

Tax Regulatory Reforms and Business Sustainability in the Palm Oil Sector: A Systematic Review

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ABSTRACT

The palm oil industry is vital to the regional economy but faces significant challenges regarding tax management and compliance with evolving regulations. Despite the Omnibus Law's aim to simplify Indonesia's tax system and enhance transparency, its specific impacts on tax management strategies in the palm oil sector remain poorly understood. This study examines the impact of tax regulatory reforms on tax management strategies and business sustainability in the palm oil plantation sector in Central Sulawesi. Through a systematic literature review, this research synthesizes existing studies on tax management, regulatory changes, and sustainability practices in the palm oil industry. The findings highlight that while tax reforms have improved compliance and incentivized sustainable practices, businesses still face challenges in adapting to the frequent regulatory changes and balancing sustainability with financial pressures. Tax incentives for sustainable practices, such as reforestation and carbon emission reduction, have become key motivators for companies to integrate environmental and social responsibility into their operations. However, barriers such as high implementation costs and inconsistent adoption across businesses hinder full compliance. This research contributes to understanding how tax reforms can be leveraged to foster sustainability in the palm oil sector, especially in emerging markets like Indonesia.

Submitted:
NOVEMBER 2025

Accepted:
DECEMBER 2025

Keywords: Business Sustainability, Corporate Tax Incentives, Palm Oil, Tax Regulatory Reforms, Systematic Literature Review.

ABSTRAK

Industri kelapa sawit memiliki peran penting dalam perekonomian regional, namun menghadapi tantangan signifikan terkait pengelolaan pajak dan kepatuhan terhadap regulasi yang terus berkembang. Meskipun Undang-Undang Omnibus bertujuan menyederhanakan sistem pajak dan meningkatkan transparansi di Indonesia, dampak spesifiknya terhadap strategi pengelolaan pajak di sektor kelapa sawit masih kurang dipahami. Penelitian ini menganalisis dampak reformasi regulasi pajak terhadap strategi pengelolaan pajak dan keberlanjutan bisnis di sektor perkebunan kelapa sawit di Sulawesi Tengah. Melalui systematic literature review, penelitian ini mensintesis studi-studi yang ada mengenai pengelolaan pajak, perubahan regulasi, dan praktik keberlanjutan di industri kelapa sawit. Hasil penelitian menunjukkan bahwa meskipun reformasi pajak telah meningkatkan kepatuhan dan mendorong praktik berkelanjutan, perusahaan masih menghadapi tantangan dalam beradaptasi dengan perubahan regulasi yang sering dan menyeimbangkan keberlanjutan dengan tekanan finansial. Insentif pajak untuk praktik berkelanjutan, seperti reforestasi dan pengurangan emisi karbon, telah menjadi motivator utama bagi perusahaan untuk mengintegrasikan tanggung jawab sosial dan lingkungan dalam operasi mereka. Namun, hambatan seperti biaya implementasi yang tinggi dan adopsi yang tidak konsisten di antara perusahaan menghalangi kepatuhan penuh. Penelitian ini memberikan kontribusi untuk memahami bagaimana reformasi pajak dapat dimanfaatkan untuk mendorong keberlanjutan di sektor kelapa sawit, khususnya di pasar berkembang seperti Indonesia.

Kata kunci: Keberlanjutan Bisnis, Insentif Pajak Perusahaan, Minyak Sawit, Reformasi Regulasi Pajak, Tinjauan Literatur Sistematis.

JIAKES

Jurnal Ilmiah Akuntansi
Kesatuan
Vol. 13 No. 6, 2025
pp. 1841-1852
IBI Kesatuan
ISSN 2337 – 7852
E-ISSN 2721 – 3048
DOI: 10.37641/jiakes.v13i6.4518

INTRODUCTION

The palm oil plantation sector in Central Sulawesi remains a cornerstone of the region's economy, contributing significantly to employment, household income, and gross regional domestic product. Nevertheless, the industry continues to face complex challenges in tax management and compliance amid frequent regulatory changes that directly affect long-term business sustainability (Lawal et al., 2017; Ngan et al., 2022; Wibowo, 2024). Over the past decade, the Indonesian government has introduced a series of tax regulatory reforms designed to increase efficiency, reduce administrative burdens, and strengthen transparency across all economic sectors (Nuryanah et al., 2023; Pramono et al., 2024; Judijanto, 2024).

These reforms, most notably the 2020 Omnibus Law on Job Creation and its implementing taxation cluster regulations, seek to create a more conducive investment climate while simultaneously tightening oversight of environmentally sensitive industries such as palm oil (Rahman et al., 2025; Nahwan et al., 2025; Hafizar et al., 2025). Despite the broad scope of these policy changes, in-depth analyses of their specific implications for tax management strategies and sustainability practices within the palm oil plantation sector, particularly at the regional level in Central Sulawesi, remain scarce (Putri et al., 2022; Supriatna et al., 2024; Gunawan, 2025). This gap is critical because palm oil companies in the region operate under unique fiscal, ecological, and social pressures that are not fully addressed by national-level studies alone.

A clear research gap exists in understanding how tax regulatory reforms influence the long-term business strategies and sustainability of palm oil plantations. Slemrod and Bakija (2017) study primarily focus on general tax compliance and the implementation of tax reforms in broader economic contexts, but limited attention has been given to the specific dynamics within the palm oil plantation industry, especially in regions like Central Sulawesi. Moreover, the intersection of tax regulation, management strategies, and business sustainability in this sector remains underexplored in existing literature. The urgency of this research stems from the growing importance of sustainability in the palm oil sector, which is now facing global pressure to adhere to stricter environmental and ethical standards (Pareira, 2021; Mutasowifin & Dwitaningsih, 2022). This study fills the existing gap by specifically examining the impact of tax regulatory reforms on tax management strategies and business sustainability in Central Sulawesi's palm oil sector, offering novel region-focused insights that remain largely overlooked in the broader literature.

The purpose of this article is to explore the relationship between tax regulatory reforms and business sustainability in the palm oil plantation sector in Central Sulawesi. Through this exploration, the study will investigate how businesses in this sector adapt their tax management strategies in response to regulatory changes and the resulting implications for long-term sustainability. The methodology adopted includes a qualitative analysis of secondary data with key stakeholders in the sector. This approach aims to uncover the strategic decisions made by businesses in response to regulatory changes and assess their effectiveness in fostering sustainable practices. By focusing on this intersection, this study aims to provide actionable insights for policymakers, business leaders, and researchers interested in understanding the broader implications of tax reforms in the context of the palm oil plantation industry. The research contributes to the discourse on sustainable development in the palm oil sector, particularly in emerging markets like Indonesia.

LITERATURE REVIEW

Tax Regulatory Reforms in Indonesia

In recent years, Indonesia has undertaken several significant tax regulatory reforms aimed at improving tax compliance, increasing efficiency, and enhancing the business climate. These reforms are part of the broader national strategy to address the challenges faced by businesses, especially in sectors with large economic footprints such as agriculture and plantation industries. One of the key changes is the introduction of the Omnibus Law in 2020, which aimed at simplifying the regulatory environment, including

tax procedures, to foster a more business-friendly atmosphere (Saptono & Ayudia, 2021). These reforms seek to streamline tax collection processes, reduce the tax burden on businesses, and enhance transparency. However, the implementation of such reforms has also created challenges, particularly for industries like palm oil plantations, where businesses often grapple with complex supply chains, environmental concerns, and substantial governmental scrutiny. Research by Bhalla et al. (2022) highlights that although these reforms aim to improve the ease of doing business, their impact on tax compliance behavior and sectoral performance requires deeper investigation, especially in regions like Central Sulawesi. Understanding the nuances of these reforms within the context of the palm oil industry is crucial, as it will illuminate the extent to which these changes influence businesses' ability to adapt their tax strategies and manage risks in the face of evolving regulations.

Tax regulatory reforms have been a critical element in many countries' efforts to improve tax collection efficiency, reduce the tax burden on businesses, and ensure compliance. In Indonesia, the tax regulatory environment has undergone significant changes over the last decade, particularly with the introduction of the Omnibus Law aimed at simplifying the business climate (Saragi et al., 2024). Several studies have explored the effect of such reforms on corporate tax compliance, focusing on the challenges businesses face in adapting to new regulations. According to Amelia (2024) the implementation of tax reforms in Indonesia is intended to enhance tax transparency and improve business climate competitiveness. However, challenges remain in ensuring that reforms are effectively integrated at the sectoral level, particularly in industries like palm oil plantations, which face unique regulatory and environmental pressures. The reform process also impacts the decision-making framework of businesses, particularly in regard to tax management strategies that align with new regulations.

Tax Management Strategies in the Palm Oil Plantation Sector

Tax management in the palm oil plantation sector is particularly complex due to the industry's large-scale operations, the diverse range of taxes involved, and the sector's significant environmental and social footprint. Tax management strategies in this sector must be robust, adaptable, and in compliance with both national tax regulations and international standards. Given the regulatory reforms in Indonesia, businesses in the palm oil sector need to adopt tax management strategies that align with both corporate goals and compliance requirements. Effective tax planning and management strategies are crucial for mitigating risks, optimizing tax liabilities, and ensuring long-term financial sustainability. According to Wardhani and Rahadian (2021), tax planning in the palm oil sector often involves strategic decisions related to fiscal incentives, such as tax breaks for sustainable practices or environmental stewardship. The role of tax management becomes even more critical when companies face heightened global pressure to meet sustainability standards, including corporate tax transparency and the implementation of Sustainable Development Goals (SDGs). Palm oil companies, especially in Central Sulawesi, must strategically navigate tax management by not only complying with regulatory requirements but also by incorporating environmental and ethical considerations into their operations. This multidimensional approach can influence a company's competitiveness and its ability to sustain operations in a globalized and increasingly regulated market.

The palm oil plantation sector in Indonesia has faced significant challenges regarding tax management, compliance, and sustainability, especially in light of changing regulatory landscapes. Wardhani and Rahadian (2021) argue that the palm oil sector has a unique structure that demands specific tax management strategies, as businesses must balance financial goals with environmental and social responsibilities. The complexity of the sector, with its diverse supply chains and significant environmental footprint, makes it a prime candidate for targeted tax management strategies that address both compliance and sustainability. Tax planning within the palm oil industry typically involves identifying tax incentives for sustainable practices and ensuring compliance with both national and

international regulations. Nurfatriani et al. (2022) note that many palm oil companies, particularly in Indonesia, are exploring tax incentives tied to sustainable practices such as reforestation and responsible sourcing. These incentives, combined with strategic tax planning, are critical for enhancing the financial sustainability of businesses in the palm oil sector.

Business Sustainability in the Palm Oil Sector

Business sustainability in the palm oil sector has become a focal point for both policymakers and stakeholders in response to increasing concerns over deforestation, environmental degradation, and social impacts of large-scale plantation operations. Sustainability in the palm oil sector involves a balance of economic, social, and environmental factors, where companies are expected to adopt practices that contribute to long-term profitability while minimizing their negative impacts (Magroaini et al., 2025). The role of tax regulatory reforms in this context is significant, as such reforms can incentivize sustainable practices and encourage companies to implement practices that align with global sustainability standards. As noted by Pareira (2021), the palm oil sector has faced immense pressure to reduce its environmental footprint, adopt responsible labor practices, and meet international certifications like the Roundtable on Sustainable Palm Oil (RSPO). Tax incentives, along with robust regulatory frameworks, can provide businesses with the necessary tools to integrate sustainability into their operational strategies. Moreover, as businesses face increasing demands for transparency, especially regarding Environmental and Social Governance (ESG) factors, tax reforms that incentivize green practices could become a driving force for broader industry transformation. The complexity of business sustainability in the palm oil sector calls for a comprehensive approach, where tax regulations and business strategies are intertwined, enabling companies to thrive financially while fulfilling their environmental and social obligations.

Incentives and Compliance

Sustainability in the palm oil sector is a complex issue that involves economic, social, and environmental considerations. As one of the most controversial agricultural products globally, palm oil is often criticized for its environmental impacts, particularly deforestation, biodiversity loss, and greenhouse gas emissions. However, sustainability efforts in the sector have gained momentum, particularly in response to both regulatory pressures and consumer demands for more ethically produced products. According to Wardhani and Rahadian (2021), the integration of sustainable practices in the palm oil industry is not only about environmental responsibility but also about enhancing long-term business viability. Tax regulatory reforms have increasingly been used to incentivize sustainability efforts, with governments offering tax credits or exemptions for companies that comply with environmental standards or adopt green technologies. As noted by Agu et al. (2024), businesses that integrate sustainable practices into their operations often experience improved brand loyalty and access to international markets, which can contribute to their long-term success. However, the challenge remains in ensuring that tax policies are designed in a way that supports meaningful sustainability practices rather than offering superficial compliance.

RESEARCH METHODS

This study employed a Systematic Literature Review (SLR) following the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines to examine the impact of tax regulatory reforms on tax management strategies and business sustainability in Indonesia's palm oil sector. The search was conducted in November 2025 using Scopus and Google Scholar as the primary database with the main search string "corporate tax incentives" combined with additional terms "palm oil", "sustainability", "Indonesia", and "tax reform" in the title, abstract, and keywords fields. The publication period was restricted to 2020–2025 to capture literature following the enactment of the

Omnibus Law on Job Creation and subsequent taxation regulations. Only English-language peer-reviewed journal articles, conference papers, and review articles were included, while books, book chapters, editorials, and non-academic reports were excluded.

The initial search yielded 89 records. After removing 35 records published outside the 2020–2025 timeframe and 5 records marked ineligible by the Scopus automation tool, 49 records remained for title and abstract screening. Full-text assessment of these 49 records identified 49 studies that were highly relevant to the research objectives. Of these, full-text could not be retrieved for 22 records due to access restrictions, leaving 27 studies eligible for inclusion. No additional records from secondary sources (grey literature or manual searches) were included, ensuring all included studies met the same quality and peer-review standards. The complete selection process is presented in Figure 1.

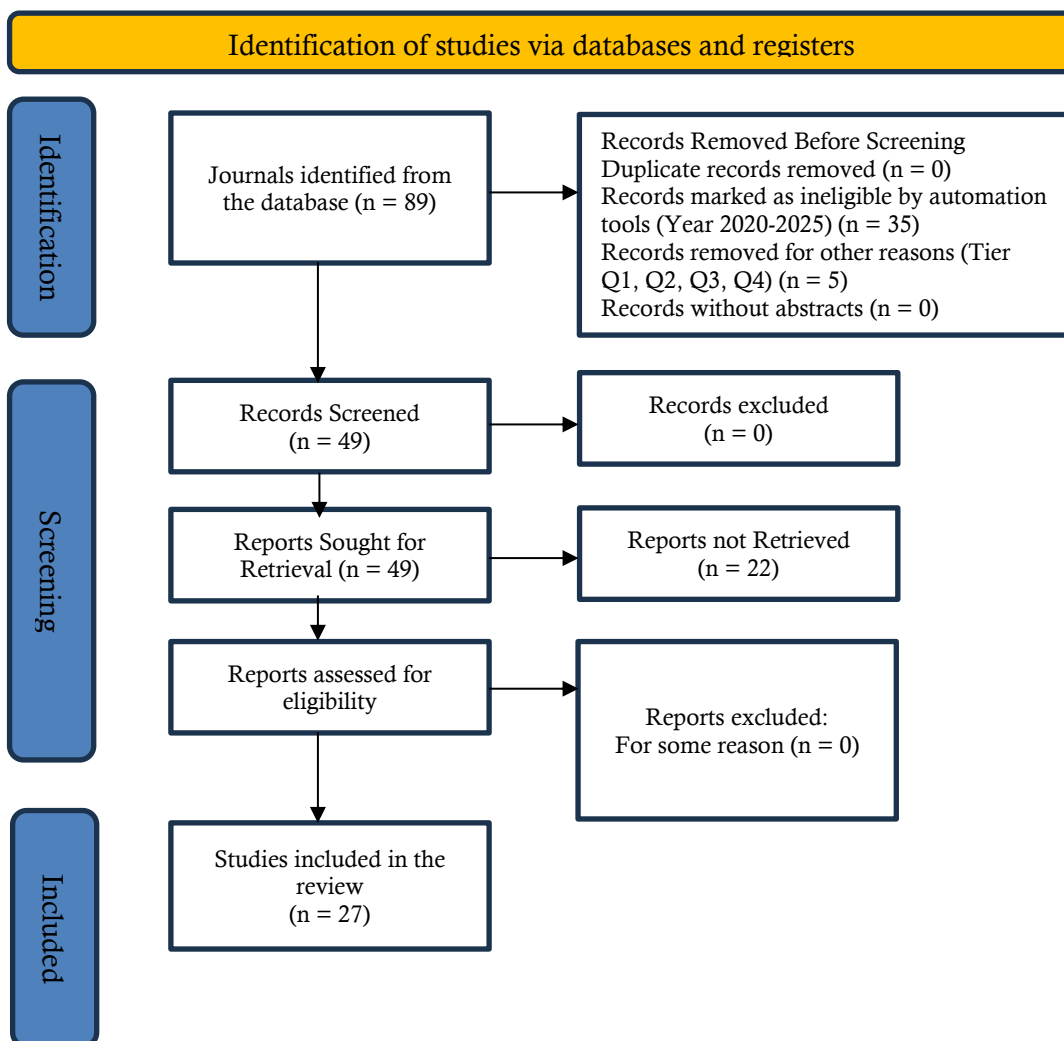


Figure 1. PRISMA Flow Diagram

Data extraction focused on study characteristics, type of tax reform or incentive examined, tax management strategies identified, sustainability dimensions addressed, and key findings relevant to the palm oil sector. Thematic synthesis was subsequently performed to identify recurring patterns and gaps. The use of PRISMA guidelines, a clearly defined search string, explicit inclusion/exclusion criteria, and a single large academic database ensured transparency, reproducibility, and minimised selection bias. The final sample of 27 studies provided sufficient breadth and depth to critically analyse how recent Indonesian tax regulatory reforms, particularly the Omnibus Law and associated fiscal incentives, influence tax planning and long-term sustainability practices

in the palm oil industry, with particular attention to regional implications for Central Sulawesi.

RESULTS

The Impact of Tax Regulatory Reforms on Tax Management Strategies

Recent tax regulatory reforms in Indonesia, most prominently the 2020 Omnibus Law on Job Creation and its implementing regulations, have significantly reshaped tax management practices in the palm oil plantation sector (Saptono & Ayudia, 2021; Saragi et al., 2024). These reforms were designed to streamline procedures, reduce bureaucratic obstacles, and create a more investment-friendly environment while simultaneously strengthening fiscal transparency and compliance enforcement (Nuryanah et al., 2023; Amelia, 2024). Studies consistently report that palm oil companies, including those operating in Central Sulawesi, have experienced marked improvements in tax compliance levels as a direct result of clearer reporting obligations and the introduction of structured fiscal incentives (Bhalla et al., 2022; Akinsola, 2025).

Despite these advances, the frequent amendments to tax rates, thresholds, and compliance mechanisms have created adaptation challenges for palm oil businesses (Saragi et al., 2024). Companies now face heightened complexity in aligning internal tax processes with rapidly evolving regulations, often requiring substantial investment in training and system upgrades (Nuryanah et al., 2023). Wardhani and Rahadian (2021) highlight that firms in the sector have responded by achieving greater transparency and accuracy in tax reporting, yet many still struggle with the administrative burden imposed by successive regulatory changes.

The literature further reveals that these tax reforms do not operate in isolation but intersect with increasing global demands for environmental and social accountability in the palm oil industry (Khojastehpour & Shams, 2020). Businesses are therefore compelled to integrate environmental and social governance considerations into their tax planning, using available fiscal incentives as a bridge between regulatory compliance and broader sustainability objectives (Wardhani & Rahadian, 2021; Akinsola, 2025). While the reforms have undoubtedly strengthened compliance and transparency, their success in the palm oil sector depends heavily on companies' ability to navigate persistent regulatory volatility and align tax strategies with long-term sustainability goals.

In response to recent tax regulatory reforms, palm oil companies in Central Sulawesi have adopted a variety of proactive tax management strategies aimed at optimising liabilities while ensuring full compliance (Saptono & Ayudia, 2021; Bhalla et al., 2022). The most prominent strategy emerging from the reviewed studies is the strategic utilisation of government-provided tax incentives explicitly linked to environmental and sustainability performance (Seymour et al., 2020; Nurfatriani et al., 2022; Huang et al., 2024). These incentives, ranging from reduced corporate income tax rates to accelerated depreciation for green investments, have encouraged firms to integrate reforestation, biodiversity protection, and low-carbon practices into core operations, thereby simultaneously lowering tax burdens and strengthening environmental credentials (Jin, 2025; Zhao et al., 2025).

A second widely observed strategy is the increasing reliance on external tax advisors and specialised consultants to interpret complex and frequently updated regulations (Chooi, 2020; Dermawan, 2022). Palm oil businesses, operating across extensive supply chains and multiple jurisdictions, face significant challenges in identifying eligible incentives and maintaining audit-ready documentation; professional expertise has thus become essential for maximising fiscal benefits without incurring compliance penalties (Wardhani & Rahadian, 2021). Several studies also note that larger plantation companies have invested substantially in digital tax reporting systems and Enterprise Resource Planning (ERP) modules to improve real-time accuracy and reduce human error in high-volume transactions (Bhalla et al., 2022; de Andrade Silva, 2025).

The literature indicates that successful tax management in the sector now requires an integrated approach that combines incentive-driven sustainability initiatives with

professional advisory support and technology-enabled reporting (Wardhani & Rahadian, 2021; Huang et al., 2024). Companies that effectively implement this triad not only achieve greater tax efficiency but also position themselves more favourably in international markets that increasingly demand verifiable environmental and governance performance alongside fiscal compliance (Seymour et al., 2020; Jin, 2025).

Business Sustainability in the Palm Oil Sector

The reviewed studies consistently show that recent tax regulatory reforms have accelerated the integration of sustainability practices into the core operations of palm oil companies, transforming fiscal compliance into a strategic lever for long-term viability (Meijaard et al., 2020; Pacheco et al., 2020; Ngan et al., 2022). Tax incentives tied to carbon-emission reduction, reforestation, and biodiversity conservation have emerged as powerful catalysts, enabling firms to align environmental responsibility with financial benefits and meet increasingly stringent international standards such as RSPO and ISPO (Seymour et al., 2020; Pareira, 2021; Samuel, 2025). Companies that actively utilise these incentives not only reduce their effective tax rates but also strengthen market positioning and stakeholder trust (Agu et al., 2024; Bhutto, 2024).

Nevertheless, adoption remains uneven across the sector. High upfront costs for green technologies, limited access to concessional financing, and insufficient awareness of long-term economic returns continue to impede smaller and medium-sized plantations from fully embracing sustainable practices (Ekins & Zenghelis, 2021; Escoto et al., 2022). These barriers are compounded by the complexity of balancing short-term profitability pressures with the triple-bottom-line demands of economic, environmental, and social performance (Loviscek, 2020; Freudenreich et al., 2020).

The literature concludes that tax-linked incentives represent one of the most effective policy tools currently available for driving genuine sustainability transitions in Indonesia's palm oil industry (Pacheco et al., 2020; Li et al., 2024). Firms that successfully overcome implementation barriers through strategic investment and incentive utilization are significantly more likely to achieve enhanced reputation, improved global market access, and greater resilience against future regulatory and environmental risks (Meijaard et al., 2020; Bhutto, 2024; Samuel, 2025).

Key Findings and Implications

The synthesis of the literature reveals that tax regulatory reforms have a significant impact on tax management strategies and business sustainability in the palm oil plantation sector in Central Sulawesi. The reforms have led to improvements in tax compliance and have incentivized businesses to adopt more sustainable practices. However, the implementation of these reforms has also introduced complexities, such as the need to continuously adapt to changing regulations. Despite these challenges, businesses are responding by adopting more sophisticated tax management strategies, including leveraging tax incentives, improving their tax reporting systems, and engaging external experts. These strategies, coupled with the incentives provided by the government, have helped businesses improve their sustainability practices. However, the full potential of these reforms has not yet been realized across the sector, and significant barriers remain for businesses seeking to integrate sustainability into their operations fully. Table 1 shows the main findings from the literature review for this study.

Table 1. Key Findings from the Literature Review

Theme	Key Findings	Relevant References
Tax Regulatory Reforms	Improved tax compliance and transparency in the palm oil sector; challenges in adapting to periodic regulatory changes; export levy adjustments to support biodiesel and reduce exporter burdens; Omnibus Law simplifications enhancing business climate but increasing scrutiny on environmental compliance.	Khojastehpour and Shams (2020), Saptono and Ayudia (2021), Wardhani and Rahadian (2021), Bhalla et al. (2022), Nuryanah et al. (2023), Amelia (2024), Saragi et al. (2024), and Akinsola (2025).
Tax Management Strategies	Adoption of tax incentives for sustainable practices; reliance on external tax advisors; use of digital systems for tax reporting; strategic planning involving fiscal breaks for environmental stewardship; optimization of liabilities through compliance with national and international standards.	Seymour et al. (2020), Chooi (2020), Saptono and Ayudia (2021), Wardhani and Rahadian (2021), Bhalla et al. (2022), Dermawan (2022), Nurfatriani et al. (2022), Huang et al. (2024), Jin (2025), Zhao et al. (2025), and de Andrade Silva (2025).
Business Sustainability	Positive impact of tax reforms on sustainability practices; inconsistent adoption of sustainability across businesses; incentives for reforestation and carbon reduction driving ESG integration; barriers like high costs and funding access limiting full compliance; role of certifications (RSPO, ISPO) in enhancing long-term viability.	Freudenreich et al. (2020), Loviscek (2020), Meijaard et al. (2020), Pacheco et al. (2020), Seymour et al. (2020), Ekins and Zenghelis (2021), Pareira (2021), Escoto et al. (2022), Ngan et al. (2022), Agu et al. (2024), Bhutto (2024), Li et al. (2024), and Samuel (2025).

DISCUSSION

The systematic review confirms that Indonesia's recent tax regulatory reforms, particularly the 2020 Omnibus Law and its taxation cluster regulations, have exerted a transformative yet uneven influence on the palm oil plantation sector in Central Sulawesi. Improved compliance and greater fiscal transparency are the most consistently reported outcomes (Nuryanah et al., 2023; Saragi et al., 2024; Amelia, 2024; Akinsola, 2025). Companies have responded by restructuring internal tax processes, investing in digital reporting tools, and engaging external advisors more intensively (Wardhani & Rahadian, 2021; Dermawan, 2022; Bhalla et al., 2022). These adaptations reflect a broader recognition that regulatory agility is now inseparable from operational survival in an industry facing simultaneous domestic fiscal scrutiny and international sustainability demands (Khojastehpour & Shams, 2020).

A central finding is the growing role of tax incentives as a bridge between fiscal efficiency and environmental responsibility. Incentives for reforestation, carbon-emission reduction, and biodiversity protection have proven effective in encouraging palm oil firms to embed sustainable practices into core business models (Seymour et al., 2020; Nurfatriani et al., 2022; Huang et al., 2024; Samuel, 2025). Companies that proactively leverage these mechanisms not only lower their tax burden but also gain competitive advantages in premium markets that reward verifiable sustainability credentials (Meijaard et al., 2020; Agu et al., 2024). However, the literature repeatedly highlights persistent barriers, high initial capital costs, limited access to green financing, and knowledge gaps regarding long-term returns, that continue to restrict broader adoption, especially among smallholder-linked enterprises (Ekins & Zenghelis, 2021; Escoto et al., 2022). This uneven implementation risks creating a two-tier industry in which only large, well-resourced players can fully capitalise on the dual fiscal and sustainability benefits of the reforms (Pacheco et al., 2020).

The findings align with stakeholder theory, which posits that firms must balance diverse and sometimes conflicting pressures from regulators, investors, and civil society (Freudenreich et al., 2020). In the palm oil context, tax reforms have expanded the range of salient stakeholders by explicitly linking fiscal privileges to environmental and social performance. Yet the same reforms have intensified short-term financial strain for many operators, illustrating the classic tension between immediate profit imperatives and longer-term sustainability goals (Loviscek, 2020; Bhutto, 2024). Without complementary

support measures, such as simplified application procedures for incentives, concessional loans for sustainability investments, or capacity-building programmes, the current policy framework may inadvertently widen existing inequalities within the sector (Li et al., 2024).

From a practical standpoint, the review suggests three key implications. First, policymakers should consider tiered or progressive incentive schemes that explicitly target small and medium-scale plantations, thereby reducing the current bias toward large corporations. Second, industry associations and government agencies could collaborate to establish regional “tax-and-sustainability” helpdesks in provinces like Central Sulawesi to improve awareness and technical capacity among local firms. Third, future tax reforms should prioritise regulatory stability, fewer but better-coordinated changes, to allow companies sufficient time to adjust internal systems and investment plans. Implementing these measures would strengthen the transformative potential of tax policy as a genuine driver of sustainable development in one of Indonesia’s most economically vital yet environmentally controversial sectors.

CONCLUSION

This study has examined the impact of tax regulatory reforms on tax management strategies and business sustainability in the palm oil plantation sector in Central Sulawesi. The findings indicate that recent tax reforms in Indonesia, particularly the 2020 Omnibus Law, have significantly improved tax compliance and financial reporting transparency while encouraging the adoption of sustainable practices through targeted environmental incentives. However, challenges persist, including the difficulty of adapting to frequent regulatory changes, high costs of implementing sustainability measures, inconsistent adoption across firms, and continued prioritization of short-term financial performance by some operators. Although the reforms have proven broadly beneficial, their full potential remains unrealised due to these barriers and the heavy reliance on external tax advisors and advanced reporting systems, which highlights the need for stronger government support in the form of clearer regulations, enhanced incentives, and capacity-building programs.

One key limitation of this study is its dependence on secondary data from existing literature, which may not fully reflect the most current developments or local realities in Central Sulawesi. Future research would therefore benefit from primary data collection through interviews or surveys with palm oil industry stakeholders to gain deeper, region-specific insights. Further studies are recommended to evaluate the effectiveness of specific tax incentives on sustainability outcomes, examine how government policies can better address financial and technical obstacles, and explore opportunities for regulatory innovation that more effectively promotes sustainable development in the sector, with particular attention to regional disparities and targeted interventions in areas such as Central Sulawesi.

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