles and their chosen payment methods to identify patterns in taxpayer behavior and preference.

Conversely, certain boundaries are established to maintain the focus of the inquiry. This study does not extend to the investigation of tax evasion, legal non-compliance, or the complex technicalities of tax laws and policy formulations. The technical integrity of the BIR's backend cybersecurity infrastructure is also outside the scope of this paper, as the study focuses exclusively on the perceived security and experiences of the users. Furthermore, as the data collection is concentrated within the specific socio-economic context of a city in Negros Occidental, the findings may not be fully generalizable to other geographical regions or highly urbanized metropolitan centers. The results are likewise dependent on the subjective recall and self-reported data provided by the participants regarding their past interactions with the identified payment channels.

Definition of Terms

This section provides conceptual and operational definitions of key terms used throughout the research.

**Accessibility.** The degree to which a system or service is available to all users, regardless of location, time constraints, or physical/technological limitations (Thomas, 2016).

Operationally, accessibility pertains to the extent to which taxpayers are able to access and utilize both manual and online tax payment systems with ease.

**Age.** A core demographic factor representing the length of time an individual has, often used as a proxy for experience, digital literacy, and technology exposure (Kebede et al., 2025).

In this study, age is categorized into the following taxpayer age groups: 18–24, 25–34, 35–44, 45–54, and 55 years and above.

**Challenges.** These refer to the manifestations of difficulty, obstacles, or demanding tasks that require significant effort and resources to overcome, often acting as barriers to the achievement of a specific objective or the seamless operation of a system (Peura et al., 2021). In the context of public administration and digital transformation, these encompass the technical, structural, and behavioral impediments that hinder user satisfaction and systemic efficiency.

In this study, challenges refer to the specific difficulties encountered by taxpayers in a city in Negros Occidental when utilizing manual and online BIR payment channels. These are measured through the participants' self-reported experiences regarding technical system glitches (efficiency), difficulties in navigating the user interface or physical queues (accessibility), and the lack of immediate confirmation or fear of data breaches during transactions (security).

**Efficiency.** The measure of how quickly, accurately, and without wasted effort a system or process can achieve its intended goal (Kebede et al., 2025).

In this study, efficiency pertains to taxpayers' perceptions of the time and effort required to complete transactions using manual and online tax payment systems.

**Employment Status.** The categorization of an individual's current relationship with the labor market, typically classified as employed, self-employed, unemployed, or outside the labor force (e.g., student, retired) (Tarus & Koori, 2024).

Operationally, employment status is categorized into two groups: employed and self-employed taxpayers.

**Manual Tax Payment.** The traditional, physical method of tax remittance requiring the taxpayer to visit a physical tax office or an accredited bank to process the payment using paper-based documents and in-person interaction (Kebede et al., 2025).

Operationally, manual tax payment includes the physical submission of tax returns and payment

through BIR offices, Revenue Collection Officers (RCOs), or Authorized Agent Banks (AABs). Before the launch of e BIR Forms in 2015, this was the primary method of tax filing and payment outside the Electronic Filing and Payment System (EFPS). Manual filing is still permitted under specific circumstances, such as when electronic platforms are unavailable or when a BIR advisory mandates manual submission.

**Online Tax Payment.** The digital platform that allows taxpayers to remit taxes through internet-based channels, such as official government websites, mobile applications, or digital banking portals (Vibora & Mandigma, 2022).

Operationally, online tax payment involves the use of the Bureau of Internal Revenue's Electronic Filing and Payment System (eFPS), which enables taxpayers to file income tax returns and remit payments via the online banking channels of enrolled financial institutions. This system offers convenience by eliminating the need for physical visits to banks or BIR offices and includes built-in validation features that help reduce errors in tax computation.

**Security.** The perceived degree of protection and assurance that the taxpayer's personal and financial data will not be compromised, mishandled, or misused during the transaction (Tarus & Koori, 2024).

In this study, security refers to the level of trust taxpayers place in both manual and online payment systems, particularly in terms of protecting their personal and financial information during tax transactions.

A taxpayer is an individual or entity legally obligated to comply with tax laws and remit taxes, with compliance encompassing both the formal legal responsibility and the behavioral intention to fulfill obligations (Cahilig, 2021; Montinola et al., 2021).

Operationally, taxpayers refer to individuals residing in La Carlota City who are responsible for filing and paying taxes through either manual or online systems.

**Taxes.** A mandatory financial charge or levy imposed by a governmental organization on an

individual or entity to fund various public expenditures and government services (Kagabo, 2021).

Operationally, taxes refer specifically to the payments made by individual taxpayers in La Carlota City through manual or online methods, as part of their legal obligation to the Bureau of Internal Revenue.

Experience. Conceptually, it refers to the subjective, first-hand accounts of individuals regarding their encounters with a phenomenon, encompassing the emotions, perceptions, and interpretations that shape their reality (Ndlovu & Schutte, 2023).

The collective perceptions, feelings, and evaluations reported by the participants regarding the Efficiency, Accessibility, and Security of either the manual or online tax payment systems, as measured by a quantitative scale (e.g., a Likert scale) in the survey instrument.

Factors Influencing Choice. The systemic, demographic, behavioral, or psychological variables (e.g., ease of use, trust, social influence) that predispose an individual toward selecting one option over another (Kagabo, 2021).

As used in this study, these refer to the underlying variables identified through statistical analysis (e.g., regression) that significantly predict the participants' reported preference for, and usage intention of, either the manual or the online payment method.

## II. IDENTIFY, RESEARCH AND COLLECT IDEA

This chapter presents the review of related literature essential to demonstrate and validate the results which will be produced from this investigation. This follows chronological illustration accorded by thematic organization of the information.

### Profile of Taxpayers and its Influence on Tax Behavior

The study of taxpayer behavior, particularly compliance and the utilization of government services, is inextricably linked to the demographic characteristics of the population being examined (Kagabo, 2021). Demographic factors such as age, gender, and employment status are frequently investigated as non-economic determinants of

compliance and technology adoption, as they often serve as proxies for digital literacy, risk aversion, income stability, and cognitive capacity (Wulandari & Dasman, 2023). Understanding the profile of the target participants is fundamental to interpreting the differences in their experiences and subsequent payment choices.

### Age and its Influence on Tax Behavior

Age is a significant demographic factor that consistently influences both technological acceptance and general tax compliance. Younger adults are frequently associated with higher environmental consciousness and a greater willingness to adopt new digital platforms (Kebede, Tona, & Fitamo, 2025; Aguilar, 2023). Conversely, older taxpayers may exhibit resistance to change and a preference for established, manual payment processes due to perceived lower digital literacy or higher levels of perceived risk associated with online transactions (Kebede et al., 2025). Furthermore, some studies suggest that while younger taxpayers may be more technologically inclined, their lower average income or early career stage may present different barriers to compliance than those faced by older, more established taxpayers (Bellon, Dabla-Norris, Khalid, & Lima, 2022). This study seeks to determine if age significantly moderates the relationship between experience and the choice of payment channel.

### Gender and its Influence on Tax Behavior

The literature presents mixed evidence regarding the influence of gender on tax behavior, particularly compliance and the adoption of e-tax systems. Some research suggests that female taxpayers may exhibit higher compliance rates than their male counterparts due to factors like greater risk aversion, honesty, and obedience (Putri & Lintang, 2019, as cited in Syarbin et al., 2023). This compliance behavior may translate into a preference for the system—manual or online—that they perceive as more secure or transparent. However, other studies, including those focused on individual taxpayers, conclude that gender has no statistically significant influence on compliance behavior or attitude toward tax regulations (Fitriyani, 2014, as cited in Agustina & Fitriyani, 2022; Garuba & Erichie, 2022, as cited in Syarbin et al., 2023). For tax administration, gender differences are important, as the digitalization of services presents unique opportunities and

challenges for women concerning access to digital networks and financial inclusion (World Bank, n.d.).

#### Employment Status and its Influence on Tax Behavior

Employment status is crucial as it directly impacts a taxpayer's income source, financial stability, and the complexity of their tax obligations. Research has indicated that self-employed taxpayers or small business owners often face unique compliance hurdles and may exhibit a higher percentage of non-compliance compared to salaried employees (Saad, 2012, as cited in Aguilar, 2023). Self-employed individuals may value the efficiency and 24/7 accessibility of online systems more highly than employed taxpayers whose taxes are often withheld by employers (Tarus & Koori, 2024). Furthermore, the type of employment dictates the frequency and nature of tax payments. Therefore, differences in employment status—such as being employed, self-employed, or retired—are expected to correlate with variations in the perceived ease of use and, consequently, the choice between the traditional manual system and the modern online method.

#### The Traditional Tax Payment Paradigm: Challenges and Perceptions of Manual Systems

While governments worldwide are rapidly advancing tax digitalization, the traditional manual payment system remains a functional, and sometimes preferred, alternative for many taxpayers. This method, involving physical visits and paper-based procedures, constitutes a core element of the experience for a segment of the population (Ndlovu & Schutte, 2023). However, literature widely critiques this paradigm for its inherent limitations across key dimensions, making it a benchmark for assessing the necessity of digital reform.

#### Efficiency and Compliance Costs

Manual processing is characterized by time-consuming processes, including lengthy queues at tax offices or accredited banks, excessive paperwork, and redundant data entry (Habtie, 2021). These administrative burdens are not just inconveniences; they represent an economic cost, particularly for Small and Medium Enterprises (SMEs) and individual taxpayers who must dedicate valuable time away from productive activities (Ndlovu & Schutte, 2023). Furthermore, the lack of immediate, automated reconciliation increases the

opportunity for human error in processing, leading to potential disputes and the need for subsequent, time-intensive physical rectifications (Nuhu, 2023).

In the Philippine context, this shift is evident in recent government initiatives. By 2023, the Department of Finance reported that 69% of taxpayers were filing electronically rather than manually, marking a significant departure from traditional paper-based systems. To further accelerate this transition, the government launched the Digital Transformation (DX) Program, which aims to modernize tax processes, enhance efficiency, and minimize administrative delays. This initiative reflects a broader global trend toward digital tax systems, which promise not only greater convenience for taxpayers but also improved transparency and revenue collection for states.

#### Accessibility and Equity Issues

Recent reforms highlight how digitalization has begun to address these accessibility and equity challenges. In the Philippines, the Department of Finance reported that by 2023, 69% of taxpayers were filing electronically rather than manually, reflecting a significant departure from paper-based systems. The launch of the Digital Transformation (DX) Program expanded online filing and payment channels, enabling taxpayers to comply with obligations remotely and outside traditional office hours (Department of Finance, 2023). Similarly, Grant Thornton Philippines (2022) noted that the Bureau of Internal Revenue's DX Roadmap introduced mobile applications and chatbots, improving taxpayer access and reducing reliance on physical presence. These reforms enhanced equity by lowering travel costs for rural taxpayers and offering flexible compliance options for those constrained by work schedules.

International experiences reinforce these findings. In India, the Goods and Services Tax Network (GSTN) expanded e-filing platforms after 2021, significantly reducing compliance burdens for small businesses in rural areas by eliminating the need for travel to tax offices (OECD, 2022). In Kenya, the iTax system allowed taxpayers to file and pay taxes online, improving accessibility for remote communities and increasing compliance rates (World Bank, 2021). Meanwhile, in the European Union, the rollout of mandatory e-invoicing for cross-border transactions improved equity by standardizing compliance

procedures across member states, ensuring that both small and large enterprises could access streamlined digital systems (European Commission, 2023).

Collectively, these studies demonstrate that while manual systems perpetuate inequities by limiting access to those with geographic and time advantages, digital reforms introduced from 2021 onwards have expanded accessibility, reduced compliance costs, and promoted greater equity across diverse taxpayer groups

#### Security and Trust Perceptions

The security of the manual system is often viewed through the lens of tangible receipt issuance versus the risk of human interaction. While paper receipts provide a physical record that some older or less digitally literate taxpayers trust implicitly, the system is highly vulnerable to corruption, theft, and record-keeping failures (Tarus & Koori, 2024). The security concerns are less about cyber threats and more about the risk of losing documentation or encountering dishonest personnel (Habtie, 2021). These perceived vulnerabilities influence taxpayer satisfaction and can contribute to non-compliance if the taxpayer feels the process is not transparent or secure (Kishura, 2020). Therefore, the perceived security of the manual system often rests on trust in the integrity of the individuals involved in the physical transaction, rather than in the robustness of a digital infrastructure.

#### Digital Transformation in Taxation: A Review of Online Payment Systems and User Experience

The global move towards e-government has positioned the Online Tax Payment System as the cornerstone of modern tax administration, aiming to transition the taxpayer's experience from burdensome compliance to seamless digital interaction. Recent studies highlight that the success of this digital transformation hinges not only on technological implementation but also on user acceptance, which is largely influenced by the perceived quality of service delivery across critical user dimensions. Cuenca (2021) emphasized that digital infrastructure gaps and limited literacy in the Philippines affect taxpayers' ability to fully embrace online systems, underscoring the importance of service accessibility. Similarly, the International Monetary Fund (2021) noted that digital reforms succeed when governments ensure inclusivity and build trust in service delivery, as uneven access can

undermine user acceptance. The OECD (2022) reinforced this by reporting that e-filing adoption rates are strongly tied to perceptions of system reliability and support services, particularly among small businesses. In the European Union, the rollout of mandatory e-invoicing demonstrated that user acceptance was highest in industries where service quality was actively promoted and supported by professional associations (European Commission, 2023). Collectively, these findings affirm that technological innovation alone is insufficient; the perceived quality of service delivery and inclusivity are decisive in shaping taxpayer acceptance of digital platforms.

#### Efficiency and System Performance

Online tax payment systems are fundamentally designed to enhance efficiency by eliminating geographic and time constraints. These platforms offer 24/7 service, automated calculation, and instantaneous digital receipt issuance, dramatically reducing the time and cost associated with compliance compared to manual methods (Kagabo, 2021). Recent studies confirm these benefits while also highlighting persistent challenges. Cuenca (2021) emphasized that efficiency gains are unevenly realized in the Philippines due to infrastructure gaps and limited digital literacy, which slow down adoption and compromise system performance. The International Monetary Fund (2021) similarly noted that while digitalization improves revenue collection and compliance efficiency, technical bottlenecks such as server overloads and weak cybersecurity measures can erode user confidence. The OECD (2022) reinforced this by reporting that well-implemented e-filing systems substantially reduce compliance costs and improve performance metrics, but small businesses often encounter inefficiencies due to limited digital readiness and complex user interfaces. In the European Union, the rollout of mandatory e-invoicing demonstrated significant efficiency improvements in tax administration, yet disparities persisted as smaller enterprises struggled with system crashes and technical support limitations compared to larger firms with stronger digital infrastructure (European Commission, 2023).

Collectively, these findings suggest that while online tax systems are designed to deliver efficiency and improved performance, the actual experience of taxpayers is shaped by both technological strengths

and weaknesses. System crashes, slow processing speeds, and complex interfaces can negate intended time savings, underscoring that efficiency in digital tax systems depends not only on technological design but also on infrastructure readiness and user support.

#### Accessibility and Digital Inclusion

While online systems generally provide superior accessibility by enabling remote transactions, the concept is delimited by digital equity and infrastructure availability. Accessibility in the online context depends heavily on the participant's technological literacy and consistent access to reliable internet service, particularly in developing regions. Cuenca (2021) highlighted that barriers such as uneven internet access and limited digital literacy prevent equal participation in the digital economy, creating inequities between urban and rural taxpayers. The International Monetary Fund (2021) similarly cautioned that digitalization can widen inequality if access to technology remains uneven, stressing the importance of inclusive strategies to ensure marginalized groups are not excluded from efficiency gains. Vibora and Mandigma (2022) further emphasized that in the Philippine context, the limited availability of high-speed internet and the persistence of digital divides constrain the actual reach and ease of use of online facilities, particularly in Local Government Units. The OECD (2022) reinforced these findings, reporting that while e-filing reduces compliance costs, small businesses and low-income taxpayers often face challenges due to limited digital readiness and infrastructure. Consequently, while the platform may be theoretically available to all, practical access remains unequal, influencing the choice between digital and traditional methods.

#### Security, Trust, and Perceived Risk

Security in online tax payment is paramount and is measured by the taxpayer's trust in the integrity of the digital infrastructure. Taxpayers must be confident that their sensitive financial data is protected from cyber threats, hacking, and unauthorized access (Wulandari & Dasman, 2023). Concerns about security and data privacy continue to be cited as major barriers to the adoption of e-payment systems. Cuenca (2021) highlighted that in the Philippine context, weak cybersecurity measures and limited awareness of digital risks undermine taxpayer confidence in online platforms.

The International Monetary Fund (2021) similarly noted that digital reforms can only succeed if governments prioritize robust security protocols, as perceptions of vulnerability to cybercrime significantly reduce user acceptance. The OECD (2022) reinforced this by reporting that trust in system integrity is a decisive factor in e-filing adoption, particularly among small businesses and low-income taxpayers who are more sensitive to risks of data breaches. In the European Union, the rollout of mandatory e-invoicing revealed that user trust increased when governments implemented strong authentication systems and transparent data protection policies (European Commission, 2023). Therefore, administrators must focus on ensuring robust security protocols and building user trust to overcome the psychological barriers associated with transferring financial transactions from a tangible, manual process to a virtual one (Tangonan, 2023).

#### Comparative Analysis of E-Government Service Delivery: Manual versus Digital Tax Channels

The co-existence of manual and online tax payment systems presents a unique opportunity to conduct a comparative analysis of service delivery, which is essential for understanding taxpayer behavior and the pace of digital migration (Bellon et al., 2022). Tax authorities often assume the superiority of digital services; however, a nuanced comparison of the experience reveals that the perceived difference is not universally positive, depending heavily on the taxpayer's context and the maturity of the digital system.

#### Perceived Difference in Efficiency

Perceived differences in efficiency remain the most significant factor distinguishing manual and digital tax systems. Studies consistently show that the time and effort required to complete a payment transaction are drastically lower via online platforms compared to manual processes. Manual systems demand travel, queuing, and redundant documentation, while digital systems eliminate these burdens, translating into substantial time savings (World Bank, 2021; Hussain, 2021; OECD, 2022). In the Philippines, the Bureau of Internal Revenue's Digital Transformation Roadmap introduced mobile applications and chatbots, further reducing reliance on physical offices (Grant Thornton Philippines, 2022). By 2023, the Department of Finance reported that 69% of taxpayers were filing electronically, underscoring

efficiency as the primary driver of adoption. International studies echo this trend, with Tarus and Koori (2024) noting that large corporations in Africa adopted digital tax systems primarily for time savings and reduced administrative overhead. More recently, Serbisyo.ph (2025) highlighted that online transactions can be completed in minutes, whereas manual processes may consume hours. Collectively, these findings confirm that efficiency gains are the most compelling reason for taxpayers to transition from manual to digital systems.

#### Perceived Difference in Accessibility

While the online system offers 24/7 transactional accessibility regardless of physical location, the perceived difference in accessibility is moderated by demographic and infrastructural factors. For technologically savvy, urban taxpayers, the difference is vast and favors the online system. Conversely, for rural taxpayers, individuals with limited digital literacy, or those reliant on inconsistent internet services, the manual system, despite its physical limitations, is often perceived as more reliably accessible than a failing digital portal (Vibora & Mandigma, 2022). While digital tax systems have improved accessibility compared to manual paradigms, recent studies emphasize that the benefits are not equally distributed across socioeconomic groups. Cuenca (2021) noted that infrastructure gaps and limited digital literacy in the Philippines restrict rural taxpayers from fully benefiting from online filing systems, creating inequities between urban and rural populations. Similarly, the International Monetary Fund (2021) cautioned that digitalization can widen inequality if access to technology remains uneven, underscoring the need for inclusive policies to ensure marginalized groups are not excluded from efficiency gains. The OECD (2022) reported that although e-filing reduces compliance costs, low-income taxpayers and small businesses often face challenges due to limited digital readiness, while larger corporations are better positioned to adopt digital platforms. In the European Union, the rollout of mandatory e-invoicing revealed disparities, as smaller enterprises and rural taxpayers struggled with compliance compared to larger firms with stronger digital infrastructure (European Commission, 2023). Collectively, these findings highlight that the “digital dividend” of greater accessibility is not equally shared, with

socioeconomic differences continuing to shape the level of access experienced by taxpayers.

#### Perceived Difference in Security and Trust

The comparison of security perceptions reveals a critical psychological dichotomy. The manual system offers physical reassurance: a paper receipt and a face-to-face interaction that many taxpayers instinctively trust, reducing the perceived risk of misdirection or fraud by corrupt officials (Ndlovu & Schutte, 2023). In contrast, the online system demands institutional trust in abstract technologies, data encryption, and robust firewalls (Wulandari & Dasman, 2023).

While digital security is technically superior against physical theft, public apprehension regarding data privacy breaches and hacking incidents often leads to a perception of higher risk in the online system. Therefore, the noticeable difference in experience is that the manual system provides tangible security assurance, whereas the online system requires cognitive assurance based on system reliability and governmental guarantee. Ultimately, the existence of both systems ensures that the taxpayer can choose the method whose risks and benefits align best with their personal risk profile and available resources.

#### Determinants of Taxpayer Choice in Payment Modality

The core challenge for tax administrators is understanding the factors that move taxpayers from familiarity with manual systems to the acceptance and consistent use of online platforms (Kebede, Tona, & Fitamo, 2025). This decision is not purely rational but is instead shaped by a combination of behavioral, psychological, and contextual variables, which are often explained through technology adoption theories.

#### Technology Acceptance Models (TAM and its Extensions)

The Technology Acceptance Model (TAM) remains the predominant theoretical lens for studying e-tax adoption. TAM posits that an individual's intention to use a system, and subsequently their choice of payment method, is primarily determined by two constructs derived from their experience: Perceived Usefulness (PU) and Perceived Ease of Use (PEOU) (Wulandari & Dasman, 2023).

Perceived Usefulness (PU): In the tax context, PU is the extent to which the taxpayer believes using the online system will improve their compliance process (e.g., faster transaction, fewer errors, better record-keeping). This aligns with the Efficiency and utility of the system (Aguilar, 2023).

Perceived Ease of Use (PEOU): PEOU is the degree to which a taxpayer believes the online payment system will be free of effort. This relates to system navigability, simplicity, and aligns closely with the Accessibility dimension (Vibora & Mandigma, 2022).

Where PEOU is low (i.e., the system is complicated or inaccessible), the taxpayer is more likely to revert to the manual system, regardless of the potential usefulness of the online method.

#### Trust and Security

Beyond efficiency and accessibility, trust and security have emerged as critical determinants of taxpayer adoption of digital platforms. Trust encompasses two dimensions: confidence in the technology itself and confidence in the government administering it (Kagabo, 2021). When taxpayers perceive high security risks—such as data breaches, privacy violations, or unreliable systems—their trust erodes, leading to a preference for manual methods where physical presence offers a sense of control (Tarus & Koori, 2024). Recent studies reinforce this perspective. The International Monetary Fund (2021) emphasized that digitalization in financial systems requires robust cybersecurity frameworks to maintain public trust, noting that weak safeguards can undermine adoption. Similarly, the OECD (2022) reported that taxpayer confidence in e-filing systems is strongly linked to perceptions of data protection and institutional reliability. In the European Union, the rollout of mandatory e-invoicing highlighted that smaller enterprises expressed concerns about data privacy and system reliability, which influenced their willingness to comply digitally (European Commission, 2023). Collectively, these findings suggest that the actual choice of payment channel is often a reflection of the taxpayer's risk assessment, with trust and security serving as non-negotiable factors in the adoption of digital tax systems.

### III. SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

This chapter brings together the results of the study, interpreting them to thoroughly explore the key factors that shape taxpayers' choices between manual and online tax payment systems.

#### Summary of Findings

This section presents a summary of the key findings of the study, highlighting the respondents' demographic profile, their experiences with both manual and online tax payment systems, the significant differences between these channels, and the factors influencing their preferences. It also outlines the common challenges encountered in each system, providing a comprehensive overview of how taxpayers perceive efficiency, accessibility, and security in fulfilling their tax obligations.

1. The demographic profile shows that the majority of respondents are self-employed, middle-aged female taxpayers, indicating that this group represents a significant portion of the study population. In terms of age distribution, more than half of the respondents fall within the 25–44 age range, with those aged 35–44 comprising the largest category. This suggests that individuals in their prime working years are the most actively engaged in tax-paying activities. Furthermore, this pattern reflects that this segment of taxpayers is likely the most sensitive to compliance costs, as they are often managing both business responsibilities and personal financial obligations, making efficiency, accessibility, and affordability in tax processes especially important to them.
2. The respondents' experience with the manual tax payment system is generally positive, with all evaluated aspects receiving a "Good" rating. Efficiency obtained a mean score of 3.43, indicating that taxpayers find the process reasonably manageable, although there may still be some delays or procedural challenges. Accessibility scored slightly higher at 3.46, suggesting that taxpayers are able to reach and use manual payment channels without major difficulty. Security received the highest mean of 3.57, reflecting a strong sense of trust in the safety and reliability of manual transactions. Overall, the manual system remains credible and valued, particularly because it provides tangible receipts and a sense of assurance that transactions are properly recorded.

3. The respondents' experience with the online tax payment system is highly positive, with all aspects receiving a "Very Good" rating. Efficiency recorded a mean score of 4.44, indicating that taxpayers find the system fast and convenient, significantly reducing the time and effort required for compliance. Accessibility also scored high at 4.36, suggesting that users can easily access the platform anytime and anywhere, making it more flexible compared to traditional methods. Security obtained the highest mean of 4.45, reflecting strong confidence in the system's ability to protect financial and personal information. Overall, the online tax payment system demonstrates strong user satisfaction, affirming the effectiveness and success of e-government initiatives in improving tax administration and service delivery.
  4. The results show that there are statistically significant differences between the manual and online tax payment systems, as indicated by a p-value of less than 0.001. This means that the observed differences in efficiency, accessibility, and security are not due to chance, but reflect a real and consistent pattern in the respondents' experiences. In other words, the data provides strong evidence that taxpayers perceive the two systems differently in meaningful ways. Furthermore, the findings highlight the operational superiority of the online tax payment system across all measured dimensions. Compared to the manual method, the online system is perceived as more efficient, allowing faster processing and reduced time spent on compliance. It is also more accessible, as taxpayers can complete transactions anytime and from any location with internet access, eliminating the need for physical visits. In terms of security, the higher ratings suggest that users trust the system's ability to safeguard their information and transactions. Overall, these results emphasize that the online channel not only performs better but also aligns more closely with the needs and expectations of modern taxpayers.
  5. The findings reveal that a large majority of respondents (83.81%) prefer the online tax payment system, primarily due to its efficiency and accessibility. Efficiency accounts for 43.93% of this preference, indicating that taxpayers value the speed, reduced processing time, and convenience of completing transactions digitally. Accessibility follows at 35.26%, suggesting that the ability to pay taxes anytime and anywhere with internet access is a major advantage that influences their choice. These factors highlight that most taxpayers prioritize convenience and time-saving features when selecting a payment channel. On the other hand, a smaller portion of respondents (16.18%) still prefer the manual system, with accessibility (9.83%) being the main reason. This may seem contradictory at first, but it likely reflects existing technological barriers such as limited internet access, lack of digital skills, or unfamiliarity with online platforms. For these taxpayers, physically going to payment centers may still be more practical or reliable. Overall, the results indicate that while the majority favor the speed and convenience of online systems, a minority continues to rely on manual methods due to gaps in technology access and digital readiness.
  6. The study identifies several challenges encountered in both online and manual tax payment systems. For the online system, respondents reported issues such as backend synchronization delays, which can slow down the confirmation of transactions, as well as unintuitive interfaces that make navigation difficult for some users. Server crashes were also noted, disrupting the payment process and causing inconvenience. Additionally, taxpayers experience transactional anxiety when receipts are delayed, as they rely on immediate confirmation for assurance that their payments have been successfully processed. In contrast, the manual system presents more practical and time-related challenges. Taxpayers often incur additional time and travel costs when visiting payment centers, and long queues further extend the duration of the process. These factors can lead to productivity disruptions, especially for self-employed individuals who must allocate time away from their work to complete tax obligations.
- Despite these challenges, manual systems continue to be viewed as trusted and reliable due to their tangible and straightforward nature. However, both statistical results and user experiences indicate that online tax payment systems are superior overall. Their adoption is largely driven by functional benefits such as efficiency, accessibility, and

security. Nevertheless, this adoption is still constrained by infrastructure limitations, such as unstable internet connections and system reliability issues, as well as usability barriers that affect user confidence and ease of use.

## CONCLUSIONS

Based on the findings of the study, the following conclusions were drawn:

1. The majority of the participants were self-employed, middle-aged female taxpayers. Most respondents belonged to the 25–44 age group, with the 35–44 age bracket comprising the largest proportion. The demographic composition reflects taxpayers who are actively engaged in economic activities and are highly sensitive to tax compliance costs and administrative requirements.
2. Participants reported a less favorable experience with the manual tax payment system. They perceived it as less efficient due to longer processing times and procedural inconveniences, and less accessible because it required physical visits and compliance with office schedules. Although the manual system was generally considered secure, it received lower overall ratings than the online payment system.
3. Participants reported a positive experience with the online tax payment system in terms of efficiency, accessibility, and security. They were highly satisfied with its efficiency due to its speed and convenience. The system was also perceived as highly accessible, allowing taxpayers to make transactions anytime and from various locations. Furthermore, participants expressed confidence in the security of the online payment system, indicating a positive perception of digital transactions.
4. There is a significant difference exists between the manual and online payment channels. The online payment system was rated significantly higher than the manual payment system in terms of efficiency, accessibility, and security.
5. Efficiency and accessibility were identified as the primary factors influencing taxpayers' choice of payment channel. Most participants preferred the online payment system because of its speed, convenience, and ease of use.
6. Participants encountered several challenges in both payment channels. For the manual system, the primary issues were longer processing times,

required physical visits, and procedural inconveniences. For the online system, challenges included limited technological access, internet connectivity issues, and varying levels of digital readiness among taxpayers, which hindered its full adoption despite its advantages.

## RECOMMENDATIONS

This section presents the recommendations derived from the findings of the study and conclusions. These suggestions aim to address the identified challenges, improve system performance, and enhance taxpayer experience in both manual and online tax payment systems. The recommendations focus on strengthening efficiency, accessibility, security, and inclusivity, while supporting the continued development of a more reliable and user-centered tax administration system.

1. To address the demographic characteristics of taxpayers, particularly self-employed and middle-aged individuals, it is recommended that government agencies implement targeted digital inclusion programs. These initiatives should focus on improving digital literacy and building user confidence in online tax payment systems, ensuring that taxpayers are able to efficiently navigate and utilize digital platforms. In addition, strengthening internet infrastructure and providing reliable technical support in underserved or low-connectivity areas is essential to ensure equal access to online services. This will help reduce disparities in system usage and promote wider adoption of electronic tax payment methods. Lastly, while transitioning toward a digital-first approach, it is important to maintain and support manual payment channels for taxpayers who face technological or accessibility limitations. This ensures inclusivity and prevents exclusion of individuals who are not yet fully equipped to shift to online systems.
2. To further enhance the superiority of online tax payment systems, it is recommended that system optimization be prioritized through the simplification of user interfaces, reduction of unnecessary transaction steps, and improvement of backend synchronization to ensure faster and more accurate processing of payments. These improvements will help address usability issues and enhance overall user experience. System

- stability should also be strengthened by conducting regular stress testing and upgrading servers to prevent crashes and downtime, especially during peak filing periods. This will ensure continuous and reliable access to the platform. In addition, a responsive and digitally skilled support system should be established, offering assistance through multiple channels such as phone, chat, and in-person help desks. This is particularly important for first-time users who may require immediate guidance. Lastly, continuous evaluation of both manual and online systems should be conducted to regularly assess performance in terms of efficiency, accessibility, and security. This will support evidence-based improvements and ensure that the system remains responsive to taxpayer needs over time.
3. To strengthen trust and confidence in online tax payment systems, it is recommended that agencies provide transparent, real-time updates on transaction status, including immediate confirmation of payments and timely issuance of electronic receipts. This will help reduce taxpayer anxiety, especially in cases of delayed acknowledgments. In addition, cybersecurity measures should be further reinforced by upgrading encryption protocols, improving authentication systems, and regularly auditing security frameworks. These actions are essential to ensure the protection of sensitive taxpayer information and to build long-term trust in digital platforms. Furthermore, awareness campaigns should be conducted to educate taxpayers about the security features and safeguards of the online system. By increasing public understanding of how data is protected, taxpayers are more likely to feel confident and secure when using digital payment channels.
  4. To address the gap in adoption between manual and online tax payment systems, it is recommended that targeted outreach programs be implemented for taxpayers who continue to rely on manual processes. These initiatives may include workshops, orientations, and localized assistance to directly address concerns such as lack of digital skills, limited access to technology, and uncertainty in using online platforms. A hybrid approach should also be maintained during the transition period, where both manual and online systems remain available. This ensures inclusivity and prevents the exclusion of taxpayers who are not yet fully capable of shifting to digital channels, allowing for a gradual and more adaptive transition. In addition, establishing effective feedback mechanisms is essential to continuously improve the system. Providing accessible channels for taxpayers to report issues, share experiences, and suggest improvements will help ensure that system development remains user-centered and responsive to actual needs.
  5. To strengthen the implementation and sustainability of tax payment systems, it is recommended that collaboration with Local Government Units (LGUs) be enhanced. Through this partnership, training programs, infrastructure support, and taxpayer assistance can be extended at the community level, making digital services more accessible and responsive to local needs. In addition, monitoring and evaluation mechanisms should be institutionalized to ensure continuous improvement of both manual and online systems. Regular audits of system performance and taxpayer satisfaction will provide evidence-based insights for policy adjustments and service enhancements. Finally, strategic investment is necessary to support long-term digital transformation in tax administration. Resources should be allocated not only to improve technological infrastructure but also to ensure that inclusivity is maintained, allowing all taxpayers—regardless of digital capability—to access efficient and reliable tax payment services.
  6. In light of the challenges encountered in both online and manual tax payment systems, it is recommended that relevant government agencies further enhance the reliability and user experience of the online tax payment platform. Specifically, improvements in backend synchronization processes should be prioritized to ensure real-time updating of transactions and reduce delays in payment confirmation. Strengthening server capacity and implementing load-balancing mechanisms are also essential to prevent system crashes during peak filing and payment periods. Moreover, the interface design of the online system should be reviewed and improved to make it more intuitive and user-friendly, especially for self-employed taxpayers who may have varying levels of digital literacy. Providing clear instructions, simplified navigation, and step-by-step guides can help

reduce user confusion and improve overall accessibility. In addition, it is recommended that automated and immediate electronic receipt generation be ensured to minimize transactional anxiety among taxpayers. Enhancing notification systems through email or SMS confirmation can also strengthen user confidence in the system's reliability. For taxpayers who continue to rely on manual systems due to technological or accessibility constraints, complementary support mechanisms such as digital literacy training, help desks, and assisted filing services should be expanded. This ensures that the transition toward full digital adoption remains inclusive. Overall, continuous system improvement, user support, and infrastructure strengthening are necessary to sustain the advantages of the online tax payment system and address remaining usability and accessibility barriers.

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