Strategic Adaptation to Core Tax Administration System (CTAS): A Scenario Planning Analysis

Panji Agung Nugroho
Institut Teknologi Bandung; Bandung, Indonesia
E-Mail: panji_nugroho@sbm-itb.ac.id

Submitted:
FEBRUARY 2025

Accepted:
MAY 2025

ABSTRACT

Indonesia has introduced Core Tax Administration System (CTAS) as a foundation of its tax reform program in order to change tax administration with automation and integration. The subject research is PT Archroma Indonesia, a multinational chemical specialties manufacturing company. SWOT analysis shows that company's strong IT infrastructure backed by IT team, provides significant strengths in CTAS adaptation. In other side, weaknesses like insufficient Coretax's training, financial impact from system changes, and limited human resources hinder adaptation initiatives. CTAS's capacity to combine tax administration procedures, automate reporting, and reduce redundancy creates opportunities. In this case, threats consist of system downtime, operational disruptive, cybersecurity weaknesses, and regulatory uncertainty. Scenario planning investigates more the interaction of two important uncertainties: government system reliability and regulatory stability. The research finds that reducing Coretax risk depends on strategic agility, improved cross-department communication, and collaborative involvement of stakeholders. Early warning systems based on leading indicators such as system uptime and stable regulatory which allow company for quick adjustment in compliance strategies.

***Keywords**: Compliance Strategy, Coretax, Scenario Planning, Tax Reform*

ABSTRAK

Indonesia telah memperkenalkan Sistem Administrasi Pajak Inti (CTAS) sebagai landasan program reformasi pajaknya untuk mengubah administrasi pajak dengan otomatisasi dan integrasi. Subjek penelitian adalah PT Archroma Indonesia, sebuah perusahaan manufaktur multinasional khusus kimia. Analisis SWOT menunjukkan bahwa infrastruktur TI perusahaan yang kuat yang didukung oleh tim TI, memberikan kekuatan signifikan dalam adaptasi CTAS. Di sisi lain, kelemahan seperti pelatihan Coretax yang tidak memadai, dampak finansial dari perubahan sistem, dan sumber daya manusia yang terbatas menghambat inisiatif adaptasi. Kapasitas CTAS untuk menggabungkan prosedur administrasi pajak, mengotomatiskan pelaporan, dan mengurangi redundansi menciptakan peluang. Dalam hal ini, ancaman terdiri dari waktu henti sistem, gangguan operasional, kelemahan keamanan siber, dan ketidakpastian regulasi. Perencanaan skenario menyelidiki lebih lanjut interaksi dua ketidakpastian penting: keandalan sistem pemerintah dan stabilitas regulasi. Penelitian menemukan bahwa pengurangan risiko Coretax bergantung pada kelincahan strategis, peningkatan komunikasi lintas departemen, dan keterlibatan kolaboratif para pemangku kepentingan. Sistem peringatan dini berdasarkan indikator utama seperti waktu aktif sistem dan peraturan yang stabil yang memungkinkan perusahaan untuk penyesuaian cepat dalam strategi kepatuhan.

***Kata kunci**: Strategi Kepatuhan, Coretax, Perencanaan Skenario, Reformasi Pajak*

JIMKES

Jurnal Ilmiah Manajemen Kesatuan
Vol. 13 No. 3, 2025
pp. 1349-1362
IBI Kesatuan
ISSN 2337 – 7860
E-ISSN 2721 – 169X
DOI: 10.37641/jimkes.v13i3.3354

INTRODUCTION

The global push towards digitizing tax administration is driven by the need to enhance transparency, increase revenue collection efficiency, and combat tax evasion. International organizations such as the OECD have advocated for digital reforms to ensure fair tax practices among multinational enterprises (Almunia & Lopez-Rodriguez, 2018; Johannesen & Zucman, 2014). Many developed countries have embraced automation in tax systems such as Singapore's IRIN 3 and China's CTAIS 3 to streamline tax processes and improve compliance outcomes.

Despite global progress, developing countries, including Indonesia, face complex challenges in implementing such systems (Adhikari et al., 2021; Basri et al., 2021; Ispriyarso & Wibawa, 2023; Cindy & Chelsya, 2024; Judijanto, 2025). The introduction of the Core Tax Administration System (CTAS) under Indonesia's Directorate General of Taxes (DGT) is a critical move towards digital transformation. However, this shift has revealed major operational, technical, and regulatory issues, especially for corporations that are still adapting to the new compliance landscape (Sulaiman, 2025). Factors such as inadequate training, IT infrastructure readiness, and integration challenges compound the burden of transition.

These challenges have resulted in operational delays, increased compliance costs, and potential tax disputes. Businesses have reported frequent system downtimes, regulatory ambiguities, and burdensome audit requirements as key barriers to effective CTAS adoption. For example, Archroma Indonesia experiences significant cash flow strain due to delays in VAT refund processing, with claims averaging IDR 15 billion per quarter (Garvin & Levesque, 2006). These constraints threaten both compliance reliability and business continuity.

Prior research has examined the general advantages of digitized tax systems, including improvements in compliance, administrative efficiency, and transparency (Hesami et al., 2024; Belahouaoui & Attak, 2024; Okunogbe & Santoro, 2023). Thus, there is a significant gap in the literature concerning how developing countries, particularly Indonesia, manage the complexities of digital tax reform at the firm level. Existing studies have focused on compliance behavior (Gangl et al., 2014), administrative burdens (Benzarti, 2020), tax incentives (Harju et al., 2019), and weak enforcement environments (Bachas & Soto, 2021), but few offer an integrated analysis of technological, regulatory, and human capital dimensions in the context of CTAS. Furthermore, despite the growing discourse on digital transformation in Indonesia's tax ecosystem (Zairin et al., 2024; Cahyadini et al., 2023), firm-level impacts and coping strategies remain underexplored. This lack of empirical evidence hampers both academic inquiry and policy refinement, leaving businesses without a clear roadmap for managing the transition.

Given these conditions, this study explores three pivotal variables affecting CTAS implementation: regulatory stability, technological integration, and employee adaptability. Regulatory changes directly influence compliance obligations and reporting procedures (Uliarta, 2024). Meanwhile, technological challenges arise from Coretax's incompatibility with legacy ERP systems like SAP (Pałys & Pałys, 2022). Employee readiness also plays a crucial role, as resistance or lack of training hampers effective system utilization (Night & Bananuka, 2020).

This research aims to explore the implementation of the Core Tax System and its implications for corporate tax compliance. Specifically, it seeks to examine how the adoption of the Core Tax System has influenced the company's compliance with tax regulations. In addition, the study investigates the various challenges the company encounters in adapting to the new system, including technical, organizational, and regulatory aspects. Finally, it aims to identify effective strategies to mitigate risks associated with the implementation of the Core Tax System, ensuring a smoother transition and sustained compliance.

Thus, this research aims to evaluate the impact of the Core Tax System on tax compliance at Archroma Indonesia; to identify the challenges and opportunities associated with the system's implementation for the company; and, to find effective ways

in mitigate risk of the Core Tax Administration System implementation. The expected benefits of this study are twofold. First, it provides a replicable model for strategic planning under regulatory uncertainty. Second, it equips corporate tax teams, policymakers, and advisors with empirical insights to enhance compliance, reduce administrative burdens, and foster proactive adaptation in digital tax environments.

LITERATURE REVIEW

Digital Transformation in Tax Administration

In recent years, digital technology has emerged as a crucial driver of change within public sector tax administration worldwide. Governments increasingly adopt digital platforms to improve tax collection efficiency, enhance transparency, and reduce opportunities for corruption (Hesami, Jenkins, & Jenkins, 2024; Belahouaoui & Attak, 2024). Indonesia's Directorate General of Taxes (DGT) exemplifies this shift through its Coretax web-based platform, enabling taxpayers to access information, file returns, and make payments online, thereby modernizing tax administration and compliance processes (Darmayasa & Hardika, 2024; Linawati & Widyastuti, 2024). This rapid transformation poses significant challenges and uncertainties for companies, which must adapt strategically to new compliance requirements and digital interactions with tax authorities (Rizqiyanto et al., 2025).

The strategic response of firms to such digital disruptions is critical to mitigating risks related to uncertainty and regulatory changes (Harju, Matikka, & Rauhanen, 2019). Companies are required to make complex decisions about resource allocation, technology investments, and compliance strategies to remain competitive while navigating evolving tax systems (Bachas & Soto, 2021). The literature suggests that effective strategic decision-making frameworks can guide firms in assessing risks and opportunities arising from digital tax reforms (Gangl et al., 2014; Mascagni et al., 2023).

Analytic Hierarchy Process (AHP) in Strategic Decision Making

The Analytic Hierarchy Process (AHP), originally developed by Saaty (1977, 1980, 1986), offers a structured approach to decision-making in complex environments. AHP decomposes decision problems into hierarchical layers of goals, criteria, and sub-criteria, allowing decision-makers to conduct pairwise comparisons and assign relative weights to various factors (Saaty, 2008). This method has been widely applied in strategic planning and technology assessment, providing consistency and transparency in evaluating multiple alternatives under uncertainty (Benzarti, 2020; Okunogbe & Santoro, 2023). In the context of tax compliance and digital transformation, AHP supports organizations in prioritizing actions to optimize compliance and manage risks effectively.

SWOT Analysis: Internal and External Environmental Assessment

SWOT analysis is a classic and widely used strategic tool that helps organizations evaluate their internal strengths and weaknesses alongside external opportunities and threats (Stewart et al., 1965; Karppi et al., 2001). The technique enables firms to align their strengths with external opportunities while addressing weaknesses and mitigating threats. This framework is particularly relevant for companies responding to regulatory and technological changes in tax administration, as it highlights controllable internal factors and uncontrollable external forces (Khan & Nuryanah, 2023; Sinaga et al., 2023). By systematically analyzing these elements, businesses can develop robust strategies to enhance compliance capabilities and adapt to the dynamic tax environment.

Scenario Planning for Managing Uncertainty

Scenario planning is an approach used to explore several plausible future developments and their implications for an organization, especially when dealing with medium-term uncertainties (Porter & Advantage, 1985; Dean, 2019). It involves scoping the problem, collecting relevant data, identifying driving forces, and defining key uncertainties that influence future outcomes. Dean's Uncertainty Matrix is a useful tool

to categorize factors by their degree of uncertainty and potential impact, helping to prioritize which variables to include in scenario narratives (Dean, 2019; Krys, 2013). This method allows decision-makers to envision multiple potential futures, prepare adaptive strategies, and reduce the risks associated with tax reforms and technological innovation (Shahryar, 2021; Nuryanah, Mahabbatussalma, & Satrio, 2023).

Digital Tax Compliance and Enforcement Challenges

Empirical studies emphasize the growing complexity of tax compliance in the digital economy. Digital transformation of tax systems introduces new compliance costs and enforcement challenges that affect both taxpayers and tax authorities (Harju et al., 2019; Hesami et al., 2024). Technologies such as electronic invoicing and pre-filled tax returns aim to simplify taxpayer interactions but require effective implementation to realize their benefits (Bachas & Soto, 2021; Mascagni et al., 2023). Furthermore, firms' strategic interdependence and responsiveness to enforcement intensity significantly influence tax compliance behaviors (Bayer & Cowell, 2009; Gangl et al., 2014). In Indonesia, studies reveal ongoing efforts to strengthen tax administration and reduce evasion through reform initiatives including the adoption of Coretax and tax amnesty programs (Erizal et al., 2022; Hajawiyah, Suryarini, & Tarmudji, 2021).

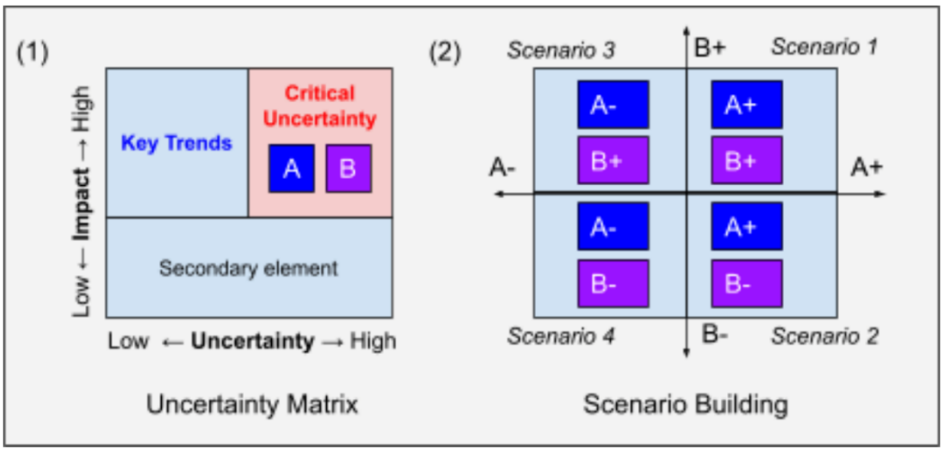


Figure 1. Dean's Uncertainty Matrix and Scenario Building

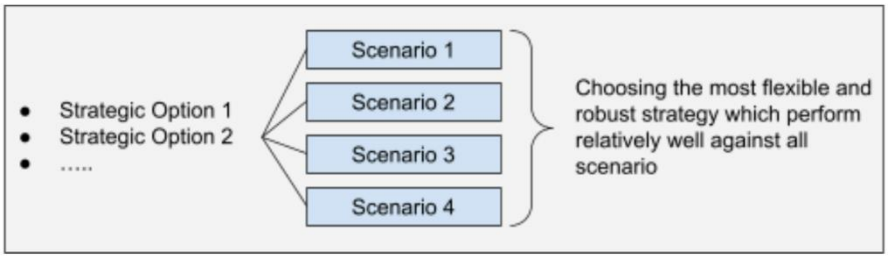


Figure 2. Dean's Strategy Designing

RESEARCH METHOD

This study employs a conceptual framework that integrates scenario planning to manage uncertainties in the implementation of the Core Tax Administration System (Coretax) at Archroma Indonesia. Scenario planning is particularly suited to dynamic environments such as tax administration, where regulatory, technological, and economic landscapes change rapidly. Its strength lies in helping organizations anticipate diverse future outcomes and prepare adaptive strategies accordingly. While the Analytic Hierarchy Process (AHP) was also considered due to its effectiveness in prioritizing options within structured decision-making environments, its reliance on current data and limited ability to accommodate future uncertainty rendered it less appropriate for this

context (Saaty, 1994). Therefore, scenario planning was chosen to enable the company to formulate robust strategies that reflect potential future developments.

The framework used in this study identifies both internal and external variables that influence the success of Coretax implementation. Key data is collected through semi-structured interviews with stakeholders such as finance, tax, and IT personnel, as well as external consultants. These interviews offer rich qualitative insights into compliance challenges, risk perception, and readiness for digital reform. Secondary data is gathered from regulatory documents, journal articles, annual reports, and other publicly available sources. This comprehensive data collection supports the development of future scenarios, which are constructed around two critical uncertainties: regulatory stability and the reliability of the government tax system.

A SWOT analysis is conducted to assess the internal strengths and weaknesses as well as external opportunities and threats facing Archroma Indonesia during Coretax implementation. This diagnostic tool provides a structured overview of the company's operational readiness, exposure to regulatory change, and capacity to integrate new technology (Gurl, 2017). The resulting SWOT insights inform the subsequent scenario planning process.

Scenario planning is conducted using the five-step framework developed by Garvin & Levesque (2006), which includes orientation, exploration, scenario creation, option consideration, and integration. This process generates four plausible future scenarios that combine varying levels of regulatory certainty and system reliability. For each scenario, tailored strategic responses are designed to address specific risks, including those related to compliance failure and suboptimal tax credit recovery.

Information research involves collecting the most recent and relevant data from sources such as reports, periodicals, and stakeholder interviews (Krys, 2013). After gathering the data, key elements are mapped based on their uncertainty level and potential impact on the industry. The top-right quadrant of the matrix reveals the two most critical uncertainties (Figure 1), which then form the basis for scenario development. These scenarios guide strategic responses using a 2x2 matrix framework to design effective strategies (Figure 2).

By linking qualitative stakeholder insights with structured strategic tools, this study develops early warning indicators that help monitor scenario progression and guide timely responses. The integrated method ensures proactive tax risk mitigation and supports Archroma Indonesia's strategic alignment with Indonesia's evolving digital tax environment.

RESULTS

Scenario Planning for Coretax Implementation: A Strategic Response to Uncertainty

Scenario planning is strategic analytical approach to investigate and prepare for several possible future under significant uncertainty. Usually, it performs five stages such as orientation, exploration, scenario creation, implication and strategic options, and integration.

Stage 1: Orientation stage. The primary concern is the potential risk and challenges the Coretax implementation in Archroma Indonesia could impose. The uncertainty stems from changes in tax regulations and the demands of new technologies. These changes could impact Archroma's strategic tax planning and operations. The main objective is to help the company adapt effectively by leveraging Coretax features over the next three years to enhance compliance, operational efficiency, and IT integration.

The second phase is Exploration (Stage 2). The Exploration stage involves identifying key internal and external factors through interviews and secondary data. A SWOT analysis revealed strengths such as Archroma's robust SAP-based IT infrastructure, global IT support, and past success in adapting to tax changes. Weaknesses include limited tax staff, high system modification costs, and insufficient Coretax training. Opportunities lie in Coretax's features, like prepopulated forms and database connectivity, which can

improve compliance and reporting. However, threats include potential system downtime, data security risks, and negative public perception.

Seven driving forces were identified: technology integration success, financial resource allocation, employee adoption, internal communication, regulatory stability, government system reliability, and economic conditions. From these, two critical uncertainties—regulatory stability and system reliability—emerged. These uncertainties influence compliance and operational consistency, guiding the development of future scenarios and strategic responses. This stage lays the groundwork for constructing four scenario narratives and designing tailored risk mitigation strategies.

Table 1. SWOT Analysis

Factor	Driving Forces
Strengths	1. Company has strong IT infrastructure. 2. Utilize global IT support in adaptation of Coretax. 3. Employee has experience in tax system changes.
Weaknesses	1. Employee faced challenge to change administration cycle. 2. Financial impact on system changes adaptation. 3. Employee did not get enough Coretax Training. 4. Limited resource of internal tax person to adapt Coretax along with ongoing tax dispute and daily administration activity.
Opportunities	1. Reduced dependency on local storage needs and frequently upgrade. 2. Coretax offers a complete platform for tax compliance, possibly simplifying tasks including tax reporting and payment process. 3. Coretax's integration capabilities, such as pre-populated tax form and direct connections with customs and bank databases. 4. By the integration with wider databases and regulatory system could help to reduce tax administration disputes.
Threats	1. Dependence on government database limits control over data backups and access. 2. Government data leakage history raises possible data security concerns. 3. Coretax's regular upgrades and modifications could cause uncertainty in daily activity and require frequently system adaptation. 4. Transition from prior system to Coretax impose tax code modification and invoice template issue. 5. Public perception and negative feedback towards Coretax may slow down the system's adoption and seamless functioning.

Through interviews and SWOT analysis, several key driving forces were identified that shape Archroma Indonesia's adaptation to the Core Tax Administration System (Coretax). These forces reflect both internal capabilities and external challenges that significantly affect strategic compliance and operational performance.

One major challenge is technological integration. Coretax and Archroma's ERP system (SAP) have different data structures, tax code formats, and VAT serial numbering. This misalignment requires manual reconciliation, leading to duplicate entries, inefficiencies, and delays in compliance processes. Financial resource allocation is another crucial factor. Coretax demands high investment in system customization, employee training, and expert consultations. Budget limitations often delay these upgrades, increasing compliance risks and weakening reporting capabilities.

Employee readiness is also a concern. Despite some training, many staff members feel unprepared, as simulations did not match real-time Coretax operations. This gap reduces reporting accuracy and operational stability. Additionally, weak internal communication impedes timely updates and cross-department understanding of tax obligations. Miscommunication leads to workflow disruptions and missed deadlines.

Regulatory instability further complicates implementation. Abrupt or unclear changes—such as modifications in VAT crediting rules—require urgent system changes and create confusion. Although government support initially included training and grace periods, many staff now rely on peer networks due to limited and inconsistent helpdesk support. While Archroma has a strong compliance culture, real-time systems like Coretax demand shared responsibility across departments, not just tax or finance teams.

System reliability also poses a major risk. Frequent Coretax downtimes and vague error messages from authorities frustrate users and disrupt processes. Broader market dynamics, such as fluctuating VAT rates (e.g., from 12% back to 11%), show how political and economic pressures complicate long-term tax planning. Cybersecurity concerns also loom large, given Coretax's centralized, internet-based platform. Despite Archroma's internal controls, reliance on external systems introduces new vulnerabilities, especially given past public sector data breaches.

From this analysis, two critical uncertainties emerged: regulatory stability and government system reliability. Regulatory stability concerns the predictability and clarity of tax policies. Frequent shifts erode confidence and hinder planning. Government system reliability refers to Coretax's technical performance, including uptime and user support. These uncertainties heavily influence Archroma's future strategy.

In Scenario Creation (Stage 3), these two uncertainties form the basis for a 2x2 matrix that generates four distinct future scenarios. The first axis is regulatory stability (high vs. low), reflecting the government's consistency in policy-making. The second axis is system reliability (efficient vs. inefficient), referring to the technical robustness of Coretax. Each scenario combines different outcomes of these variables, producing narratives that help Archroma anticipate and prepare for various plausible futures. These stories must be imaginative yet grounded, consistent, and relevant to Archroma's operations and the broader tax environment.

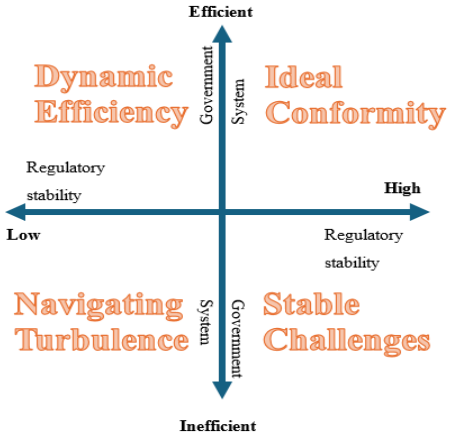


Figure 3. Scenario Framework

The ideal scenario for Coretax implementation emerges when tax regulations are stable and government systems operate reliably. Predictable policies reduce the need for frequent internal adjustments, allowing businesses like Archroma to plan long-term, streamline compliance, and reduce administrative costs. Simultaneously, an efficient Coretax system—with minimal downtime, fast processing, and responsive support—enables automation, accurate reporting, and lower risks of errors or disputes. This environment encourages strategic use of Coretax for enhanced tax planning and financial forecasting (Figure 3).

A second scenario involves regulatory stability paired with unreliable Coretax performance. While consistent rules help reduce ambiguity and tax disputes, system inefficiencies such as downtimes, delays, or weak support force companies to rely on manual backups and informal communication channels. These technical issues increase operational strain and require ERP upgrades or redundancies to maintain compliance. Here, the focus shifts to strengthening internal IT systems and ensuring operational continuity despite unreliable external infrastructure.

In a third scenario, the government provides a robust and reliable Coretax system, but tax regulations are in constant flux. Frequent policy shifts demand rapid organizational adaptation. Although the stable platform allows for quick system adjustments, this environment requires businesses to be agile, update internal procedures regularly, and

provide ongoing training for employees. Responsiveness and flexibility become key strategic capabilities to meet compliance in a dynamic regulatory landscape.

The most difficult scenario combines regulatory instability with unreliable technology. Constant legal changes and recurring Coretax failures lead to compliance delays, data errors, and operational disruptions. Companies must rely on comprehensive risk management strategies, including backup compliance systems, IT upgrades, and expert consultations. Contingency planning and internal audits become essential to navigate this high-risk environment.

Stage 4: Option Consideration involves identifying Archroma's internal strengths and capacity gaps across these scenarios. A strategic options table will outline necessary actions, decision pathways, and investment priorities for adapting effectively to each possible future.

Table 2. Implication and Option of Scenario

Scenario	Implication	Options
Ideal Conformity	1. Minimum tax compliance issues and bottleneck of administration process 2. Chance to maximize operating efficiency 3. Support long-term company's strategic planning especially relate VAT refund request.	1. Explore best potential tax planning which fit for current condition 2. Formulate long-term plans on stable regulatory for company's advantage. Expedite VAT refund request cycle can be first objective for company 3. Improve taxation sharing meeting to help other department aware and give feedback on unrevealed things.
Stable Challenges	1. Taxpayer hampered by technical inefficiencies which will cause tax dispute in future 2. Coretax unreliability could cause daily operations to be disrupted	1. Improve internal IT support to fill the gap weaknesses in Coretax and Company SAP integration. 2. Communicate with other department regarding Coretax and its regulation to have same page understanding once vendor or customer inform their concerns. 3. Perform due diligence or reconciliation addition to capture tax or any risk exposure.
Dynamic Efficiency	1. Company agility in reaction to frequently regulatory changes is needed in this situation 2. Consistent technology upgrades support from IT and other department awareness will be crucial to adjust internal control	1. Adopt agile management techniques to swiftly react to changes in regulation. 2. Regulatory revision training or at least socialization to increase awareness of related employees regarding new rules or system application 3. Prepare budget on adaptable technological solution or consultant business insight that can give company readiness on new needs
Navigating Turbulance	1. High probability of company experiences operational interruption and compliance dispute 2. This uncertainty will puts employees in many departments under great strain 3. Company's financial stability will be suffer due to bottleneck on Coretax issue.	1. Create strong contingency planning and risk management system 2. Vary compliance strategy to reduce reliance on any one method 3. Utilize strength of company's technology to pool evidence, reduce redundant workload, and capture tax dispute exposure 4. Join group discussion to get update on issue and its mitigations (learn from other) 5. Communicate with customer and supplier to take this as national issue hence transactional activity should not be impacted regardless whole Coretax obstacles

The last phase is Integration (Stage 5). The concentrate of this stage is on merging the knowledge from the scenarios, narratives, implication and strategic options into practical intelligence for decision-making. This phase will analyze early warning signal to which of the created scenarios could be happening. Monitoring these early warning signals helps company to react proactively and change plans as needed. Table 3 lists early warning signals, the indicators and related scenario.

Table 3. Summary early warning Signals and Measures

Critical Uncertainties	Leading Indicators	Source	Ideal Conformity	Stable Challenges	Dynamic Efficiency	Navigating Turbulance
Regulatory Stability	Frequency of Regulatory Changes	Pajak.go.id	< 1 (Low)	< 1 (Low)	> 5 (High)	> 5 (High)
	Clarity of Tax Guidelines	Pajak.go.id	Clear (High)	Clear (High)	Ambiguous (Low)	Ambiguous (Low)
Government System Reliability	System Uptime	Tax Accountant (interview)	> 8 hours in Working hours (High)	< 8 hours in Working hours (Low)	> 8 hours in Working hours (High)	< 8 hours in Working hours (Low)
	Response Time for System issues	Tax Accountant (interview)	< 1hour (High)	> 1hour (Low)	< 1hour (High)	> 1hour (Low)
	User experience with system performance	Tax Accountant (interview)	> 3 in 1 to 5 scale (High)	> 3 in 1 to 5 scale (High)	< 3 in 1 to 5 scale (Low)	< 3 in 1 to 5 scale (Low)

Table 3 shows indictors of each critical uncertainties which summarized from prior stages. Frequency of regulatory changes evaluates how often regulatory change to support Coretax implementation, therefore affecting the stability of the regulatory framework. The indicator compares Coretax to eFaktur or any prior tax system which did not experience regulation change on those first two months implementations. Clarity of tax guidelines helps examines if tax guidelines are properly stated and simple to understand. Moreover, no regulation that overlap another regulation is important for taxpayer in order laws enforcement.

System uptime will discuss more about availability of time Coretax are completely active in working hours. The working hours indicator set as company's effort to avoid employee overwork. Moreover, office hour can be meant as all department which impact is on work mode obligation. Response time for system issue is the one that assess time consume of government support's on Coretax's access problems. Expectation is about Government has mapping issue from other taxpayer and working on continuously improvement. Moreover, investment that government spent for this project should be sufficient to build efficient platform. User experience is reflecting on its simplicity and functionality, this captures the overall attitude of users regarding the Coretax System. Users' testimony on easy-to-use platform for daily compliance, rated scale 1 to 5 which 1= very difficult to 5= very easy. Assessment will frequently ask to tax team during transition to understand improvement progress. This important indicator for critical uncertainty due to it will impact on redundant works and employee productivity.

Business Solutions for Coretax Adaptation

To ensure business resilience under all possible future scenarios, Archroma Indonesia must develop comprehensive business solutions based on previously analyzed alternative futures, their implications, and integration strategies. The following business solutions are designed to be proactive, realistic, and aligned with the company's strategic objective of mitigating the risks associated with Coretax implementation. Each phase below offers a specific focus along with suggested implementation approaches.

The first is by enhancing technological agility. A flexible and scalable IT infrastructure is the backbone for adapting to the rapidly evolving demands of Coretax. Technological

agility allows the company to remain responsive to regulatory changes, even though it entails significant investment in tax-related digital transformation.

To implement this, Archroma should initiate early 2025 with a formal system evaluation, identifying integration gaps between SAP and Coretax. A proposal for IT investment (e.g., SNAP submission) should follow, involving collaboration with both global and local IT teams as well as external vendors. A phased rollout starting March 2025 ensures a smooth transition while maintaining operational stability. This plan includes refining data flows, improving system compatibility, and establishing feedback loops for timely adjustments. Close coordination with headquarters is necessary due to global IT policy compliance. Ultimately, a modular infrastructure prepares the company to scale up with future Coretax modules—like those related to customs or banking—without disrupting core business functions.

The second is by strengthening Compliance and Risk Management. Given Archroma's status as a frequent taxpayer undergoing annual audits and large refund claims, robust compliance and risk management frameworks are essential. The company currently updates tax exposure biweekly, but this should be upgraded to include a live compliance dashboard to track regulatory changes in real-time. Launching in March 2025, the dashboard will centralize tax updates, link regulations with impacted departments, and issue alerts for urgent matters. Monthly internal discussions on regulatory impacts will further institutionalize compliance awareness.

Additionally, a structured risk assessment will be conducted biannually—beginning in August 2025—to map out potential disputes and operational bottlenecks. The finance and tax teams, supported by tax consultants, will conduct due diligence and ensure historical compliance decisions are well-documented to assist during audits. Contingency planning will also be a vital component. As Coretax-related failures could hinder daily operations, the company must develop data recovery procedures, manual filing options, and system alternatives by FY 2026. These efforts support operational continuity and audit-readiness in a digitized regulatory environment.

The third is by fostering a culture of innovation and continuous learning. Innovation and learning are critical to maximizing Coretax's potential. The current reliance on finance for initiating system updates has resulted in other departments lagging in awareness and initiative. This phase focuses on empowering all units to take ownership of tax compliance and data management.

Starting in May 2025, regular sharing sessions will involve cross-departmental collaboration, especially with procurement, supply chain, customer service, and IT. These sessions will explore how daily operations influence tax outcomes and help align processes to support compliance. Creating "Coretax Champions" in key departments like Finance, HR, and Customer Service will serve as internal advocates for change. These champions will promote proactive learning, lead department-specific training, and help resolve issues during system updates. Encouraging participation in workshops and regulatory socialization will also enhance preparedness.

The last is by building external alliances and partnerships. Finally, transitioning from a reactive to proactive tax strategy requires strategic alliances. Historically, Archroma has turned to consultants and informal online sources for clarity on Coretax—but this approach lacks structure and consistency. Starting January 2025, the company will formalize partnerships with tax consultants, participate in tax forums, and join Coretax-related communities. Assigning staff to regularly attend tax workshops and forums will allow the company to adopt best practices and gather real-world insights. Further, maintaining regular communication with the Directorate General of Taxes—through helpdesks or account representatives—ensures early access to regulatory updates, system changes, or incentives. These relationships not only foster compliance but can also shape the company's influence in policy discussions.

DISCUSSION

To ensure the company's sustainability amid the uncertainties posed by the Coretax implementation in Indonesia, several business solutions have been proposed and aligned with practical implementation strategies. These solutions aim to mitigate tax risks while enhancing operational resilience and competitiveness. The approach is forward-looking and consistent with the firm's objectives, especially as companies increasingly face complex and evolving tax compliance demands in a digitalized environment. Comparable to the insights from Almunia and Lopez-Rodriguez (2018), who emphasized that proactive monitoring improves tax compliance, the company's emphasis on robust systems and anticipatory strategies is both justified and timely (Figure 4).

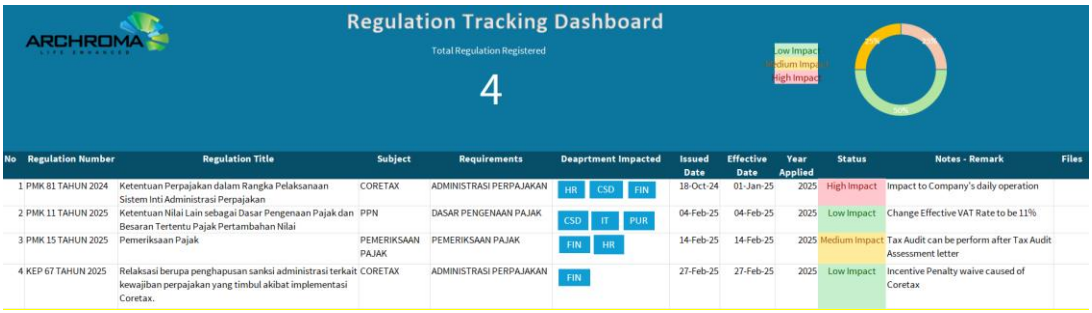
First, improving technological agility emerges as a critical measure. The integration of a flexible and modular IT system will allow the company to quickly adapt to evolving Coretax demands, minimizing compliance delays. Aligning with Pałys and Pałys (2022), who highlighted the technological challenges multinationals face within SAP environments, the company must enhance coordination with global IT teams and consultants. By beginning a structured IT observation and submitting a formal investment proposal in early 2025, the firm can preempt operational bottlenecks, reduce manual reporting, and improve responsiveness to tax-related regulatory changes. This proactive IT approach ensures Coretax readiness and positions the company to adopt future modules with minimal disruption, echoing Porter's (1985) emphasis on sustained performance through infrastructure flexibility.

Complementing this, the need to strengthen compliance and risk management cannot be overstated. Given the company's experience with multibillion tax refunds and frequent audits, it becomes crucial to establish a dynamic compliance dashboard and a biannual risk assessment routine. These tools, scheduled to roll out from March to August 2025, aim to provide real-time regulatory updates, departmental impact alerts, and contingency plans in case of system failures. Such tools resonate with Johannesen and Zucman' s (2014) findings that systematic transparency mechanisms reduce regulatory friction and enhance audit preparedness. The emphasis on documenting historical answers and compliance actions aligns with Krys (2013), who advocates scenario-based planning to prepare for future uncertainties. Moreover, collaboration with consultants during risk assessments ensures legally sound and technically appropriate responses to tax challenges.

Establishing a culture of innovation and continuous learning is another cornerstone of the company's strategy. It recognizes that technological solutions alone are insufficient unless supported by an adaptive organizational mindset. The interviews revealed a recurring tendency for non-financial departments to passively wait for direction from the finance team, undermining collective system responsiveness. Starting in May 2025, regular cross-departmental sharing sessions are set to foster tax literacy across procurement, supply chain, and IT teams. This inclusive learning model aligns with Garvin and Levesque (2006), who argued that embedding corporate entrepreneurship and knowledge sharing across departments is vital for successful transformation. Creating Coretax champions in key departments also encourages decentralized problem-solving, reducing response times to emerging system updates or regulatory shifts.

In addition, forming independent alliances and partnerships with tax consultants, industry forums, and regulatory bodies will significantly enhance the firm's strategic intelligence. Drawing from Night and Bananuka (2020), who underscored the role of electronic tax system adoption in improving compliance, the company's engagement in tax-related forums and workshops will help bridge external best practices with internal operations. Proactive communication with tax authorities, particularly through helpdesks and dedicated account representatives, enables early detection of regulatory changes, ensuring the firm is not caught off guard. As noted by Dean (2019), successful scenario planning involves integrating external expertise and foresight, a strategy clearly mirrored in the company's partnership-based approach.

Collectively, these implementation strategies do not operate in isolation but form an interconnected web of solutions that reinforce each other. Technological upgrades support real-time risk tracking, compliance systems enable better innovation alignment, and external partnerships inform both technological and compliance strategies. The plan adopts a 5W+1H framework—what, why, where, who, when, and how—ensuring each initiative is not only well-defined but also actionable and adaptable to changing circumstances. This integrated approach is critical in today's tax environment where uncertainties are not just probable but constant. As Saaty (1980) suggested in his Analytic Hierarchy Process, prioritizing strategies based on clear criteria enhances decision-making consistency, a principle reflected in how this company has orchestrated its roadmap for Coretax compliance and sustainability.



No	Regulation Number	Regulation Title	Subject	Requirements	Deaprtment Impacted	Issued Date	Effective Date	Year Applied	Status	Notes - Remark	Files
1	PMK 81 TAHUN 2024	Ketentuan Perpajakan dalam Rangka Pelaksanaan Sistem Inti Administrasi Perpajakan	CORETAX	ADMINISTRASI PERPAJAKAN	HR CSD FIN	18-Oct-24	01-Jan-25	2025	High Impact	Impact to Company's daily operation	
2	PMK 11 TAHUN 2025	Ketentuan Nilai Lain sebagai Dasar Pengenaan Pajak dan Besaran Tertentu Pajak Pertambahan Nilai	PPN	DASAR PENGENAAN PAJAK	CSD IT PUR	04-Feb-25	04-Feb-25	2025	Low Impact	Change Effective VAT Rate to be 11%	
3	PMK 15 TAHUN 2025	Pemeriksaan Pajak	PEMERIKSAAN PAJAK	PEMERIKSAAN PAJAK	FIN HR	14-Feb-25	14-Feb-25	2025	Medium Impact	Tax Audit can be perform after Tax Audit Assessment letter	
4	KEP 67 TAHUN 2025	Relaksasi berupa penghapusan sanksi administrasi terkait kewajiban perpajakan yang timbul akibat implementasi Coretax.	CORETAX	ADMINISTRASI PERPAJAKAN	FIN	27-Feb-25	27-Feb-25	2025	Low Impact	Incentive Penalty waive caused of Coretax	

Figure 4. Compliance Dashboard Simulation

CONCLUSION

This study evaluated the strategic implications of implementing the Core Tax Administration System (Coretax) at Archroma Indonesia. The analysis revealed that while Coretax offers benefits such as improved data integration and real-time reporting, its implementation poses significant challenges, including system reliability issues, unclear regulations, and high compliance burdens. Using SWOT analysis and scenario planning, the research identified two critical uncertainties regulatory stability and system reliability as key factors shaping tax compliance outcomes. Scenario planning allowed for the development of adaptive strategies under varying future conditions, ensuring business continuity and risk mitigation. Archroma's internal strengths such as strong compliance culture and ERP infrastructure support its adaptation efforts. However, challenges like insufficient training, budget limitations, and inconsistent government support hinder full optimization. Strategic responses include enhancing IT agility, strengthening cross-departmental communication, and developing contingency plans. Overall, the findings showed that Coretax implementation demands proactive risk management, cross-functional coordination, and ongoing adaptation to regulatory and technological changes. This study provides a strategic roadmap not only for Archroma but also as a model for other companies navigating similar tax reforms.

REFERENCES

[1] Adhikari, B., Alm, J., & Harris, T. F. (2021). Small business tax compliance under third-party reporting. *Journal of Public Economics*, *203*, 104514.

[2] Almunia, M., & Lopez-Rodriguez, D. (2018). Under the radar: The effects of monitoring firms on tax compliance. *American Economic Journal: Economic Policy*, *10*(1), 1–38.

[3] Bachas, P., & Soto, M. (2021). Corporate taxation under weak enforcement. *American Economic Journal: Economic Policy*, *13*(4), 36-71.

[4] Basri, M. C., Felix, M., Hanna, R., & Olken, B. A. (2021). Tax administration versus tax rates: evidence from corporate taxation in Indonesia. *American Economic Review*, *111*(12), 3827-3871.

[5] Bayer, R., & Cowell, F. (2009). Tax compliance and firms' strategic interdependence. *Journal of Public Economics*, *93*(11-12), 1131-1143.

[6] Belahouaoui, R., & Attak, E. H. (2024). Digital taxation, artificial intelligence and Tax Administration 3.0: improving tax compliance behavior–a systematic literature review using textometry (2016–2023). *Accounting Research Journal*, *37*(2), 172-191.

[7] Benzarti, Y. (2020). How taxing is tax filing? Using revealed preferences to estimate compliance costs. *American Economic Journal: Economic Policy*, *12*(4), 38-57.

[8] Cahyadini, A., Hutagalung, J. I. G., & Muttaqin, Z. (2023). The urgency of reforming Indonesia's tax Law in the face of economic digitalization. *Cogent Social Sciences*, *9*(2), 2285242.

[9] Cindy, N., & Chelsya, C. (2024). Persepsi Mahasiswa Terhadap Penerapan Core Tax Administration System (CTAS) di Indonesia. *Economics and Digital Business Review*, *5*(2), 1029-1040.

[10] Darmayasa, I. N., & Hardika, N. S. (2024). Core tax administration system: the power and trust dimensions of slippery slope framework tax compliance model. *Cogent Business & Management*, *11*(1), 2337358.

[11] Dean, M. (2019). Scenario planning: A literature review. *A Report of Project*, *769276–2*.

[12] Erizal, J., Supriyono, B., Santoso, B., & Domai, T. (2022). Improving the Indonesian Taxation System using Tax Amnesty's Policy. *WSEAS Transactions on Business and Economics*, *19*, 876-884.

[13] Gangl, K., Torgler, B., Kirchler, E., & Hofmann, E. (2014). Effects of supervision on tax compliance: Evidence from a field experiment in Austria. *Economics Letters*, *123*(3), 378-382.

[14] Garvin, D. A., & Levesque, L. C. (2006). Meeting the challenge of corporate entrepreneurship. *Harvard Business Review*, *84*(10), 102–112.

[15] Gurl, E. (2017). *SWOT analysis: A theoretical review*.

[16] Hajawiyah, A., Suryarini, T., & Tarmudji, T. (2021). Analysis of a tax amnesty's effectiveness in Indonesia. *Journal of International Accounting, Auditing and Taxation*, *44*, 100415.

[17] Harju, J., Matikka, T., & Rauhanen, T. (2019). Compliance costs vs. tax incentives: Why do entrepreneurs respond to size-based regulations?. *Journal of Public Economics*, *173*, 139-164.

[18] Hesami, S., Jenkins, H., & Jenkins, G. P. (2024). Digital transformation of tax administration and compliance: A systematic literature review on E-Invoicing and prefilled returns. *Digital Government: Research and Practice*, *5*(3), 1-20.

[19] Ispriyarso, B., & Wibawa, K. C. S. (2023). Reconstruction of the national economy post-covid-19 pandemic: Critical study of tax reforms in Indonesia. *Cogent Social Sciences*, *9*(1), 2174517.

[20] Johannesen, N., & Zucman, G. (2014). The end of bank secrecy? An evaluation of the G20 tax haven crackdown. *American Economic Journal: Economic Policy*, *6*(1), 65–91.

[21] Judijanto, L. (2025). Is there any personal data protection in the core tax administration system?. *Journal of Law and Sustainable Development*, *13*(4), e04396-e04396.

[22] Karppi, I., Kokkonen, M., & Lähteenmäki-Smith, K. (2001). *SWOT-analysis as a basis for regional strategies*. Nordregio.

[23] Khan, M. A., & Nuryanah, S. (2023). Combating tax aggressiveness: Evidence from Indonesia's tax amnesty program. *Cogent Economics & Finance*, *11*(2), 2229177.

[24] Krys, C. (2013). *Scenario-based strategic planning: Developing strategies in an uncertain world*. Springer Science & Business Media.

[25] Linawati, L., & Widyastuti, T. (2024). Systematic Literature Review Terhadap Determinan Dan Model Kepatuhan Pajak. *Jurnal Akuntansi Dan Bisnis Indonesia (JABISI)*, *5*(1), 36-48.

[26] Mascagni, G., Dom, R., Santoro, F., & Mukama, D. (2023). The VAT in practice: equity, enforcement, and complexity. *International Tax and Public Finance*, *30*(2), 525-563.

[27] Night, S., & Bananuka, J. (2020). The mediating role of adoption of an electronic tax system in the relationship between attitude towards electronic tax system and tax compliance. *Journal of Economics, Finance and Administrative Science*, *25*(49), 73–88.

[28] Nuryanah, S., Mahabbatussalma, F., & Satrio, A. A. (2023). Evaluation of government reform in tax administration: Evidence from micro, small and medium enterprises (MSMEs) in Indonesia. *International Journal of Public Administration*, *46*(5), 313-325.

[29] Okunogbe, O., & Santoro, F. (2023). The promise and limitations of information technology for tax mobilization. *The World Bank Research Observer*, *38*(2), 295-324.

[30] Pałys, A., & Pałys, M. (2022). The challenges for tax compliance in multinationals within the SAP environment. *Procedia Computer Science*, *207*, 2384–2394.

[31] Porter, M. E., & Advantage, C. (1985). Creating and sustaining superior performance. *Competitive Advantage*, *167*, 167–206.

[32] Rizqiyanto, N., Rizqi, M., Afsa, F. A. R., & Berrahlia, B. (2025). Tax Regulation Challenges in the Digital Economy Era: Legal Analysis and Implications in Indonesia. *Trunojoyo Law Review*, *7*(1).

[33] Saaty, T. L. (1977). A scaling method for priorities in a hierarchichal structure. *J. Math. Psych. 15*(3) 234–281.

[34] Saaty, T. L. (2008). Decision making with the analytic hierarchy process. *International Journal of Services Sciences, 1*(1), 83-93.

[35] Saaty, T. L. (1980). *The Analytic Hierarchy Process*. New York: McGraw-Hill.

[36] Saaty, T. L. (1986). Axiomatic foundation of the analytic hierarchy process. *Management Sci, 32*(7), 841–855.

[37] Saaty, T. L. (1990). An exposition of the AHP in reply to the paper "Remarks on the analytic hierarchy process." *Management Sci 36*(3) 259–268.

[38] Saaty, T.L. (1994) 'How to make a decision: the analytic hierarchy process. *Interfaces, 24*(6),19–43.

[39] Saragih, A. H., Reyhani, Q., Setyowati, M. S., & Hendrawan, A. (2023). The potential of an artificial intelligence (AI) application for the tax administration system's modernization: the case of Indonesia. *Artificial Intelligence and Law*, *31*(3), 491-514.

[40] Shahryar, B. (2021). Tax Amnesties in Tax Reform Policy: A Case Study from Pakistan and Lessons for Developing Economies. *Asian Journal of Law and Economics*, *12*(1), 37-71.

[41] Sinaga, S. T., Ekananda, M., Gitaharie, B. Y., & Setyowati, M. (2023). Tax Buoyancy in Indonesia: An Evaluation of Tax Structure and Policy Reforms. *Economies*, *11*(12), 294.

[42] Stewart, R. F., Benepe, O. J., & Mitchell, A. (1965). Formal planning: the staff planner's role at start up. *California: Stanford Research Institute. Report*, *250*.

[43] Sulaiman, S. (2025). Users frustrated as Indonesia's tax system upgrade hit by problems. *Reuters*. Retrieved January 30, 2025 from https://www.reuters.com/markets/asia/users-frustrated-indonesias-tax-system-upgrade-hit-by-problems-2025

[44] Zairin, G. M., Khairunnisa, H., Naufal, A., Fahrozi, M. L., Suyono, W. P., & Anugrah, S. (2024, June). Advancing Taxation in the New Era: Enhancing Tax Ratios with the Core Tax Administration System (CTAS). In *International Conference on Frontiers of Intelligent Computing: Theory and Applications* (pp. 85-98). Singapore: Springer Nature Singapore.