SYSTEMATIC LITERATURE REVIEW: DEVELOPMENTS, CHALLENGES, AND DIRECTION FUTURE POLICY IN INTERNATIONAL TAX PERSPECTIVE

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ABSTRACT

This study aims to analyze the development, challenges, and direction of international taxation policy through a *Systematic Literature Review* (SLR) approach to 25 recent articles. The results of the study indicate that the digital economy has brought new challenges to the global taxation system, especially in terms of the definition of *permanent establishment,* transparency of reporting, and harmonization of regulations between countries. The main challenges include double taxation, taxation of digital assets, and the implementation of carbon taxes which are still being debated in relation to economic growth. The most widely used theory in this study is *the Agency Theory,* which explains the relationship between the government and taxpayers in reducing information asymmetry and preventing tax avoidance practices. Meanwhile, the dominant method used is qualitative, with a descriptive approach and policy analysis. Several initiatives such as *the Global Minimum Tax* (GloBE) have been introduced to create a fairer tax system. Future tax policies are predicted to be more adaptive by prioritizing fairness, economic incentives, and the use of digital technology to increase the effectiveness and transparency of the tax system.

Keywords: *Systematic Literature Review, international tax, digital economy, tax regulation, tax policy.*

1.   INTRODUCTION

In the era of ever-growing globalization, international taxation has become an increasingly important aspect in the dynamics of the global economy, both for developed and developing countries. The complexity of cross-country tax systems, which include issues of double taxation, tax avoidance, and differences in tax regulations in various jurisdictions, presents major challenges for fiscal policy and tax compliance in various countries (Larisa et al., 2020). Difficulties in harmonizing tax regulations between countries often arise due to different legal systems, as well as obstacles in coordination efforts to fulfill tax obligations globally In addition, rapid developments in the digital economy require tax policies that are more flexible and able to adapt to changes that occur (Fang, 2023).

One of the main obstacles in international taxation is double taxation, where the same income can be taxed in more than one country. This condition can create an excessive tax burden for individuals and companies conducting business across countries, which ultimately affects investment decisions and economic growth (Larisa et al. 2020). To overcome this problem, many countries are trying to agree on double taxation avoidance agreements (DTA) to provide legal certainty for international taxpayers. However, the implementation of these agreements does not always run smoothly, due to differences in the interpretation and application of tax regulations in each country (Dumiter et al., 2019).

The dynamics of international tax policy are also inseparable from the influence of global political and economic ideology. The neoliberal view that tends to emphasize tax reductions and deregulation has encouraged many countries to implement looser tax policies. On the other hand, there is also an increasingly strong push to restore a more progressive tax system as an effort to reduce economic inequality caused by unfair tax policies (Hakelberg & Rixen, 2020). Thus, tax system reform that prioritizes a balance between economic efficiency and social justice is very much needed. Synergy between innovation in tax regulation and international cooperation is key to creating a fairer and more sustainable tax system (Ahmad et al., 2020).

In addition, new approaches to tax policy are emerging, especially in relation to green taxes. Sustainability-based taxes, such as carbon taxes aimed at reducing greenhouse gas emissions, are a major concern in many countries. Although not yet fully implemented globally, initiatives to integrate tax policies into climate change mitigation efforts are increasing (Bhowmik et al., 2020). This shows that the tax system not only acts as an instrument of state revenue, but also as a policy tool that supports sustainable development. With a tax policy that is aligned with environmental goals, it is hoped that the transition to a green economy can be more effective (Jia, 2022).

As digital economic activity increases, another challenge faced by policymakers is how to determine a fair tax base and set tax rates that are in accordance with digital business models. If tax regulations in this sector are not properly regulated, the potential for state revenues can be eroded and create uncertainty for the business world (Fang, 2023). Therefore, tax policy reforms that take into account the unique characteristics of the digital economy and address the issue of double taxation are very important in strengthening the international tax system in the future (Fang, 2023).

In this framework, an in-depth study is needed on the developments, challenges, and future policy directions in international taxation. A more comprehensive understanding of the global taxation mechanism can be the basis for formulating more appropriate solutions to overcome the various obstacles faced by countries in the world. Thus, this study not only provides broader insight into the international taxation system, but can also be a basis for formulating more effective policies that are oriented towards economic sustainability in the future.

1. LITERATURE REVIEW

1.1 *Agency* Theory

Agency Theory was first introduced by Jensen and Meckling (1976) and explains the relationship between principals (governments) and agents (taxpayers or companies), where agents have more information about their economic activities than principals. This information imbalance creates challenges in international taxation because agents can use more information to avoid tax obligations (Jensen & Meckling, 1976). Alm and McKee (2021) explain that agency theory provides a framework for analyzing tax avoidance that arises from information imbalances and the importance of more effective supervision in preventing tax avoidance.

The application of agency theory to international taxation also helps explain policies such as *the Global Minimum Tax* (GloBE), introduced by the OECD to reduce tax avoidance by multinational corporations. This policy ensures that taxes are paid in the country where value is created, even if the company does not have a physical presence in that country. Such policies serves to reduce information asymmetry between the government and taxpayers and increase transparency in the international tax system (Sykes, 2020).

The use of digital technology and *big data* is also very relevant in reducing information imbalances. This technology can improve tax supervision, reduce information gaps, and enable transparency in the international tax system (Fang, 2023). This in line with the thinking of Jensen and Meckling (1976) who emphasized the importance of effective supervision to prevent tax avoidance.

Double *taxation treaties* are a major issue in the application of agency theory in international taxation. Differences in legal interpretation between countries can create tax uncertainty for taxpayers, which in turn increases information asymmetry between governments and taxpayers. Therefore, closer international cooperation is needed to reduce tax avoidance and ensure legal certainty for taxpayers operating across countries (Karuna, 2024).

Developing countries often face challenges in implementing international tax policies due to limited administrative capacity and resources. The application of agency theory can help these countries to strengthen their monitoring capacity and encourage international cooperation in minimizing tax avoidance (Heffron & Sheehan, 2020). In addition, agency theory also strengthens the understanding of the importance of cross-country accountability and reporting in the global tax system. When agents realize that their actions will be closely monitored by the principal, the incentive to manipulate information or avoid tax will decrease. In practice, this encourages the implementation of automatic reporting systems, such as *the Automatic Exchange of Information* (AEOI), which facilitates the exchange of tax data between countries routinely and transparently.

Furthermore, this theory explains that the main risk in an agency relationship is the occurrence of *moral hazard,* namely when the agent acts inconsistently with the principal's interests. In the context of taxation, companies can arrange transaction engineering, *transfer pricing,* and use *tax havens.* as a form of fiscal *moral hazard* . Thus, agency theory is also an important basis in designing anti-abuse rules *and* arm's length principle- based *transfer pricing* . Thus, agency theory is not only relevant in understanding the dynamics of fiscal relations, but also becomes the main theoretical framework in formulating fair, effective, and compliance-oriented international tax policies.

1.2 International Tax Policy

Developments in international tax policy have emphasized the importance of multilateral agreements to

address the issues of tax avoidance and tax base erosion. For example, the OECD-initiated *Base Erosion and Profit Shifting* (BEPS) project is an important initiative to modernize the international tax framework and ensure that taxes are paid where economic activity and value are created (Sykes, 2020). In addition, more than 3,000 double tax treaties *exist* globally, aiming to prevent tax avoidance and provide legal certainty for investors (Pinskaya et al., 2021).

On the other hand, the challenges faced in implementing international tax policies are often related to the heterogeneity in implementation across countries and the capacity of developing countries to adapt to these changes. Developing countries are often at a disadvantage in terms of tax collection due to limited administrative capacity and resources (Heffron & Sheehan, 2020). Research shows that after the financial crisis and the impact of the COVID-19 pandemic, these countries must develop strategic and sustainable tax policies so that they can build more resilient economic growth (Heffron & Sheehan, 2020).

The future policy direction in international taxation appears to be increasingly directed towards the implementation of carbon taxes and other tax innovations to address climate change and support a greener economy. This is manifested in various policies from countries that focus on reducing COÿ emissions, such as those proposed in the European Union's 'Fit for 55' package (Bruin & Yakut, 2021). In the context of economic digitalization, countries will also face new challenges in adapting their tax systems to accommodate the shift in technology-based business models (Ooi, 2021).

Gender issues in tax policy are also starting to receive greater attention, as some tax policies are considered not to support gender equality in the context of economic growth. (Gunnarsson, 2021). Therefore, international dialogue on taxation must take into account aspects of social justice, as well as its impact on various groups in society.

2.   RESEARCH METHODOLOGY

This study uses the *Systematic Literature Review* (SLR) method to review various studies that discuss the development, challenges, and policies of international taxation. This method was chosen because it is able to provide a more systematic understanding of various relevant scientific sources, so that it can summarize the main findings of previous studies and provide direction for further research.

The literature used in this study consists of 25 scientific articles obtained from several reputable journal *databases ,* such as ScienceDirect, Emerald, Wiley, and Taylor & Francis, as well as national journals indexed by SINTA 1, 2, and 3. The range of publication years used is 2021-2025 to ensure that this research only uses the latest literature that is relevant to current developments in international taxation.

The article screening process was carried out in several stages. First, the initial search resulted in around 200 articles obtained using keywords, such as *International Taxation, Tax Avoidance, Double Taxation, Tax Policy Reform, Global Tax Governance, Digital Economy Taxation, Corporate Tax Strategy,* and *Sustainable Taxation.* Second, screening was carried out based on the title and abstract, leaving 80 more relevant articles. Furthermore, a full content evaluation was carried out by considering the suitability of the topic, research methods, and relevance of the results to the objectives of this study, resulting in 25 main articles that became the basis for the analysis in this study.

Some of the criteria used in selecting articles are:
  a. Articles that discuss international taxation, both in terms of policies, challenges, and innovations in the global tax system.
  b. Articles published in reputable journals and have gone through a *peer-review process.*
  c. Empirical and conceptual studies that discuss legal, economic and tax policy aspects. international.

There are several exclusion criteria used to filter out less relevant articles, including:
  a. Articles that do not specifically discuss international tax policy.
  b. Research published before 2021.
  c. Articles that are only available in abstract form or cannot be fully accessed.

The table below presents a summary of the findings from the 25 scientific articles that have been analyzed. in

this study. Each article was selected based on its relevance to the topic of international taxation, with a focus

on policy developments, challenges faced, and proposed solutions in global tax system:

Table 1. Previous Research

No	Researcher	Data	Method	Findings
1	Ariyibi (2024)	Literature from international journals, OECD reports, data on the implementation of digital taxes in developed and developing countries, comparative studies of global digital policies (2021-2024).	Qualitative	1. Key obstacles in digital taxation include the unclear definition of *permanent establishment*, challenges in assessing value creation, and determining jurisdiction. 2. There are significant gaps in the current tax system that require international cooperation. 3. A number of countries have implemented temporary measures such as digital services taxes, but a unified global framework is needed to ensure the sustainability of tax revenues in the digital economy.
2	Soekarno et al. (2024)	Global and national carbon emissions data, government reports, case studies in the clean energy sector from developed and developing countries, literature on the impact of carbon taxes (2020-2024).	Qualitative	Carbon taxes effectively reduce emissions and encourage clean energy, but their impact on economic growth is still debated.

3	Huang (2024)	Global company survey, data on digital infrastructure, use of big data in the tax sector, and statistical analysis to measure the impact of digital tax policies (2021-2023).	Quantitative	Digital infrastructure, tax policy and *big data* utilization significantly impact taxation both directly and indirectly, as evidenced by robust statistical analysis.
4	Mariana (2024)	Public budget data, national economic policy reports, international literature studies related to the role of taxes in the economic policies of developing and developed countries (2020-2024).	Qualitative	Taxation has a crucial role in economic policy, influencing public spending and economic behavior and contributing to the achievement of state goals.
5	Karuna (2024)	International tax treaty documents, data on double taxation regulations between India and other countries, and legal analysis related to the interpretation and application of double taxation (2020-2024).	Qualitative	1. Legal interpretation and treaty dynamics are crucial in understanding international double taxation in India. 2. This study emphasizes the need for a harmonized global approach to improving international tax solutions.

6	Kobylnik & Kateryna (2024)	Global digital asset transaction data, tax regulations in countries with large cryptocurrency markets, and literature studies on legal challenges in digital asset taxation (2021-2024)	Qualitative	Taxation of digital asset transactions is hampered by various challenges, such as the lack of standards uniformity, ambiguity of legal status, anonymity of transactions, and volatility of assets that affect valuation.
7	Druidz (2024)	International policy analysis on taxation of multinational companies, OECD documents on GloBE, and comparative studies of countries in the implementation of the global minimum tax (2020-2024).	Qualitative	The future of international tax law will emphasize bilateral and multilateral agreements to address global tax challenges, introducing new rules such as GloBE to implement a global minimum tax rate of 15%, as well as shifting the focus from corporate taxation to individual taxation.
8	Li (2024)	OECD report on tax avoidance, latest international tax data and literature review on international tax policy changes to address tax avoidance (2020-2024)	Qualitative	The international tax system now prioritizes combating aggressive tax planning rather than simply addressing double taxation issues.

9	Usman & Saha (2022)	Global digital economy data, government reports on digital economy growth, case studies of developing countries in implementing tax regulations in the digital sector (2020-2022).	Qualitative	The digital economy drives growth and innovation, but challenges existing tax systems due to the emergence of new business models fueled by rapid technological advances.
10	Zvierieva (2024)	Data on international tax sharing and issues of tax residence sharing between countries, with case examples from Ukraine and other European countries (2020-2024)	Qualitative	International cooperation between countries is very important to improve trade and security relations, especially in difficult conditions such as pandemics and wars.
11	Wang (2024)	Fiscal policy data in China, government report on rural revitalization, and literature studies on fiscal- urban-rural integration influenced by taxes (2020-2024)	Qualitative	Identifying challenges in the development of urban- rural integration influenced by fiscal and taxation policies under China's rural revitalization strategy.

12	Heffron & Sheehan (2020)	Energy policy data in developing countries, report on the impact of the financial crisis and the COVID-19 pandemic on fiscal policies in developing countries, international literature review (2020-2024).	Qualitative	Developing countries need strategic tax policies for sustainable economic growth and international cooperation to address aggressive tax planning.
13	Duran (2022)	Tax policy data in developed countries, a report on the global minimum tax, and an analysis of its impact on multinationals after the f inancial crisis (2020-2024)	Qualitative	Global minimum tax plays an important role in addressing international tax challenges with its principles, rationality and impacts analyzed in this study.
14	Haq & Ahmed (2022)	Data on the digital economy in developing countries such as Pakistan, a report on the impact of technology on taxation, and a comparative study of tax regulations in developing countries (2020-2022).	Qualitative	The digital economy creates both opportunities and challenges for global taxation, especially for developing countries like Pakistan, in terms of tax compliance and regulation.
15	Kovalska (2020)	International tax treaty data research on the development of the concept of permanent establishment in developing and developed countries, and the implementation of taxes	Qualitative	Mechanism Current taxation is not yet effective enough to distribute tax rights fairly between jurisdictions.

		cross country (2020-2024).		
16	Polezharova (2020)	Data on transfer pricing, literature studies on tax policies in maintaining national welfare, and reports on tax regulations for multinational companies (2020-2024).	Qualitative	Providing solutions for policy makers to address tax challenges related to MNCs and the digital economy.
17	Mpofu & Moloi (2022)	Fiscal policy data in Africa, report on digital tax, as well as literature studies on the implementation of digital tax in African countries (2020-2022)	Qualitative	The development of the digital economy makes tax collection difficult, so countries need more effective strategies to increase revenue from digital transactions.
18	Clausing (2024)	US corporate tax policy data post-Tax Cuts and Jobs Act, case studies on the impact of corporate taxes on global investment locations, and analysis of the impact of these policies (2020-2024)	Qualitative	US corporate taxation faces a dilemma between preventing tax base erosion and maintaining the global competitiveness of multinational companies.
19	Akintobi et al. (2024)	Data on digital tax policies and their impact on the global digital economy, literature review on global tax challenges and opportunities for sustainable growth (2020-2024).	Qualitative	Harmonization of tax policies is important for balancing fairness, innovation and compliance. International collaboration and modernization of the tax framework to support digital transformation is recommended.

20	Hours (2025)	International tax incentive policy data, OECD reports, comparative study of countries in the application of tax incentives for trade and investment (2020-2025)	Qualitative	A balanced tax incentive design is needed to support investment, protect trade interests, and ensure fair outcomes with transparent incentive application.
21	Soares (2023)	Data on the fiscal attractiveness of Portuguese cities, a report on tax policies to boost local and international investment, and a literature study on fiscal competition (2020-2023).	Qualitative	The tax collection model in each municipality influences local competitiveness and enables tax policy as a tool to attract investment by reducing the tax burden.
22	Podolsk (2023)	EU tax policy data, reports on tax policy priorities in Europe, and international literature studies on tax avoidance and aggressive tax planning (2020-2023)	Qualitative	The main priorities of EU tax policy include the fight against tax fraud, aggressive tax planning, tax avoidance and harmful tax competition.
23	Zuhrav (2023)	Data on anti-tax evasion policies in post-Soviet countries, applicable international legal documents, as well as analysis of tax evasion measures in these countries (2020-2023).	Qualitative	Comprehensive analysis of anti-tax evasion measures in international tax policy and national tax systems in post-Soviet countries based on applicable international legal documents and acts.

24	Evans (2022)	Data on the influence of fiscal policy on foreign investment flows in Kenya, as well as a literature study on the relationship between external debt and investment. foreign (2020-2022)	Qualitative	Government spending on infrastructure has a significant positive relationship with FDI, while external debt has a significant negative relationship with FDI.
25	Hoffman & Riedel (2021)	Data on global corporate tax competition, literature study on the impact of low taxes on investment location and profits of multinational companies (2020-2021).	Qualitative	Low corporate tax rates affect the investment location and profits of multinational companies.

Source: Researcher Processing, 2025

3. RESULTS AND DISCUSSION

Table 2. Journal & Article Sources

No	Journal Name	Index Accreditation	Q	Amount Article
1	World Journal of Advanced Research and Reviews	DOAJ	-	1
2	Journal of Social Sciences and Humanities DOAJ		-	1
3	Journal of Internet Services and Information Security	Scopus	Q4	1
4	The Annals of the University of Oradea Economic Sciences	Scopus	Q4	1
5	Journal of Management Research and Analysis	DOAJ	-	1
6	Economics Finance Law	Scopus	Q3	1
7	International Journal of Business and Management	DOAJ	-	1
8	Journal of Internet Services and Information Security	Scopus	Q4	1
9	Asian Journal of Economics and Banking	Scopus	Q3	1
10	Economic Horizons	Scopus	Q4	1
11	Journal of Business Research	Scopus	Q1	1
12	Journal of Energy & Natural Resources Law	Scopus	Q2	1
13	Odü Sosyal Bilimler ra t rmalar Dergisi d so ad	DOAJ	-	1
14	International Journal of Finance and Economics	Scopus	Q3	1

15	Economics Finance Law	Scopus	Q3	1
16	European Journal of Management and Business Economics	Scopus	Q4	1
17	African Journal of Business Ethics	Scopus	Q3	1
18	Journal of Economic Perspectives	Scopus	Q1	1
19	International Journal of Advanced Economics	Scopus	Q3	1
20	Global Trade and Customs Journal	Scopus	Q3	1
21	Journal of International Business Studies	Scopus	Q1	1
22	European Journal of Economics and Management	Scopus	Q4	1
23	International Journal of Business Strategy	Scopus	Q3	1
24	International Journal of Finance and Accounting	Scopus	Q3	1
25	Journal of Financial Markets	Scopus	Q2	1

Source: Researcher Processing, 2025

Table 2 presents the sources of journals and articles used in this study, which include 25 journals with various publications from 2020-2025. Most of the reference journals have been indexed by Scopus, with classifications Q1 to Q4, as well as several journals indexed by DOAJ. From the table, it can be seen that 16 articles were published in Scopus-indexed journals, with a Q1 distribution of 3 articles, Q2 of 2 articles, Q3 of 7 articles, and Q4 of 4 articles. Meanwhile, there are 6 articles published in DOAJ-indexed journals, which do not have a Q classification. Some of the journals with the highest ranking (Q1) include the Journal of Business Research, Journal of Economic Perspectives, and Journal of International Business Studies. This shows that some of the references in this study come from journals with high academic reputations. There are variations in the fields of study in the journals used, including economics, management, business, finance, and law. This diversity reflects a multidisciplinary approach in the research conducted. Thus, the selection of journal sources that have been indexed and have good academic credibility is expected to strengthen the validity of this research.

Table 3. Theories Used

No.	*Grand Theory*	Amount Journal	Journal Writer
1	*Agency Theory*	5	Usman & Saha (2022) Huang (2024) Akintobi, et al (2024) Zuhraw (2024)
2	*Stakeholder Theory*	4	Hoffman & Riedel (2024) Mariana (2024) Karuna (2024) Mpofu & Moloi (2022)
3	*Resource Based View (RBV)*	3	Evans (2022) Wang (2024) Soares (2023)
4	*Institutional Theory*	3	Podolsk (2023) Zviereva (2024) Heffron & Sheeshan (2020)
5	*Signaling Theory*	2	Clausing (2024) Huang (2024)
6	*Prospect Theory*	2	Duran (2022) Li (2024)
7	*Behavioral Economics*	2	Sea (2025) Druidz (2024)

	Theory		Polezharova (2020)
8	*Legitimacy Theory*	2	Kovalska (2020) Soekarno et al. (2024)
9	*Social Exchange Theory*	1	Ariyibi (2024)
10	*Transaction Cost Theory*	1	Kobylnik & Kateryna (2024)

Source: Researcher Processing, 2025

Table 3 shows the main theories used in the journals that are references in this study. *Agency Theory* is the most widely used theory with 5 journals, reflecting the many studies that highlight the relationship between principals and agents in business and economic management. Furthermore, *Stakeholder Theory* is used in 4 journals, emphasizing the importance of stakeholders in corporate decision making. *Resource-Based View* (RBV) and *Institutional Theory* each appear in 3 journals, showing attention to resource-based advantages and the role of institutions in shaping business strategy. Other theories such as *Signaling Theory, Prospect Theory, Behavioral Economics Theory,* and *Legitimacy Theory* used in 2 journals respectively, while *Social Exchange Theory* and *Transaction Cost Theory*

only used in 1 journal.

The research methods contained in the 25 references above are as follows:

Table 4. Research Methods

No	Researcher	Title	Method
1	Ariyibi (2024)	Addressing the challenges of taxation E-commerce and digital services in the globalized economy	Qualitative
2	Soekarno et al. (2024)	Carbon Tax as Policy Instruments to Encourage Energy Transition and Sustainable Economic Growth	Qualitative
3	Huang (2024)	Quantifying Taxation Policy Effectiveness: The Mediating Role of Big Data and Moderation Influence of Digitalization	Quantitative
4	Mariana (2024)	Elements Of Taxation And Their Economy Effects	Qualitative
5	Karuna (2024)	International double taxation: Interpretation in the Indian context and general mitigation Measures	Qualitative
6	Kobylnik & Kateryna (2024)	Legal regulation of taxation of transactions with digital (virtual) assets	Qualitative

7	Druidz (2024)	Some thoughts about the past and future of international tax law	Qualitative
8	Li (2024)	Paradigm Shift: International Taxation Move from Double Taxation Remedies to the Battle Against Aggressive Tax Planning	Qualitative
9	Usman & Saha (2022)	An Overview of Tax Challenges of Digital Economy	Qualitative
10	Zviereva (2024)	*How the States Divide Income or Tax Residence (on the Example of Ukraine)*	Qualitative
11	Wang (2024)	*Research on Fiscal and Taxation Policies for Urban-Rural Integration and Development in the Context of Rural Revitalization Strategy*	Qualitative
12	Heffron & Sheehan (2020)	*Rethinking International Taxation and Energy Policy Post COVID-19 and the Financial Crisis for Developing Countries*	Qualitative
13	Duran (2022)	*Renewal of International Tax Rules and Implementation of Global Minimum Corporate Tax on Earnings of Some Multinational Corporations*	Qualitative
14	Haq & Ahmed (2022)	*Taxing the Digital Economy: Domestic and Global Challenges*	Qualitative
15	Kovalska (2020)	On development of the concept of permanent establishment in the age of digitalization	Qualitative

16	Polezharova (2020)	Assessment of Measures for Tax Regulation of Transfer Pricing	Qualitative
17	Mpofu & Moloi (2022)	Direct Digital Services Taxes in Africa and the Canons of Taxation	Qualitative
18	Clausing (2024)	US International Corporate Taxation after the Tax Cuts and Jobs Act	Qualitative
19	Akintobi et al. (2024)	The Role of Tax Policies in Shaping the Digital Economy: Addressing Challenges and Harnessing Opportunities for Sustainable Growth	Qualitative
20	Sea (2025)	Optimizing Policy Synergies: The Role of Tax Incentives in International Trade and Investment Competition, Competitiveness	Qualitative
21	Soares (2023)	and Municipal Fiscal Attractiveness: Proposal of an Index for Measuring the Tax Attractiveness of Portuguese Municipalities (IMAF)	Qualitative
22	Podolsk (2023)	Tax Law of the European Union: Tax Policy Priorities	Qualitative
23	Zuhrav (2023)	Analysis of Anti- Avoidance Measures in the Tax System of the Post-Soviet Countries	Qualitative
24	Evans (2022)	Effect of Fiscal Policy on Foreign Direct Investment Inflows in Kenya	Qualitative
25	Hoffman & Riedel (2021) Corporate Tax	Competition	Qualitative

The research methods contained in the 25 references above are as follows:

Figure 1. Research Methods Used

In this study, the research methods used in 25 references are more qualitative (24 articles) than quantitative (1 article). This can be explained through several main reasons. First, the nature of the study in international taxation is complex, involving aspects of regulation, policy, and political and economic dynamics between countries. Therefore, research in this field often uses a qualitative approach to understand the interpretation of taxation policies between countries, the impact of regulatory changes on taxpayers and the economy, comparison of tax systems in various jurisdictions, and the challenges of implementing and complying with international tax policies. Second, in *the Systematic Literature Review,* the qualitative approach is more dominant because its main focus is on content analysis of tax policies, trends, and challenges that have been studied in previous studies. Also, to identify research *gaps* and synthesize findings from various articles without using statistical calculations.

4.1 Development of International Taxation in the Digital Era

The development of international taxation in the digital era faces increasingly complex challenges, especially with the increasing internet-based economic activity. According to Ariyibi (2024), one of the main problems in *e-commerce* taxation is the unclear definition of *permanent establishment* which hinders the application of taxes on digital income. The traditional taxation system that relies on the physical presence of a company is no longer relevant in the digital economy, so a more flexible and inclusive framework is needed.

The use of technology and *big data* has influenced the effectiveness of tax policies. Huang's (2024) research found that digital infrastructure and data analysis play a role in improving tax compliance and reducing tax avoidance practices. In this case, the use of technology not only strengthens tax supervision but also enables higher transparency in the international tax system.

Several countries have adopted digital service taxes as a temporary measure to address tax issues in the digital economy. However, this measure often triggers international trade tensions. Therefore, global cooperation is needed to develop more integrated and fair policies to address digital tax challenges (Ariyibi, 2024).

4.2 Carbon Tax and Global Economic Sustainability

The implementation of carbon tax is one of the main strategies in encouraging energy transition and global economic sustainability. Soekarno et al. (2024) stated that carbon tax can reduce greenhouse gas emissions and encourage investment in clean energy. However, this policy has caused debate because its impact on economic growth is not fully understood. Several countries have implemented carbon taxes with various approaches. European countries, for example, implement an emissions trading system to control pollution, while developing countries face challenges in implementing similar policies due to economic and technological limitations. Therefore, international coordination is needed to ensure that carbon tax policies are not only effective in reducing emissions but also fair to all countries.

The implementation of a carbon tax can be an important instrument in a more sustainable international taxation. If implemented well, this policy can provide incentives for companies to reduce their carbon footprint, while creating a new source of revenue for governments to support environmental and sustainable development programs.

4.3 Double Taxation and Harmonization of International Tax Policy

International double taxation is a major challenge in the global tax system. Karuna's (2024) research highlights that many multinational companies face barriers in cross-border trade due to double taxation. Different legal interpretations across countries complicate the situation, giving rise to the need for harmonization of tax policies.

Several mitigation measures have been proposed, including strengthening bilateral and multilateral tax treaties. A harmonized global approach could help address these issues by providing legal clarity and reducing the tax burden on companies operating internationally. This is important to improve the competitiveness of the global economy and ensure that taxes collected do not hinder economic growth (Karuna, 2024).

The introduction of a global minimum tax standard, as suggested in the GloBE initiative, is also a strategic step in addressing the challenges of double taxation. Druidz's (2024) research shows that with a minimum tax rate of 15%, countries can prevent tax avoidance practices by multinational companies, while creating a fairer and more transparent tax system.

4.4 Digital Asset Tax Regulations

Digital assets, including *cryptocurrencies* and virtual transactions, present new challenges in international taxation. Research by Kobylnik & Kateryna (2024) identified that the absence of uniform tax standards and the ambiguity of the legal status of digital assets are the main obstacles in taxing digital transactions. Currently, several countries have implemented tax policies on digital assets with various approaches. Some treat digital assets as taxable goods, while others consider them as investments with more flexible tax treatment. This causes uncertainty for market players and opens up loopholes for tax avoidance.

To overcome these challenges, clearer regulations and harmonization of tax standards at the international level are needed. Collaboration between countries in formulating digital asset tax policies can help create tax fairness and reduce the risk of misuse of digital assets for tax avoidance purposes.

4.5 Paradigm Shift in International Tax Policy

In recent years, there has been a paradigm shift in international tax policy, from dealing with double taxation to combating aggressive tax planning. Li's (2024) research emphasizes that the current international tax system prioritizes fair sharing of benefits from multinational companies, as well as increasing cooperation between countries in combating tax avoidance practices.

New policies, such as anti-tax avoidance rules and the implementation of minimum tax rates, are strategic steps in creating a more transparent and efficient tax system. Li's (2024) research also notes that shifting focus from corporate taxation to individual taxation could change the international tax landscape in the future.

5. CONCLUSION AND SUGGESTIONS

International taxation continues to change as the digital economy evolves, global challenges emerge, and new policies are designed to create a fairer and more transparent tax system. Each section in this discussion provides an overview of how the world of taxation is adapting to these changes.

1. Development of International Tax in the Digital Era

The digital economy has changed the way companies operate globally. Many large tech companies can operate in multiple countries without a physical presence. This makes it difficult for countries to tax profits earned in their territory.

Large companies often exploit legal loopholes to shift profits to low-tax countries, thereby reducing the amount of tax they have to pay. To address this, countries have begun adopting digital tax policies, such as the Digital Services Tax (DST), and are supporting the OECD's global minimum tax proposal to ensure all companies pay a fairer share of taxes.

2. Challenges in Global Taxation

The international tax system faces various challenges, such as differences in rules between countries, the risk of double taxation, and low transparency in tax reporting. Double taxation is a major problem for companies operating in multiple countries because they can be subject to the same tax more than once.

The growth of digital assets such as cryptocurrencies also adds new challenges. Unclear regulations make tax oversight of digital transactions more difficult. Meanwhile, tax issues Carbon is also a matter of debate, with some countries hesitant to implement it because they are worried it could hamper the growth of industries that still rely on fossil fuels.

3. Global Tax Policy Innovation and Reform

To address these challenges, various policy reforms have been introduced. One of them is the implementation of *the Global Minimum Tax* with a minimum tax rate of 15% to prevent large companies from shifting profits to low-tax countries.

Technological advances are also being used to improve the tax system. Many countries are starting to use artificial intelligence and big data analysis to detect tax evasion and speed up the tax reporting process digitally.

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