

IMPACT OF DIGITAL ECONOMY ON TAX REVENUE OF REGISTERED TAXPAYERS IN SRI LANKA: EVIDENCE FROM CSE REGISTERED COMPANIES

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Abstract

Economic activities pattern is currently growing exponentially and very dynamic as a result of technology penetration into each activity line. Nowadays, business activity has become mobile and even intangible, where the physical form of a business entity is unnecessary and the business unit or each value chain of a corporate entity is becoming more integrated. Almost all countries need to change their tax policies in line with the new requirements of the digital economy. This study aims to find out whether tax revenue is affected by the digital economy in Sri Lanka and what kind of relationship between the digital economy and tax revenue. The research is quantitative in nature and will cover a time period ranging from 2014 to 2020 which sums up to seven years. Simple linear regression model is to be used to analyze the secondary data taken on the independent variable, computer literacy rate on the dependent variable, tax revenue. Tax revenue mainly covered the Value Added Tax (VAT) and Income Tax (IT) which are highly contributed to the total tax revenue in Sri Lanka. In the Sri Lankan context, this research can provide insights to what extent the digital economy affects the tax revenue in Sri Lanka.

Keywords: *Digital Economy, Computer Literacy Rate, Tax Revenue, Value Added Tax, Income Tax*