Navigating Digital Transformation: A Qualitative Analysis of the Coretax System Implementation in Indonesia

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Abstract: This article explores the implementation of Coretax, Indonesia's new digital tax administration system launched in early 2025. Designed to modernize and simplify tax processes, Coretax promises improved efficiency, transparency, and compliance through automation and real-time data integration. Using a qualitative approach based on literature analysis, the study investigates the system's perceived benefits and challenges from the perspectives of taxpayers, consultants, and officials. Findings show that while Coretax offers streamlined services and stronger data oversight, its rollout has faced major hurdles—ranging from technical glitches and system slowdowns to limited user training and accessibility issues. These problems have especially impacted small businesses, many of which struggle to adapt to digital procedures. Contrary to expectations, Coretax has increased reliance on consultants rather than reducing it. The study highlights a gap between the system's design goals and users' real-world experiences. It concludes that successful digital transformation in public services requires not only strong technology, but also inclusive planning, user readiness, and adaptive governance.

<u>**Keywords:**</u> Coretax, Digital Tax System, Tax Reform, Tax Compliance, E-Government, Digital Transformation.

1. Introduction

Background of Indonesia's Tax System and the Imperative for Reform

Indonesia's taxation system has historically grappled with significant challenges (Airawaty et al., 2023) , including persistently low state revenue collection relative to its Gross Domestic Product (GDP), widespread tax evasion, an overly complex system, and inherent limitations in its tax administration (Harefa et al., 2024; Purba & Salomo, 2024). For instance, Indonesia's tax ratio in 2021 stood at a mere 10.9%, considerably lower than the 19.8% average in Asia Pacific countries and 23.2% among OECD member nations (Purba & Salomo, 2024). This substantial disparity underscores a significant "tax gap"—the unrealized tax revenue potential that the government could collect (Salma, 2015).

31   The imperative for comprehensive tax reform is urgent, driven by the need to bolster state revenue, enhance

32   the national tax ratio, and mitigate losses stemming from tax abuse (Rizqi, 2025). Modernizing the tax system

33   through initiatives like full automation is expected to simplify complex administrative processes, making them

34   faster, more accurate, and entirely paperless. Crucially, such digitalization also aims to reduce direct contact

35   between tax officials and taxpayers, thereby minimizing opportunities for potentially unlawful negotiations or

36   corruption (Abrahams & Phesa, 2025). This suggests that Coretax is not merely an efficiency upgrade but a

37   strategic tool to address underlying governance, transparency, and potential corruption issues within tax

38   administration, with the ultimate goal of fostering greater public trust.

39   Indonesia has embarked on several rounds of tax reform over the past decades, with the latest phase, "Tax

40   Reform Volume III," commencing in 2017 (Danisuluhpermadi, 2021). These reform efforts have consistently

41   incorporated automated systems for tax collection, accounting, and facilitation, enabling rapid access to reliable

42   data and standardizing payment procedures (Pasaribu, T Goenawan, Ayu, M Leila, 2021).

43   **Overview of the Coretax System: Objectives and Strategic Importance**

44   The Core Tax System (CTS), also referred to as the Core Tax Administration System (CTAS), was

45   officially launched in January 2025 by the Directorate General of Taxes (DGT) as Indonesia's new national tax

46   administration framework (Danisuluhpermadi, 2021; Karina, 2025). This digital platform is specifically

47   engineered to modernize tax administration by replacing outdated manual procedures. Its primary objective is to

48   streamline all essential tax operations, encompassing taxpayer registration, tax return filing, payment processing,

49   compliance monitoring, and audit functions (Dash & Maitra, 2018; Incorp.asia, 2025; Karina, 2025)

50   Coretax's core objectives are multifaceted: to make tax reporting more manageable, accelerate processes,

51   and enhance transparency (Incorp.asia, 2025); to simplify overall tax management by integrating all tax-related

52   data into a single system (Incorp.asia, 2025); to minimize errors; and to facilitate business compliance with tax

53   regulations (Incorp.asia, 2025). Furthermore, it aims to significantly boost efficiency and effectiveness, improve

54   taxpayer compliance, augment data analysis capabilities, and ultimately increase the nation's tax revenue-to-GDP

55   ratio by approximately 1.5% (Danisuluhpermadi, 2021; Karina, 2025).

56   Coretax was developed on a Commercial Off-The-Shelf (COTS) platform, a choice made with the aim of

57   achieving efficiency and cost savings during its development phase (Danisuluhpermadi, 2021; Salma, 2015). It is

58   an integral part of the broader "Tax Reform Volume III" and aligns with five strategic pillars of tax reform:

59   organizational structure, human resources, business processes, information technology and databases, and

60   regulatory framework (Danisuluhpermadi, 2021). This selection of a COTS platform, while promising efficiency

and cost savings, inherently introduces a tension: generic solutions may struggle to accommodate the "unique characteristics" of Indonesia's tax system (Purba & Salomo, 2024). This immediately signals a potential conflict between a standardized technological approach and the complex, localized realities of public policy implementation, a conflict that often manifests as significant challenges during rollout. This tension serves as a primary analytical lens for the qualitative assessment.

Article Objectives and Research Questions

This qualitative article aims to provide an in-depth understanding of the implementation dynamics of the Coretax system in Indonesia. Specifically, it will focus on the perceived benefits and challenges from the perspectives of various stakeholders, using qualitative data processing methods to elucidate the complex realities of large-scale digital public policy implementation.

Research Questions:

- What are the key features and intended benefits of the Coretax system in Indonesia as a digital tax administration reform?

- How do stakeholders (taxpayers, tax consultants, and tax officials) perceive the benefits and challenges of Coretax implementation in Indonesia?

- What are the broader implications of Coretax for tax administration, policy, and compliance in Indonesia, and what lessons can be drawn for future digital transformation initiatives?

2. Methodology

This qualitative article employs a descriptive qualitative research approach, primarily utilizing a comprehensive literature review to explore the dynamics of the Coretax system's implementation in Indonesia. The study aims to provide an in-depth understanding of perceived benefits and challenges from various stakeholder perspectives, aligning with the principles of qualitative inquiry that seek to explore complex phenomena and understand diverse viewpoints (Pfeifer & Dolan, 2023)

Data for this article were synthesized from a wide array of academic literature, industryreports, and official government publications related to Indonesia's tax administration reform and the Coretax system. This approach is consistent with qualitative studies that use literature reviews as a primary data collection method to understand existing theories and information related to the research focus (Dash & Maitra, 2018)

The data analysis process involved a thematic approach (Delve, n.d.; Haedar, 2024), which is suitable for identifying patterns and overarching ideas within qualitative data. This involved:

1. **Familiarization:** Immersing in the collected literature to gain a thorough understanding of the context and content.

2. **Initial Coding:** Identifying significant statements, perceptions, and reported experiences related to Coretax implementation, benefits, and challenges.

3. **Theme Identification:** Grouping related codes into broader themes and sub-themes that capture recurring patterns of meaning.

4. **Theme Review and Refinement:** Evaluating the identified themes for internal consistency and relevance to the research questions, ensuring they accurately represent the synthesized data.

5. **Narrative Construction:** Presenting the findings descriptively, supported by evidence from the literature, and then interpreting these findings in the discussion sections.

This methodology allows for a rich, multifaceted description of the phenomena, providing insights into *what* is happening and *how* it is occurring within the context of Coretax implementation (Pfeifer & Dolan, 2023). The interpretation of commonalities and themes across various sources helps to draw conclusions about the complex dynamics of this large-scale digital public policy implementation.

3. Coretax System in Detail: Features and Intended Benefits

Key Features of Modernized Tax Administration

Coretax is designed as a comprehensive digital ecosystem, aiming to revolutionize tax administration in Indonesia through a series of advanced features:

- **Online Tax Reporting and Payment:** The system facilitates digital tax return filing and seamless online payments, aiming to simplify compliance procedures for taxpayers (Incorp.asia, 2025).

- **Real-time Taxpayer Database:** Coretax incorporates a real-time database that automatically synchronizes data from various sources, ensuring comprehensive and accurate taxpayer records. This feature is designed to foster trust between businesses and regulatory authorities by enhancing financial oversight and providing clear visibility into tax transactions (Incorp.asia, 2025; Karina, 2025).

- **Automated Compliance Checks and Reminders:** The system is equipped with automated mechanisms to monitor compliance and send timely reminders, thereby minimizing the risk of missed deadlines and associated penalties, allowing businesses to shift their focus to core operations and growth (Incorp.asia, 2025).

119 • **Enhanced Data Security:** A fundamental feature of Coretax is its commitment to improved data security,
120 safeguarding sensitive tax information from unauthorized access or manipulation (Incorp.asia, 2025).

121 • **Integration with Banks and Financial Institutions:** To further streamline payment processes, Coretax
122 integrates with various banks and financial institutions, facilitating efficient and seamless tax transactions
123 (Incorp.asia, 2025)

124 • **Omni-channel and Borderless Services:** Coretax aims to provide a unified service experience by
125 integrating various communication channels—such as face-to-face interactions, phone support, email, and
126 digital applications—into a single, cohesive platform. This "borderless" approach is intended to make tax
127 services simpler and more accessible to all taxpayers (Karina, 2025).

128 • **Single Taxpayer Account System:** A cornerstone of Coretax's design is the provision of a dedicated single
129 account for each taxpayer within the DJP Online portal. This account centralizes the management of all tax
130 obligations and offers various functions, including "My Documents" for electronic tax documents, "My
131 Notifications" for system alerts, "My Cases" for tracking applications, "My Profile" for comprehensive
132 taxpayer information, and various online application forms (Karina, 2025).

133 • **21 Updated Business Processes:** CTAS includes a significant overhaul of 21 core business processes,
134 including essential functions such as taxpayer registration, taxpayer account management (TAM), tax return
135 management, payment processing, and general taxpayer services (DDTCNews, 2025; Karina, 2025).

136 • **Advanced Technology Integration:** Coretax represents a technological leap from previous DJP online
137 systems, notably through the integration of Application Programming Interface (API) technology for e-
138 Faktur, e-Bupot Unifikasi (integrated income tax slips), and e-Billing functionalities (Sastri et al., 2025).

139 • **Automatic Tax Calculation:** The system is designed to perform automatic tax calculations, ensuring
140 compliance with the latest regulations and reducing manual effort and potential errors (Sastri et al., 2025).

141 • **Multi-Device Access:** Coretax accommodates access from various digital devices, enhancing flexibility and
142 convenience for users (Sastri et al., 2025)

143 **Expected Improvements in Efficiency, Transparency, and Compliance**

144 The vision behind Coretax is to achieve transformative improvements in Indonesia's tax administration.
145 These expected benefits align with the promises of digital transformation in public administration globally, with
146 an emphasis on reducing human error and streamlining processes (Bichachi, 2025)

147 • **Greater Efficiency:** By eliminating manual processes, Coretax is expected to significantly reduce errors,
148 streamline overall tax management, and accelerate tax processing times (Danisuluhpermadi, 2021;

149   Incorp.asia, 2025; Karina, 2025). This modernization is also projected to optimize human resource allocation,

150   save time, and reduce operational costs for both taxpayers and tax authorities (Pfeifer & Dolan, 2023).

151 - **Enhanced Transparency:** The system's real-time tracking of tax payments is intended to foster greater trust

152   between businesses and regulatory authorities. It aims to enhance financial oversight and compliance by

153   providing clear and immediate visibility into all tax transactions (Incorp.asia, 2025). Clear and easily

154   accessible records of all transactions, visible to authorized participants and chronologically recorded in an

155   immutable ledger, are expected to minimize errors and ensure robust regulatory adherence.

156 - **Improved Compliance:** Coretax is designed to simplify tax filing procedures, reduce the incidence of errors,

157   and generally assist businesses in complying with tax regulations (Incorp.asia, 2025). The ease of reporting

158   and payment facilitated by the system is anticipated to lead to a positive increase in overall taxpayer

159   compliance (Danisuluhpermadi, 2021; Karina, 2025; Pfeifer & Dolan, 2023).. Furthermore, the system is

160   designed to enhance compliance through more sophisticated data analysis, enabling risk-based taxpayer

161   targeting (Karina, 2025).

162 - **Smarter Tax Policies:** The availability of accurate and reliable real-time tax data is considered crucial for

163   informed decision-making, which in turn is expected to drive the development of innovative and fairer tax

164   policies. This structured data environment aims to create a more predictable and equitable regulatory

165   landscape that ultimately benefits businesses across Indonesia (Incorp.asia, 2025).

166 - **Reduced Administrative Burden:** The simplification of tax procedures through Coretax is projected to

167   significantly reduce the administrative burden currently faced by both taxpayers and tax authorities (Pfeifer

168   & Dolan, 2023).

169 - **Strengthened Supervision:** The system is intended to bolster tax supervision capabilities through the

170   provision of accurate and real-time data, thereby reducing the potential for deviations or fraudulent practices

171   in tax reporting (Karina, 2025). This section is crucial for establishing the ideal conditions Coretax aims to

172   achieve. By detailing these intended improvements, the report effectively sets up a direct contrast with the

173   actual experiences and challenges encountered during implementation

174   **Table 1: Key Features and Intended Benefits of the Coretax System in Indonesia**

Feature Category	Specific Feature	Intended Benefit	Source

Taxpayer Interaction	Online Reporting & Payment	Increase convenience, accelerate the process, reduce manual errors	(Danisuluhpermadi, 2021; Incorp.asia, 2025)
	Omni-channel & Unlimited Access Services	Simplify access, increase comfort, provide integrated experience	(Karina, 2025)
	Single Taxpayer Account System	Centralize tax obligation management, integrated access to services	(Karina, 2025)
Data Management	Real-time Taxpayer Database	Ensure comprehensive and accurate records, enhance financial oversight	(Incorp.asia, 2025; Salma, 2015)
	API Integration (e-Invoice, e-Bupot, e-Billing)	Increase efficiency, accuracy, and transaction speed	(Karina, 2025)
Compliance & Supervision	Automated Audits & Compliance Alerts	Minimize risk of overdue deadlines, reduce penalties	(Incorp.asia, 2025)

	Automatic Tax Calculation	Ensure compliance with the latest regulations, reduce errors	(Karina, 2025)
	Enhanced Data-Based Monitoring	Reduce potential fraud, increase accuracy of reporting	(Karina, 2025)
System Architecture	Enhanced Data Security	Protect sensitive information, reduce fraud risk	(Incorp.asia, 2025)
	Integration with Banks & Financial Institutions	Facilitate efficient and seamless tax transactions	(Incorp.asia, 2025)
	Multi-Device Access	Improve user flexibility and convenience	(Karina, 2025)

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4. Qualitative Insights into Implementation: Perceived Benefits and Challenges

Stakeholder Experiences: Realized Benefits (e.g., integration, automation, real-time data)

Despite initial issues, the primary perceived advantage of Coretax is its inherent ability to integrate various tax service functions into a centralized platform. This integration is viewed as significantly assisting the Directorate General of Taxes (DGT) in monitoring, reporting, and validating data, while also benefiting taxpayers through more efficient processes (Karina, 2025).

The system is recognized for modernizing service standards, effectively reducing the historical reliance on cumbersome manual processes and accelerating bureaucratic procedures in tax administration (Karina, 2025). Coretax is also considered to strengthen data-based supervision, providing more accurate and real-time insights.

185 This enhanced oversight is expected to reduce the potential for deviations or fraudulent practices in tax reporting

186 (Suganda & Fakhroni, 2025). The automation and digitalization of tax administration services are broadly

187 acknowledged as tangible benefits, contributing to operational efficiency (Karina, 2025).

188   The system is also noted to have the potential to increase taxpayer compliance through more sophisticated

189 data analysis, enabling risk-based targeting and improved enforcement (Karina, 2025). Coretax is perceived to

190 foster greater transparency in taxpayer accounts and promote more prudent and accountable financial reporting by

191 the DGT, particularly within its revenue accounting system (Suganda & Fakhroni, 2025). The integration of

192 advanced API technology for e-Faktur, e-Bupot Unifikasi, and e-Billing functionalities positions it significantly

193 ahead of previous DJP online systems (Machfud et al., 2021). Features like automatic tax calculation and multi-

194 device access further contribute to the perceived improvements in convenience and efficiency (Karina, 2025)

195   The consistent emphasis on "integration," "automation," and "real-time data" (Karina, 2025). suggests

196 that Coretax's fundamental design principles are indeed robust and promising. This indicates that the system's core

197 functionalities, when operational, do fulfill some of its promises. However, the qualitative nature of this data

198 (perceptions, experiences) implies that these benefits are not yet universally or smoothly experienced. This sets up

199 an important analytical tension: the system holds strong latent potential, but its current performance is hampered

200 by operational friction. This highlights a common challenge in large-scale IT projects: the gap between theoretical

201 design excellence and user-friendly practical implementation.

202 **Implementation Hurdles: Technical Issues, User Adaptation, and System Readiness**

203   Since its official launch in January 2025, Coretax has been plagued by various technical issues and public

204 complaints (DDTCNews, 2025). These include frequent system failures, considerable difficulties in data

205 migration, network congestion leading to slow server response times, and general difficulties in accessing the

206 system (Purba & Salomo, 2024). Crucial system functions, such as reporting, data validation, and tax automation,

207 have experienced persistent runtime errors and validation failures (Suganda & Fakhroni, 2025). Taxpayers have

208 reported login difficulties, errors during password resets, and server disruptions caused by surges in simultaneous

209 user attempts (Karina, 2025).

210   A significant qualitative finding is that many taxpayers, and even tax consultants themselves, do not

211 possess a comprehensive understanding of how the Coretax system operates (Karina, 2025). This is exacerbated

212 by a notable "lack of training for end users" (Purba & Salomo, 2024). The application interface is often described

213 as "less user-friendly," causing considerable confusion for ordinary taxpayers or those unfamiliar with complex

214 tax menus (Karina, 2025). The procedural changes introduced by Coretax require substantial adaptation time for

215 users (Jos & Ammon, 2022)

216 Criticism from experts, such as an economist from UGM, suggests that Coretax's implementation was

217 "rushed" and lacked thorough preparation (Purba & Salomo, 2024). Quality Assurance (QA) and User Acceptance

218 Testing (UAT) were reportedly not conducted comprehensively, directly contributing to the observed problem.

219 The system appears "unprepared for mass access," suffering from inadequate capacity and inefficient architecture,

220 making it prone to service disruptions when data volume spikes (Meilandri et al., 2025). Furthermore, some

221 services remain inaccessible because certain menus are "still under development".The rapid and large-scale

222 transition to Coretax is cited as a cause of suboptimal trial and error, impacting taxpayer activities (Karina, 2025)

223 A recurring and significant complaint from users is Coretax's inability to recognize or fully migrate data

224 that had been consistently entered for years on the old system (Karina, 2025). Full data migration from the old

225 system to Coretax is not expected to be completed until December 31, 2025 (DDTCNews, 2025), indicating a

226 prolonged period of potential data inconsistency. The substantial financing allocated to the project, amounting to

227 IDR 1.3 trillion (approximately USD 80 million), is questioned in relation to the benefits currently derived from

228 the updated system. Some qualitative assessments describe the project as a "trap" due to its implementation

229 difficulties (Karina, 2025; Meilandri et al., 2025).

230 The consistent reporting of technical issues, widespread user confusion, and fundamental system

231 readiness problems (DDTCNews, 2025; Karina, 2025; Meilandri et al., 2025) are critical indicators. These are not

232 merely isolated bugs but symptoms of broader systemic issues stemming from a flawed rollout strategy. The

233 economist's critique of "rushed" implementation and inadequate QA/UAT (Purba & Salomo, 2024) directly points

234 to a causal link between insufficient preparation and operational failures. The "less user-friendly interface"

235 (Karina, 2025) and "lack of training" (Purba & Salomo, 2024) directly contradict Coretax's stated goal of

236 providing "simpler" and "more accessible" services (Karina, 2025), revealing a significant gap between policy

237 design and actual user experience. The high cost (Karina, 2025; Purba & Salomo, 2024)juxtaposed with these

238 widespread problems raises serious questions about project governance and value for money. This situation

239 provides a strong qualitative illustration of how technological sophistication alone is insufficient for successful

240 public sector digital transformation without robust implementation planning, a deeply user-centric design

241 approach, and comprehensive ongoing support.

242 **Impact on Taxpayers, including MSMEs, and Tax Consultants**

243   The rollout of Coretax has had significant consequences for taxpayers and tax consultants in Indonesia,

244   particularly due to the aforementioned implementation challenges.

245   •   **Increased Administrative Burden:** The procedural changes introduced by Coretax, coupled with

246   incomplete services and technical glitches, have resulted in considerable confusion and added

247   administrative burden for tax consultants. This is particularly evident as they assist clients with tax

248   reporting, navigating new and often unstable processes (Karina, 2025).

249   •   **Risk of Administrative Sanctions:** The hampered fulfillment of tax obligations due to system issues

250   directly puts taxpayers at risk of administrative sanctions, creating anxiety and financial penalties (Karina,

251   2025).

252   •   **Disruption of Business Activities:** Operational impediments within the Coretax system have a tangible

253   disruptive effect on ongoing business activities, potentially impacting overall economic productivity and,

254   paradoxically, directly affecting state tax revenue collection (Karina, 2025).

255   •   **Specific Challenges for MSMEs:** Although Coretax is theoretically designed to serve various taxpayer

256   segments, its implementation poses particularly significant challenges for micro, small, and medium-sized

257   enterprises (MSMEs) in Bali. Many MSME actors are unaccustomed to digital systems and face

258   considerable technical and comprehension constraints when attempting to use Coretax. This digital literacy

259   gap places them at high risk of making reporting errors that could lead to administrative sanctions (Karina,

260   2025).

261   •   **Increased Reliance on Consultants:** Contrary to initial optimism that Coretax would simplify tax

262   processes to the point of eliminating the need for intermediaries, the system's complexity has led to even

263   the smallest companies now requiring the assistance of tax consultants (Karina, 2025). This unintended

264   outcome directly contradicts the stated goal of simplification and universal accessibility.

265   The qualitative data reveals significant unintended consequences of Coretax's implementation. The

266   disproportionate impact on MSMEs (Karina, 2025) is a crucial indication, highlighting how digital transformation,

267   if not carefully managed, can inadvertently create or exacerbate digital divides, disadvantaging segments of the

268   population with lower digital literacy or limited access to resources. The increased reliance on tax consultants

269   (Karina, 2025), despite the system's aim for simplification, is a direct contradiction of policy objectives. This

270   suggests that instead of empowering taxpayers directly, Coretax's complexity and instability are creating new

271   layers of dependency and potentially imposing additional compliance costs, especially on small businesses. This

272   raises fundamental questions about equity, inclusivity, and the practical realization of "ease of compliance"

273   (Danisuluhpermadi, 2021) for all segments of the taxpayer population.

274   **Table 2: Perceived Benefits and Challenges of Coretax Implementation**

Coretax Aspect	Perceived Benefits (with supporting details)	Perceived Challenges (with supporting details	Source
Perceived Challenges (with supporting details	Integrated platform for services (supports monitoring, reporting, data validation)	System lag/bug (runtime errors, login failure)	(Karina, 2025; Purba & Salomo, 2024)
	Standardized services (reduces manual processes)	Incomplete services (menu still in development)	(Karina, 2025).
	Enhanced monitoring (accurate, real-time data)	Inability to handle transactions with extreme volumes	(Karina, 2025).
User Interface	Multi-device access accommodated	Less user-friendly interface (confusing for regular taxpayers)	(Karina, 2025).
Implementation Process	Automation and digitization of tax administration	Rapid, large-scale transition (testing errors & suboptimal results)	(Karina, 2025).

	Improved compliance through risk-based data analysis	Lack of comprehensive training & guidance	(Karina, 2025; Purba & Salomo, 2024)
Data Management	Transparency in taxpayer accounts	Data migration issues (old data not recognized)	(Karina, 2025).
Cost-Effectiveness	-	High costs vs. perceived benefits (IDR 1.3T questioned)	(Karina, 2025; Purba & Salomo, 2024)
Impact on Users	Automated tax calculation based on updated regulations	Increased reliance on consultants (even for small businesses)	(Karina, 2025).
	-	Specific difficulties for MSMEs (lack of digital adaptation, technical & comprehension issues)	(Karina, 2025).
	-	Risk of administrative sanctions due to disrupted processes	(Karina, 2025).
	-	Disruption of business activities & potential impact on tax revenue	(Karina, 2025).

5. Broader Implications for Tax Administration and Policy in Indonesia

The Role of Coretax in Addressing the Tax Gap and Boosting Revenue

Coretax is fundamentally a strategic initiative designed to strengthen tax administration through digitalization, with the primary goal of addressing Indonesia's significant tax gap and ultimately increasing its tax ratio (Meilandri et al., 2025). The World Bank has provided compelling estimates, indicating that if Indonesia can optimize its tax management, state revenue could potentially increase by 6.4% of GDP, equivalent to an additional IDR 1,500 trillion (Purba & Salomo, 2024). Coretax is positioned as a critical instrument to achieve these ambitious fiscal objectives (Zulfiqar et al., 2024).

The system is expected to enhance efficiency, transparency, and data integrity across Indonesia's tax administration landscape. This is achieved by enabling more effective management of taxpayer databases through automatic data synchronization from various sources, resulting in more comprehensive and accurate records (Harefa et al., 2024). Broader research suggests that improvements in tax administration generally have a strong positive impact on tax yield and can also positively influence a country's overall investment climate (Brondolo, John. Silvani, Carlos. Borgne, Eric Le & Bosch, 2001)

The explicit link between Coretax implementation and national tax gap/revenue targets (Purba & Salomo, 2024)elevates the discussion from mere operational issues to critical macroeconomic implications. The significant revenue increase estimates from the World Bank (Purba & Salomo, 2024) provide a strong economic justification for the Coretax project, underscoring its deep national importance. This suggests that, despite current implementation challenges, the long-term vision for Coretax is deeply intertwined with Indonesia's fiscal health, its ability to fund public services, and its attractiveness to investors. The success or failure of Coretax can therefore have significant ripple effects across the economy, highlighting the systemic interdependence between digital infrastructure, tax administration, and national development.

Considerations for Digital Infrastructure, Tax Literacy, and Regulatory Integration

Coretax's challenges do not solely lie in technical bugs, but are rooted in broader socio-technical and institutional factors.

- **Digital Infrastructure:** The implementation of large-scale digital initiatives like Coretax faces significant challenges due to uneven technological infrastructure across various regions of Indonesia. Limited or inconsistent technological infrastructure is identified as a major obstacle to effectively enforcing tax regulations, particularly in the context of a rapidly expanding digital economy (Purba & Salomo, 2024).

305   Therefore, sustained investment in digital infrastructure is considered crucial to ensure that all regions

306   possess the necessary technological capabilities for uniform and effective digital initiative implementation

307   • **Tax Literacy/Digital Literacy:** A consistently highlighted qualitative challenge is the varying levels of tax

308   literacy among the general public and, notably, limited digital literacy among civil servants themselves (DJP,

309   2025). Misunderstanding of digital tax procedures and prevailing distrust of new systems often hinder the

310   implementation of modern and efficient tax systems (Arianty, 2024). This issue is particularly acute and

311   impactful for Micro, Small, and Medium-sized Enterprises (MSMEs), which often struggle with digital

312   adoption (Karina, 2025).

313   • **Regulatory Integration/Clarity:** Unclear or ambiguous regulatory frameworks pose a significant

314   impediment to effective digital tax administration. Legal uncertainties surrounding digital transactions—

315   such as the proper identification of micro, small, and medium-sized businesses in a digital context, the

316   definition of digital economy subjects, the permanent establishment status for online entities, and tax

317   collection mechanisms—have been shown to significantly reduce taxpayer compliance (Purba & Salomo,

318   2024). Indonesia's traditional taxation system, heavily reliant on the concept of "physical presence," is

319   becoming increasingly irrelevant in the digital era, creating a dilemma for capturing potential tax revenue

320   from digital (Sastri et al., 2025). Therefore, comprehensive and harmonized policies are urgently needed to

321   ensure the overall effectiveness and fairness of this tax system transformation (DJP, 2025)

322   The widespread issues related to uneven digital infrastructure (DDTCNews, 2025; Salma, 2015), low digital

323   literacy among citizens and civil servants (DJP, 2025) and persistent regulatory ambiguities (Purba & Salomo,

324   2024) highlight that successful digital transformation in the public sector requires a holistic approach that addresses

325   the entire ecosystem, not just the software itself. The "digital divide" implied by the struggles of MSMEs (Karina,

326   2025) is a direct consequence of insufficient attention to user readiness and infrastructure disparities. This suggests

327   that even the most technologically advanced systems will fail to deliver their full potential if human capabilities,

328   regulatory clarity, and foundational infrastructure are not adequately prepared, supported, and adapted. This

329   reinforces a common theme in public policy implementation studies: technology is an enabler, but human and

330   institutional factors are key determinants of success (Meilandri et al., 2025)

331   **Lessons Learned from the Coretax Rollout**

332   The Coretax experience provides valuable lessons that can inform future digital transformation initiatives,

333   particularly in the context of large-scale public administration.

334 - **Importance of Thorough Testing and Phased Rollout:** Qualitative data strongly indicates that rushed
335 implementation and a lack of comprehensive quality assurance (QA) and user acceptance testing (UAT)
336 directly contributed to the myriad technical issues observed (M, 2025). A key lesson is the necessity for a
337 phased rollout strategy, where the system is introduced and refined incrementally. This approach,
338 potentially running Coretax in parallel with the legacy system, would minimize operational risks and allow
339 for the gradual identification and resolution of weaknesses without disrupting essential services (Melinda
340 & Wardhani, 2020).

341 - **User-Centric Design and Comprehensive Training:** The experience underscores that even the
342 theoretically "best" system will be ineffective if its users cannot operate it comfortably and efficiently
343 (Salma, 2015). Therefore, comprehensive and ongoing training for all end-users—including taxpayers, tax
344 consultants, and internal tax officials—is paramount to ensuring successful adoption and utilization (Karina,
345 2025).

346 - **Proactive Communication and Education:** Effective public communication and user education are
347 equally vital components of successful digital transformation (Meilandri et al., 2025). Taxpayers need to be
348 proactively informed about system changes, provided with clear guidance, and their concerns addressed
349 transparently (DJP, 2025).

350 - **Addressing Customization Needs:** The reliance on a COTS (Commercial Off-The-Shelf) platform for
351 Coretax, while offering initial cost efficiencies, has highlighted a significant challenge: generic solutions
352 may not adequately address the unique and complex characteristics of Indonesia's specific tax system
353 (Hasnita et al., 2025). This necessitates significant customization or a more tailored development approach
354 for future iterations.

355 - **Strengthening Governance and Oversight:** Qualitative insights point to the need for enhanced
356 governance, transparency, and robust oversight mechanisms throughout the project lifecycle. Involving
357 independent bodies, such as the House of Representatives (DPR), is crucial to ensuring accountability and
358 ultimately fostering project success (Salma, 2015)

359 The lessons drawn from the Coretax rollout are highly consistent with established best practices in large-
360 scale IT project management, particularly in the public sector. The recurring themes of "rushed implementation,"
361 "lack of testing," and "user training deficits" point to fundamental flaws in *how* the rollout was conducted. The
362 emphasis on a phased approach, thorough testing, and comprehensive user training directly addresses the observed
363 failures, suggesting a shift towards a more agile and iterative development and deployment model. The "COTS

364 platform" issue is a specific technical-policy lesson: off-the-shelf solutions, while appealing for speed and cost,

365 may not adequately address unique national complexities and require significant customization or a more tailored

366 approach (Salma, 2015). This reinforces that the success of public policy initiatives is not just about *what*

367 *technology* is implemented, but critically about *how* it is implemented, with a strong emphasis on adaptive

368 governance, continuous learning, and genuine stakeholder engagement

6.   Recommendations for Optimizing Coretax and Future Tax Reforms

Strategic Approach to System Refinement and User Training

371   To address the challenges encountered during Coretax's initial implementation and ensure its long-term

372 success, a strategic approach focusing on system refinement and user empowerment is crucial.

373 • **Continuous System Refinement and Bug Resolution:** Prioritize the systematic identification and resolution

374   of bugs across all 21 core business processes within Coretax, with clear completion targets (e.g., by July 2025,

375   as stated by the DGT) (DDTCNews, 2025). This includes ongoing efforts to enhance server capacity and

376   improve existing features to ensure system stability and responsiveness

377 • **Phased Rollout and Parallel Operations:** Adopt a more cautious and strategic phased rollout for new

378   functionalities, rather than a "big bang" approach. Furthermore, consider running Coretax in parallel with the

379   legacy system for an extended period. This strategy will minimize operational risks during the stabilization

380   phase, allow for the gradual identification and resolution of weaknesses, and provide a reliable backup during

381   the transition (Meilandri et al., 2025)

382 • **Comprehensive and Ongoing User Training Programs:** Develop and implement extensive, multi-faceted

383   training programs for all categories of end-users: taxpayers (especially MSMEs), tax consultants, and internal

384   tax officials. Training should be practical, user-friendly, and address the identified "lack of comprehensive

385   understanding" of the system (IJCSrr, 2025; UGM, 2025). Ongoing support and refresher courses should also

386   be provided.

387 • **User-Centric Interface Design:** Invest in refining the system's interface to be significantly more intuitive,

388   user-friendly, and accessible, particularly for ordinary taxpayers and MSMEs who struggle with its current

389   complexity (Karina, 2025). This requires incorporating user feedback into iterative design improvements.

390   These recommendations directly address the most pressing operational and user-centric challenges identified

391 previously. The strong emphasis on "user-friendly interface" and "comprehensive training" (Joselin et al., 2024;

392 Karina, 2025) signals a crucial shift from a purely technical implementation mindset to one that prioritizes the

393 human element and successful user adoption. The suggestion of a phased rollout and parallel operations is a

pragmatic acknowledgment that a "big bang" approach for large-scale public IT projects carries significant risks and often leads to the observed problems. This implies that the DGT needs to embrace a more agile and iterative development and deployment model, continuously learning from user feedback and adapting the system as needed.

Enhanced Governance, Communication, and Data Integration

Coretax's success is ultimately not limited to its technical functionality but is deeply intertwined with its integration into the broader national governance and data ecosystem.

- **Improved Governance and Independent Oversight:** Establish and strengthen robust governance frameworks and independent oversight mechanisms throughout the Coretax project. This could involve active participation and scrutiny from legislative bodies like the House of Representatives (DPR) to ensure greater accountability, transparency, and, ultimately, project success (Sastri et al., 2025).

- **Proactive and Transparent Communication Strategy:** Implement a comprehensive and transparent communication strategy. This involves proactively informing taxpayers and the public about system changes, bug-fix progress, and providing complete and easily understandable guidance (Danisuluhpermadi, 2021; DJP, 2025). Open channels for feedback and complaints should be maintained and actively utilized for system improvements.

- **Seamless and Comprehensive Data Migration:** Ensure that the ongoing data migration from the legacy system to Coretax is completed accurately and comprehensively, addressing the critical issue of Coretax not recognizing historical data (Karina, 2025). The target completion by December 2025 (DDTCNews, 2025) must be met with rigorous data quality checks.

- **Inter-agency Data Integration and "One Data Indonesia" Alignment:** Address the broader challenge of fragmented data spread across various government ministries and agencies, which currently operate under different standards (Meilandri et al., 2025). Coretax's data strategy must align with the national "One Data Indonesia" policy (Presidential Regulation No. 39 of 2019), which aims to produce high-quality, accurate, up-to-date, integrated, and accountable data across all central and regional agencies (Purba & Salomo, 2024). This broader integration is crucial for Coretax's long-term effectiveness in supporting data-driven policies.

This section highlights that Coretax's ultimate success is not solely confined to its technical functionality but is deeply intertwined with its integration into the broader national governance and data ecosystem. The call for enhanced governance and independent oversight (Salma, 2015) indicates the need for institutional reforms to run parallel with technological reforms, ensuring accountability for significant public investment. The explicit linkage to "One Data Indonesia" (Arianty, 2024; Meilandri et al., 2025)is a crucial indication: Coretax is not an isolated

424 IT project but a component of a much larger national digital government agenda. Its long-term effectiveness and

425 ability to generate "smarter tax policies" (Incorp.asia, 2025) depend on successfully navigating these broader data

426 integration and governance challenges, moving towards a truly data-driven public administration.

427 **Policy Recommendations for Sustainable Digital Tax Transformation**

428 Lessons from Coretax can inform proactive and forward-looking policymaking for sustainable digital tax

429 transformation in Indonesia.

430 • **Adaptive Policies for Unique National Characteristics:** Policymakers must acknowledge that COTS

431 platforms provide generic solutions, whereas Indonesia's tax system possesses unique characteristics that

432 necessitate careful customization and adaptation (Sastri et al., 2025). Future policies should prioritize

433 solutions flexible enough to accommodate this specific national context without sacrificing efficiency.

434 • **Targeted Support to Bridge the Digital Divide:** Develop specific policy strategies and implement robust

435 support mechanisms tailored for MSMEs and other taxpayer segments with lower digital literacy or limited

436 access to technology. This is crucial to ensure equitable access to tax services and foster compliance across

437 all segments of society, preventing digital systems from inadvertently creating new barriers (Karina, 2025).

438 • **Regulatory Harmonization for the Digital Economy:** Urgently create clear and comprehensive legal

439 frameworks and build robust technological systems to address the complex tax regulatory challenges posed

440 by the rapidly evolving digital economy. This includes formulating unambiguous guidelines for digital

441 transactions and considering modern concepts like "significant economic presence" to capture tax revenue

442 from digital businesses that lack traditional physical presence (Purba & Salomo, 2024).

443 • **Long-Term Human Resource Development:** Invest strategically in long-term human resource capacity-

444 building initiatives for tax officials and the broader public. This includes continuous professional

445 development for tax administrators to adapt to new technologies and sustained national efforts to enhance

446 general tax literacy and digital proficiency among citizens (DJP, 2025).

447 These recommendations shift the focus to proactive and forward-looking policymaking, indicating that the

448 current Coretax implementation serves as a vital learning experience that should inform future strategies. The

449 emphasis on adapting generic solutions to unique national contexts (Purba & Salomo, 2024) is a vital policy lesson,

450 highlighting the need for a nuanced approach to technology adoption in public administration. Furthermore, the

451 focus on addressing digital economy tax challenges (Karina, 2025) underscores that tax policy and administration

452 must evolve rapidly and continuously to keep pace with technological advancements and emerging business

453 models. This implies that sustainable digital tax transformation is not a one-time project but an ongoing process

454 of reform, adaptation, and continuous learning, requiring agile policy responses to a dynamic environment

455 **7. Conclusions**

456 **Summary of Key Findings**

457 The launch of Coretax in January 2025 marked Indonesia's ambitious leap towards digitally transformed

458 tax administration, driven by the strategic goals of significantly enhancing efficiency, transparency, and taxpayer

459 compliance, and crucially, reducing the persistent tax gap.

460 However, the qualitative analysis of its initial implementation reveals a dual reality: while the system

461 holds immense promise for integrated, automated, and real-time tax services, its rollout has been plagued by

462 considerable technical issues, significant challenges in user adaptation and training, and fundamental concerns

463 regarding system readiness and capacity for mass access.

464 A critical finding is the disproportionately negative impact on certain stakeholder groups, particularly

465 Micro, Small, and Medium-sized Enterprises (MSMEs), and the unintended consequence of increased reliance on

466 tax consultants, contrary to the system's initial promise of simplification.

467 **Future Outlook for Indonesia's Digital Tax Landscape**

468 Despite the initial setbacks and operational friction encountered, Coretax remains a strategic imperative

469 for Indonesia's long-term fiscal health and economic development. The potential for significant revenue

470 enhancement and improved governance remains a powerful motivator for its continued refinement.

471 The path forward necessitates not merely technical bug fixes but a comprehensive and multi-dimensional

472 approach. This includes a commitment to phased implementation, robust and ongoing user training, iterative

473 system refinements based on feedback, strengthened governance and independent oversight, and the development

474 of an adaptive regulatory framework. This framework must specifically address the unique characteristics of

475 Indonesia's tax system and proactively respond to the evolving complexities of the digital economy.

476 Ultimately, the Coretax experience offers invaluable qualitative lessons for Indonesia and other nations

477 embarking on large-scale digital public policy implementations. It underscores the critical importance of a holistic,

478 user-centric, and adaptive strategy that integrates technological advancements with human capacity building,

479 robust governance, and agile policy responses to achieve sustainable and equitable digital transformation.

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