

Supervision Management in the Self-Assessment System and Its Implications for Local Tax Compliance

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Abstract-The implementation of a self-assessment system in local taxation positions taxpayer compliance as a key determinant of regional revenue management success. In this context, supervision management plays a strategic role in ensuring the effectiveness of the self-assessment system and minimizing the potential for local tax non-compliance. This article aims to systematically examine the role of supervision management within the self-assessment system and its implications for local tax payment compliance. The study employs a systematic literature review approach based on the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines. Literature searches were conducted using the Scopus, Web of Science, and Google Scholar databases, as well as accredited national journals, covering publications from 2020 to 2025. The keywords used include management control, tax supervision, self-assessment system, tax compliance, local tax, and public financial management. Through the stages of identification, screening, and eligibility assessment, 30 reputable articles were thematically analyzed. The findings indicate that effective supervision management supported by internal control systems, tax technology utilization, and risk-based approaches significantly contributes to improving local tax compliance. In addition, transparency, service quality, and taxpayer trust in local governments emerge as critical supporting factors in fostering voluntary compliance. These findings provide theoretical contributions to the public management literature and practical implications for local governments in designing adaptive and sustainable tax supervision strategies.

Keywords: Supervision Management; Self-Assessment System; Tax Compliance; Local Tax; Public Management

1. INTRODUCTION

The importance of supervision within self-assessment systems is particularly critical, as weak oversight may create opportunities for tax avoidance or tax evasion. Supervision in self-assessment systems at both national and subnational levels encompasses tax audits, fiscal inspections, and the enforcement of administrative or criminal sanctions against non-compliant taxpayers. International literature emphasizes that effective supervision mechanisms not only enhance tax compliance but also strengthen public trust in tax administration as a whole. This is consistent with studies in Indonesia indicating that administrative service quality, tax system digitalization, and transparency in reporting processes contribute significantly to improving taxpayer compliance.

National empirical studies demonstrate that the implementation of self-assessment systems is positively correlated with taxpayer compliance, particularly when supported by high-quality tax services and adequate tax awareness. In KPP Pratama Kupang, the combined implementation of digitalization and self-assessment systems has been shown to increase taxpayer compliance, while studies at the Pulogadung Tax Office identify service quality and sanctions as significant determinants of compliance. Furthermore, research conducted in Palembang indicates that tax sanctions, taxpayer morale, and audits have positive effects on local tax compliance. These findings illustrate that tax compliance is driven not solely by legal obligations but also by behavioral factors, taxpayer perceptions, and effective administrative support.

Within the self-assessment framework, international literature also provides important perspectives on the determinants of compliance. Multidimensional analyses of taxpayer attitudes suggest that tax morale and perceptions of tax authority legitimacy influence taxpayers' compliance intentions and behaviors. Moreover, studies focusing on micro-enterprises in developing countries reveal that communication strategies and enforcement approaches have heterogeneous impacts on compliance across regions, implying that supervision strategies must be tailored to local contextual characteristics. Behavioral approaches, such as nudges and reinforcing messages, have also been identified as effective policy instruments for enhancing voluntary compliance by leveraging taxpayer behavioral psychology.

Global literature on compliance risk management highlights that modern tax administrations are increasingly adopting data-driven approaches to improve supervision effectiveness. For instance, the use of big data and analytical techniques to predict non-compliance risks represents a major trend driving innovation in global tax supervision. This shift from traditional mechanisms toward technology-based systems and data-driven interventions enhances both the efficiency and effectiveness of tax compliance supervision on a broader scale. Despite the extensive literature on general tax compliance and its determinants, comprehensive studies on the supervision of local tax payment compliance within self-assessment systems remain relatively limited. Several national studies focus on digitalization or the effects of sanctions in isolation, without integrating these findings into a holistic supervision framework. Similarly, international empirical studies on taxpayer behavior rarely explicitly link self-assessment supervision to the context of local taxation. Addressing this gap is essential to develop a stronger policy-relevant understanding of effective supervision mechanisms under self-assessment systems.

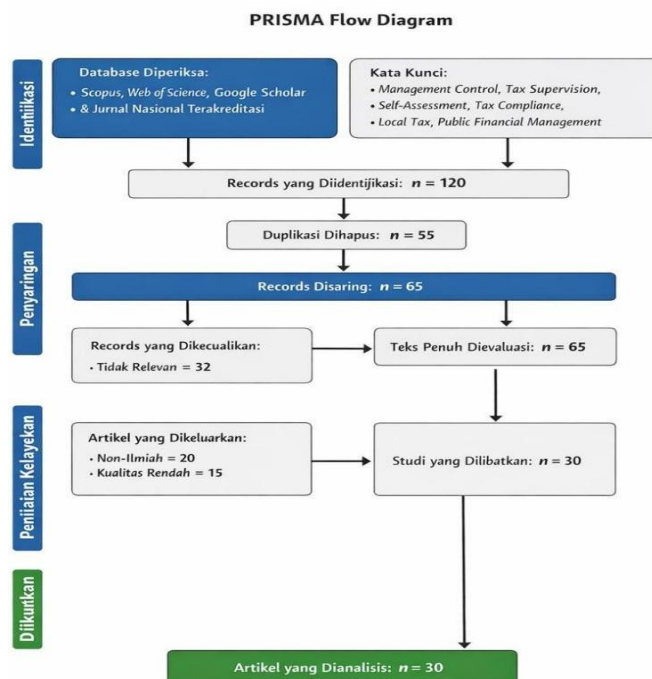
Therefore, a systematic literature review synthesizing recent national and international studies published between 2020 and 2025 is necessary to examine key concepts, empirical findings, and best practices in supervising local tax compliance under self-assessment systems. This review provides a comprehensive overview of supervision approaches, compliance determinants, and policy strategies tested across various contexts. By synthesizing these findings, this article aims to inform future research directions and offer practical recommendations for policymakers in Indonesia and other countries facing similar challenges.

2. RESEARCH METHODS

This study employs a systematic literature review (SLR) approach to comprehensively analyze the role of supervision management within self-assessment systems and its implications for local tax compliance. The SLR approach was selected because it enables the systematic, objective, and transparent synthesis of prior research findings, thereby generating robust conceptual insights into management practices in the public sector (Kitchenham et al., 2020; Tranfield et al., 2003). The implementation of the SLR in this study follows the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines to ensure methodological quality and research replicability (Page et al., 2021).

The literature search was conducted using reputable academic journal databases, namely Scopus, Web of Science, and Google Scholar, and was complemented by accredited national journals relevant to the fields of public management and local public finance. The search focused on articles published between 2020 and 2025 to ensure the timeliness of the review. The keywords used included management control, tax supervision, self-assessment system, tax compliance, local tax, and public financial management. The inclusion criteria encompassed both empirical and conceptual research articles addressing supervision, control mechanisms, and tax compliance in the public sector, while non-academic sources, duplicate records, and thematically irrelevant studies were excluded from the analysis (Moher et al., 2015).

Based on the PRISMA stages, the initial identification process yielded approximately 120 articles across all databases. After removing duplicates and screening titles and abstracts, 65 articles were deemed eligible for the full-text assessment stage. Subsequently, full-text evaluations were conducted by considering topic relevance, methodological quality, and theoretical contribution, resulting in 30 articles that met the inclusion criteria for further analysis. Data analysis was performed thematically by categorizing findings into several key dimensions, including supervision management, internal control systems, tax technology utilization, and local taxpayer compliance. This approach enabled the identification of research patterns, knowledge gaps, and managerial implications for sustainable local tax administration (Petticrew & Roberts, 2020).



Gambar 1. Prisma Flow Diagram

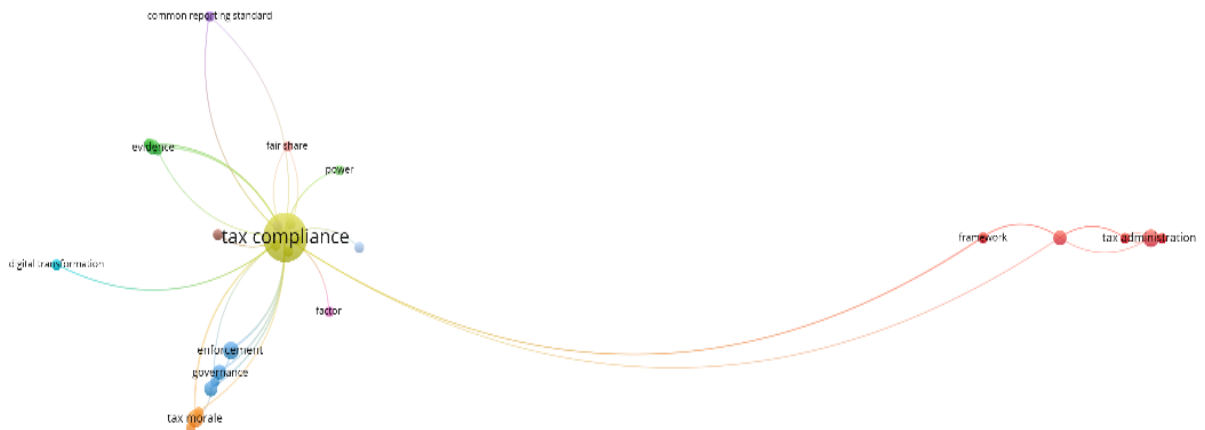
3. RESULTS AND DISCUSSION

3.1 Result

The bibliometric analysis conducted using VOSviewer provides a comprehensive overview of the intellectual structure, thematic relationships, and developmental dynamics of research related to the supervision of local tax payment

compliance within self-assessment systems. This analysis was based on 47 high-quality articles that passed the PRISMA selection process, encompassing both national and international publications from the 2020–2025 period. The bibliometric approach was adopted to identify major thematic clusters, the strength of relationships among key concepts, and temporal research trends relevant to the focus of this study.

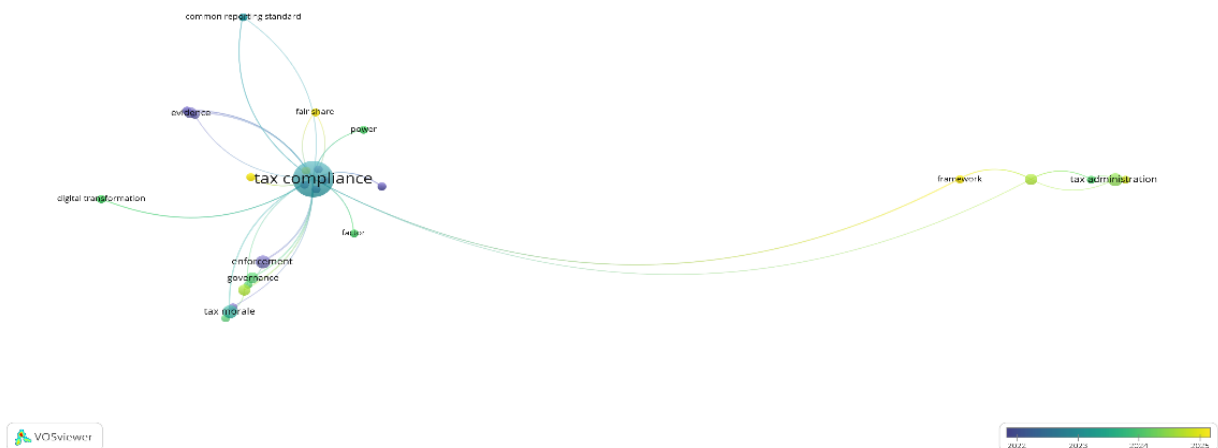
The VOSviewer analysis focused on keyword co-occurrence mapping, which represents the intensity of joint occurrences among concepts across the analyzed articles. A normalization process was applied using the association strength method to ensure comparability among keywords. From the entire dataset, more than 120 keywords were initially identified and subsequently filtered based on a minimum occurrence threshold, resulting in a set of core keywords that most accurately represent the research landscape on supervision and local tax compliance.



Gambar 2. Network Visualization

The network visualization presented in Figure 2 reveals the formation of several interconnected major clusters. The first cluster, characterized by the largest node size and the highest density of connections, is centered on the concept of tax compliance. This keyword shows strong linkages with terms such as self-assessment system, tax enforcement, and tax audit, indicating that tax compliance constitutes the central theme in the literature, particularly within trust-based tax collection systems that rely on taxpayer self-reporting. The second cluster relates to institutional and administrative aspects, represented by keywords such as tax administration, local government, and public finance. This cluster highlights the role of local government institutions in designing and implementing effective supervision mechanisms. The strong interconnection between tax administration and local tax suggests that the effectiveness of compliance supervision is highly influenced by administrative capacity and the quality of local tax governance.

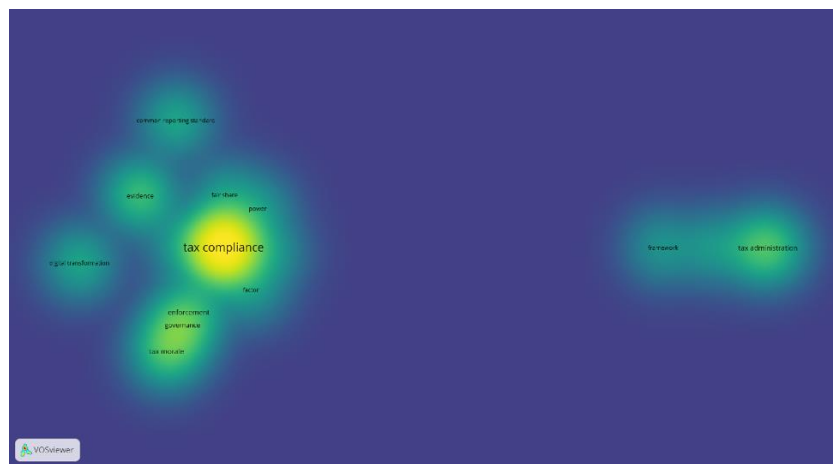
The third cluster represents behavioral and psychological approaches to tax compliance, as indicated by the presence of keywords such as tax morale, trust, and compliance behavior. This cluster demonstrates that recent literature emphasizes not only enforcement mechanisms but also non-economic factors that shape taxpayer compliance. The relationship between tax morale and the self-assessment system suggests that self-assessment requires higher levels of taxpayer awareness, integrity, and voluntary commitment compared to other tax collection systems. In addition, a cluster specifically associated with the subnational context is also identified, represented by keywords such as local tax, subnational taxation, and fiscal decentralization. Although this cluster is relatively smaller than the general compliance cluster, it holds a strategic position by linking regional fiscal policy dimensions with tax supervision practices. This finding indicates that research on local taxation is still evolving and offers substantial opportunities for further exploration, particularly in the context of developing countries.



Gambar 3. Overlay Visualization

The overlay visualization presented in Figure 3 provides insights into the temporal development of research based on publication year. The visualization indicates a shift in research focus from traditional themes toward more modern and technology-driven approaches. Articles published in the early observation period (2020–2021) predominantly emphasize tax enforcement, audits, and sanctions, reflecting classical approaches to enhancing tax compliance through coercive enforcement mechanisms. In contrast, studies published during the 2023–2025 period demonstrate increasing attention to themes such as digital tax administration, compliance risk management, and data-driven supervision. The lighter color intensity of these keywords indicates that digitalization and data utilization have become dominant trends in recent literature. This development aligns with the widespread adoption of information technology by tax administrations across countries, including the use of big data and risk analytics to improve the effectiveness of compliance supervision.

The overlay visualization further shows that the concept of the self-assessment system is increasingly associated with collaborative and trust-based approaches, such as responsive regulation and behavioral insights. This finding suggests a paradigm shift from predominantly coercive strategies toward more persuasive and adaptive approaches in tax compliance supervision, particularly at the local government level.



Gambar 4. Density Visualization

The density visualization presented in Figure 4 illustrates research areas with the highest intensity based on the frequency and strength of keyword linkages. The areas with the greatest density are concentrated around the combination of keywords tax compliance, tax enforcement, and self-assessment. This high density confirms that the analyzed literature is strongly focused on the relationship between supervision mechanisms and taxpayer compliance levels within self-assessment systems. However, areas related to local tax supervision and subnational tax administration exhibit relatively lower density. This finding indicates that although tax compliance has become a dominant research topic, studies that specifically address local tax supervision remain less extensive than those focusing on national taxation. In other words, there is a significant research gap in the literature concerning the integration of supervision mechanisms with the fiscal and administrative characteristics of local governments.

The density visualization also reveals that keywords associated with behavioral approaches, such as tax morale and trust, display moderate density but show increasing connectivity with supervision-related themes in more recent publications. This pattern suggests that future research has strong potential to integrate behavioral perspectives into the design of more effective local tax supervision frameworks.

3.2 Discussion

The synthesis of the literature indicates that local tax payment compliance within self-assessment systems is a complex and multidimensional phenomenon influenced by the interaction between supervision mechanisms, the administrative capacity of local tax authorities, and taxpayer behavioral factors. This finding is consistent with international literature emphasizing that while self-assessment systems enhance tax collection efficiency, they simultaneously increase the risk of non-compliance if not accompanied by effective and sustainable supervision (Slemrod, 2021; Alm, 2023). Cluster analysis in the bibliometric mapping reveals that tax compliance serves as the central concept linking supervision, audits, and enforcement themes. This suggests that traditional supervision instruments, such as tax audits and administrative sanctions, continue to play a crucial role in promoting local taxpayer compliance. Empirical studies demonstrate that audit probability and consistent sanction enforcement generate significant deterrent effects, particularly among taxpayers with high non-compliance risk profiles (Dwenger, 2023; Hofmann & Gangl, 2022).

Nevertheless, recent literature underscores that supervision approaches overly focused on coercive measures tend to produce short-term compliance and may undermine public trust. The slippery slope theory explains that sustainable tax compliance is achieved through a balance between the power of tax authorities and taxpayer trust in government institutions (Kirchler & Gangl, 2024; Torgler, 2024). In the context of local taxation, the close social proximity between local governments and taxpayers reinforces the importance of trust-based approaches and policy legitimacy. VOSviewer mapping further indicates increasing linkages among tax morale, trust, and compliance behavior in publications after

2022. This trend reflects a shift in research focus toward behavioral approaches in tax supervision. These studies emphasize that taxpayers are more likely to comply voluntarily when local taxes are perceived as tangible contributions to local development and public service provision (Mascagni, 2024; Alm & Martinez-Vazquez, 2021).

From an institutional perspective, the literature highlights that the administrative capacity of local tax authorities is a key determinant of supervision effectiveness within self-assessment systems. Limited data infrastructure, low service quality, and weak inter-unit coordination often constrain effective local tax compliance supervision. These findings align with national studies showing that administrative quality and local public financial governance significantly influence compliance levels and fiscal accountability (Rahayu & Riana, 2020; Noor et al., 2023). Digital transformation emerges as a prominent theme in recent literature. Overlay visualization results demonstrate increasing scholarly attention to digital tax administration and compliance risk management. The adoption of e-tax systems, online reporting platforms, and data analytics enables local tax authorities to identify non-compliance risks more accurately and efficiently (OECD, 2022; Suryanto & Prabowo, 2024).

Digitalization also has the potential to enhance transparency and reduce compliance costs for taxpayers. However, the literature cautions that digitalization of local tax supervision is not without challenges. Gaps in digital literacy, particularly among micro and small enterprises, may reduce policy effectiveness if not accompanied by adequate education and assistance programs. This concern is consistent with national research emphasizing the importance of human resource capacity building and service quality improvement in supporting administrative reforms (Hasanuddin et al., 2023; Rahayu et al., 2025).

Discussions on fiscal decentralization further indicate that local taxes exhibit distinct compliance risk characteristics compared to national taxes. Density visualization suggests that studies on local tax supervision remain relatively limited and fragmented. Yet, fiscal decentralization requires local governments to be more autonomous and accountable in managing tax revenues (Bird, 2022; OECD, 2024). This condition highlights a significant research gap that warrants more contextual and comparative investigations. Other studies also emphasize the importance of risk-based supervision approaches within self-assessment systems. This approach enables more efficient allocation of supervisory resources by targeting high-risk taxpayers for audits while granting administrative facilitation to compliant taxpayers. Such strategies have proven effective in increasing compliance while reducing administrative costs (OECD, 2023; Kleven, 2022). Overall, this review confirms that supervision of local tax compliance under self-assessment systems cannot rely on a single policy instrument. The integration of enforcement measures, administrative strengthening, technological utilization, and trust-based behavioral approaches is essential for achieving sustainable local tax compliance. This synthesis provides a strong conceptual foundation for local tax policy development and informs the strategic recommendations presented in the conclusion section.

4. CONCLUSION

This article confirms that supervision management plays a strategic role in ensuring the effectiveness of self-assessment systems and enhancing local tax payment compliance. Through a systematic literature review guided by PRISMA and based on 30 reputable studies published between 2020 and 2025, the findings demonstrate that the success of self-assessment systems is highly dependent on the quality of integrated and sustainable supervision. Effective supervision functions not only as an instrument of control and law enforcement but also as a managerial mechanism that promotes voluntary taxpayer compliance. The synthesis of the literature indicates that a combination of strong internal controls, tax information technology utilization, and risk-based approaches enhances supervision efficiency and reduces the potential for local tax non-compliance. Moreover, non-coercive factors such as transparency, public service quality, and taxpayer trust in local governments are shown to contribute significantly to the development of long-term compliance. These findings emphasize that a balanced supervision approach—integrating authority power and public trust—is essential for sustaining local tax revenues. This article contributes conceptually to the development of public management and local public finance literature by positioning supervision as a strategic managerial function within self-assessment systems. From a practical perspective, local governments are encouraged to develop adaptive, data-driven, and trust-oriented supervision strategies aimed at strengthening voluntary compliance and ensuring sustainable local fiscal performance.

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