

Digital Tax Administration through the Core Tax System: A Case Study of PPh 23 from a Building Materials Distribution Company

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Abstract. The implementation of a digital-based tax administration system is realized through the use of the Core Tax Administration System (Coretax) which was developed to encourage increased efficiency, accuracy, and transparency in managing corporate taxpayer tax obligations. One type of tax that requires careful administrative management is Income Tax (PPh) Article 23. This study is directed to examine the implementation of the Core Tax System in the management of PPh Article 23, which includes the stages of preparing withholding tax certificates, the payment process, and tax reporting, as well as to identify various conveniences and obstacles that arise in the implementation of the system and their impact on the order of tax administration. The type of research used is qualitative with a descriptive method. Data collection techniques through interviews, direct observation, and documentation. The results of the study indicate that the implementation of the Core Tax System in the management of PPh Article 23 has been implemented quite optimally and has made a positive contribution to increasing the efficiency and order of tax administration. This system simplifies the process of creating withholding tax certificates through the e-Bupot feature, simplifies tax payments through electronic billing code generation, and improves the accuracy of reporting PPh Article 23 Periodic Tax Returns through data integration. However, obstacles were found in the form of technical constraints and limited user understanding of the Core Tax feature. The Core Tax system plays an important role in supporting corporate tax compliance, but optimizing its implementation still requires improving human resource competency and sustainable system infrastructure support.

Keywords: Core Tax System, Income Tax, Tax Compliance

1. INTRODUCTION

Taxes function as the backbone of state revenue which has a crucial position in supporting the sustainability of government administration in Indonesia. The revenue collected from the tax sector is allocated to finance various priority areas, including improving the quality of education and health services, accelerating infrastructure development, strengthening defense and security, and funding programs in the political, social, and community protection sectors (Korat & Munandar, 2025). One of them is income tax (PPh) as the main part of tax revenue which is greatly affected by compliance and the digital tax administration system (Dahlan, 2020). Corporate taxpayer compliance in the *self-assessment* system is very important because the system requires companies to calculate, report, and pay taxes independently, thereby increasing state revenue through trust and accuracy of reporting (Am & Sarjan, 2020). The self-assessment *system* places full tax responsibility on corporate taxpayers, thereby encouraging increased awareness and independence in fulfilling tax obligations. The implementation of the system has been proven to contribute significantly to increasing compliance levels, where the results of quantitative analysis show that there is a considerable influence. In addition, the level of compliance is more optimal if supported by an adequate understanding of taxation and the use of a digital-based tax system (Manuain Deetje Wieske et al., 2024).

Tax management that is still carried out manually often causes various obstacles, such as miscalculations, delays in data processing, and difficulties in reporting which have an impact on low accuracy of information and weak supervision. In addition, the manual system limits the government's ability to monitor and analyze tax data in *real-time*, thereby reducing the effectiveness of tax administration (Aburizal Al Maliki, 2025). Therefore, it is necessary to implement a modern and integrated system to increase efficiency and minimize the potential

for errors. One of them is through the implementation of *the Core Tax Administration System* (Coretax) as a solution to improve the efficiency, accuracy, and quality of tax administration management and minimize the potential for errors. Coretax is a digital-based application system developed to simplify the tax reporting process through the provision of automatic data integration features, accurate tax calculations, and a fully electronic reporting mechanism. The *Core Tax* app comes with calculation automation features, data integration, and user guides aimed at reducing errors in tax reporting (Rahmad, 2025). Coretax is designed flexibly and oriented to user needs, thus supporting practical, efficient, and accessible tax services.

The implementation of digital systems in tax administration allows the automation of tax procedures that were previously done manually, thereby reducing recording errors and speeding up tax administration workflows (Respati, 2020). One form of implementing the digital system is *the Coretax System* which was developed to unite the entire series of tax administrations into one integrated system that is interconnected. As a system that utilizes information technology, the Coretax System is designed to digitize and unify the entire series of tax administration activities into one integrated framework. The use of coretax aims to update the tax management mechanism to be more efficient and responsive through the application of automation in various tax activities, starting from taxpayer data management, report submission, and the process of fulfilling tax payment obligations (Aburizal Al Maliki, 2025). According Misbahuddin, M & Kurniawati (2025) The implementation of the Coretax Administration System (CTAS) in tax administration governance in Indonesia has proven to have a real impact, especially in increasing the level of efficiency and effectiveness of work, as well as strengthening transparency in the tax management process. In addition, the existence of the latest feature in coretax is considered effective in reducing reporting delays and minimizing tax calculation errors that previously often occurred manually (Rahmad, 2025).

One of the state revenues from the tax sector is sourced from Income Tax (PPH). One type of income tax collected through the withholding mechanism is Income Tax Article 23, which is imposed on certain income, such as income from investment, rewards for providing services, and gifts or other forms of appreciation. This tax withholding obligation arises at the time of a transaction between two parties, where the party who earns income or provides services is subject to Article 23 Income Tax withholding (Herfina & Rahmawati, 2021). Income Tax (PPH) Article 23 is a tax collection scheme applied to certain types of income received by domestic taxpayers, both individuals, business entities, and Permanent Establishments (BUT). The provisions regarding the imposition of this tax are sourced from Article 23 of Law Number 7 of 1983 concerning Income Tax, which was later refined and adjusted through Law Number 36 of 2008. Tax withholding is carried out by government agencies, domestic taxpayers, permanent business establishments, activity organizers, or other representatives of foreign companies (Ketaren, Anggi et al., 2025). The imposition of taxes is applied to income arising from the use of capital, the implementation of certain services, or activities that produce economic benefits or value (Sinaga & Yanti, 2025).

Along with the increasing complexity of business transactions, especially in building materials distributor companies that have the intensity of service transactions, leases, and cooperation with various third parties. Income Tax Management (PPH) Article 23 is a crucial aspect in corporate tax administration. The high volume of these transactions has the potential to pose a risk of errors in making deduction receipts, late deposits, and inaccurate tax reporting if it is not supported by an integrated administrative system and you. Research by Herfina & Rahmawati (2021) shows that the management of Income Tax Article 23 that is not optimal is still often encountered in companies, especially related to non-conformity in withholding and reporting taxes on services received. Therefore, an empirical study is needed to analyze how the implementation of the Core Tax System is carried out in real company practices, especially

in the management of Income Tax Article 23 in building materials distributor companies to assess the effectiveness, convenience, and obstacles faced in making withholding evidence, deposits, and tax reporting.

As an effort to modernize in the field of taxation, the Directorate General of Taxes implements the use of digital-based systems in tax administration with the aim of encouraging increased work efficiency, strengthening transparency, and increasing the level of taxpayer compliance. One form of digitalization is the implementation of **e-Bupot**, e-Faktur, and e-Filing applications that replace manual processes in making withholding receipts, deposits, and tax reporting. According to Respati (2020) The application of information technology in tax services can improve the work efficiency of tax officials, speed up the reporting process, and strengthen the state's fiscal capacity through increasing tax compliance. Dahlan (2020) emphasized that the implementation of the digital system and *core tax system* is needed to reduce the occurrence of unrecorded transactions, improve the accuracy of tax reporting, and encourage tax compliance both formally and materially. According to Nalindri (2025) The application of e-Faktur and e-Bupot empirically shows a significant influence in encouraging increased tax compliance for corporate taxpayers. This is due to the availability of ease of access to the system, the acceleration of the reporting process, and the increase in the disclosure of tax information. In addition, the use of e-Bupot has fulfilled the principle of *ease of administration*, which is reflected in the increasingly concise and practical process of tax calculation, preparation of withholding evidence, and reporting of Income Tax Return Article 23/26 which is carried out entirely through the electronic system (Arianty, 2021). Furthermore, Azizah et al., (2024) highlighted that the use of E-Bupot Unification in the construction services sector provides significant benefits in facilitating data verification, automating the creation of withholding evidence, and integrating tax reporting in one system.

Based on the background description that has been presented previously, this study is directed to formulate the problems that are the focus of the study on the implementation of the Core Tax System in the management of Article 23 Income Tax (PPh) in building materials distributor companies which includes the process of making withholding evidence, depositing, and reporting Article 23 Income Tax. The formulation of the problem to find out the extent to which the Core Tax System has been applied in supporting the order of corporate tax administration. In addition, the research also formulated problems related to the ease and obstacles faced by companies in implementing the Core Tax System in the management of Income Tax Article 23. The formulation of this problem aims to identify the supporting factors and obstacles that arise during the implementation of the system and their impact on the effectiveness and compliance of corporate taxation.

2. METHODS

The approach used in this study is a qualitative method, which is a research design that focuses on trying to describe and interpret phenomena comprehensively and in-depth (Amiliyah & Prihastiwati, 2025). Research is descriptive because it aims to explain meaning, process, and social context. In other words, qualitative research is intended to present an in-depth and thorough description of the conditions, events, or phenomena that took place at the time the research was carried out (Misbahuddin, M & Kurniawati, 2025).

The object of the research is the implementation of the Core Tax System in making proof of withholding, depositing, and reporting of Article 23 Income Tax (PPh) at building material distributor companies. The subjects of the research are tax staff, the finance department, and related parties who are directly involved in the management of Income Tax Article 23 to obtain a comprehensive overview of the implementation, convenience, and obstacles to the implementation of the Core Tax System in corporate tax practices.

Data collection in this study was carried out through several methods, namely interviews, observations, and documentation. The interview method is directed to informants who have direct involvement in the management of Income Tax (PPh) Article 23, especially those related to the stages of preparing withholding evidence, the deposit process, and tax reporting activities carried out using the Core Tax system. Data collection through observation is carried out by directly observing the implementation of the Core Tax System in corporate tax activities, while the documentation technique is carried out by tracing and reviewing various archives and related tax documents.

The data used in this study is classified as qualitative data, namely information presented in the form of narrative descriptions or descriptive explanations so that they cannot be measured quantitatively. The data sources of this research consist of two categories, namely primary data and secondary data. Primary data was obtained directly from the main informants, including tax staff, finance departments, and related parties in building material distributor companies that were used as research objects through interviews and field observations. Meanwhile, secondary data is obtained from internal company documents, applicable tax regulations, and supporting literature such as books, scientific journals, and official publications of the Directorate General of Taxes related to the implementation of the Core Tax system and Article 23 Income Tax.

The data processing in this study uses a descriptive analysis method, which is an approach that aims to compile, interpret, and present data in a structured manner so as to be able to comprehensively describe the conditions being studied and answer the focus of the research problem. Descriptive research is an effort to collect facts accompanied by appropriate interpretation to examine social problems, behavioral patterns, relationships between activities, attitudes, views, and ongoing processes (Syahrizal & Jailani, M, 2023). This method aims to describe the object or subject of research as it is in accordance with real conditions.

3. RESULTS AND DISCUSSION

3.1 Implementation of the Core Tax System in the Preparation of Article 23 Income Tax Withholding Receipts

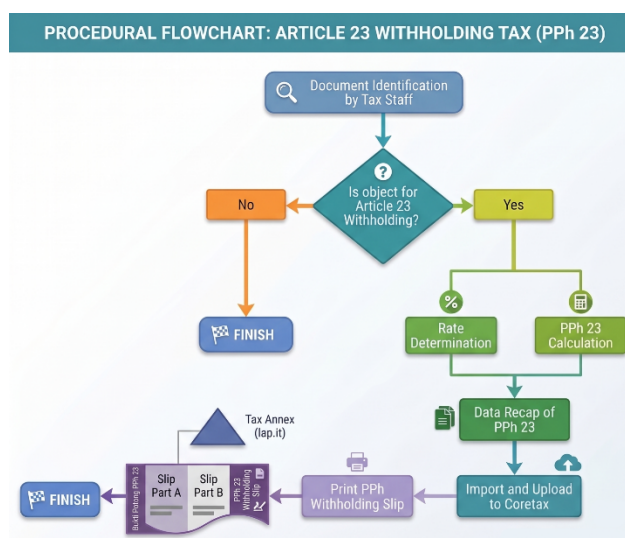


Image 1. Process of Making Income Tax Withholding Evidence Article 23

Based on the results of interviews and observations in the field, the implementation of the Core Tax System in making Article 23 Income Tax withholding receipts for building materials distributor companies has gone quite well. The process of making withholding receipts begins with the identification of transactions that are included in Article 23 Income Tax objects such

as service and rental transactions carried out with third parties. After the transaction is identified, the data is entered into the Core Tax system through the e-Bupot feature. The system automatically helps calculate the amount of tax that must be deducted according to the applicable tariff provisions. With this feature, the risk of calculation errors that previously often occurred in manual processes can be reduced. The proof of withholding that has been made can then be directly printed or sent electronically to the party whose tax is withheld. However, the results of the observations show that user accuracy remains an important factor. This error can still occur if users are not careful in determining the type of service or the basis for imposing taxes. Therefore, even though the system has helped technically, the role of human resources remains innegligible. These results are in line with the research of Respati (2020) and Arianty (2021) which stated that the digitization of the production of withholding evidence is able to increase the efficiency and accuracy of tax administration. However, in practice, precision is still needed from system users in Core Tax, especially in ensuring the suitability of the type of service and the basis for imposing taxes used.

3.2 Implementation of the Core Tax System in the Income Tax Payment Process Article 23

In the process of depositing Income Tax Article 23, the Core Tax system provides significant convenience. After the withholding receipt is issued, the company can immediately create a billing code through the system without the need to enter data repeatedly. This makes the tax filing process simpler. Tax payments are made through official payment channels that have been connected to the system. The resulting proof of payment will be automatically recorded and stored in the Core Tax system. This way, the company has a well-documented payment archive and is easy to trace back if needed. From the results of the interview, it is known that this mechanism helps companies in avoiding delays in paying taxes. Although under certain conditions there are still technical problems with the system. The implementation of Core Tax has made the process of depositing Income Tax 23 more orderly than before the implementation of the digital system. This is in line with Dahlan (2020) who stated that the *core tax system* is able to minimize the potential for late tax payments and increase the transparency of tax administration.

3.3 Implementation of the Core Tax System in Income Tax Reporting Article 23

Reporting Income Tax Article 23 through the Core Tax System is considered more practical than the previous method. The data on withholding receipts and tax payments that have been stored in the system will be automatically withdrawn when the reporting process of the Periodic Tax Return is carried out. Companies no longer need to manually input data one by one. The validation features available in the system also help detect data discrepancies before reports are submitted. This minimizes the potential for administrative errors that impact the company's tax compliance. However, the observation results show that a re-check is still required before reporting is carried out. This is important to ensure that all transactions that are the object of Income Tax Article 23 have been listed in the report, especially during the tax period with a high transaction volume in a certain period. These results are in line with the research of Nalindri (2025) and Azizah et al., (2024) who stated that the implementation of a digital-based tax reporting system has a positive impact on increasing the level of compliance of corporate taxpayers.

3.4 Ease and Obstacles to the Implementation of the Core Tax System in the Management of Income Tax Article 23

Based on the results of the research, there are several conveniences that companies feel in implementing the Core Tax System. These conveniences include a faster process of making withholding receipts, automatic and accurate tax calculations, ease of tax payment, and data integration in Article 23 Income Tax reporting. On the other hand, companies also face several obstacles in the implementation of this system. The most frequent obstacles are system technical obstacles, such as server interruptions and limited access at certain times, especially when entering working hours. In addition, in the early stages of implementation, there are still limitations in user understanding of Core Tax features which leads to the need for gradual adjustments and learning. This finding is in line with (Misbahuddin, M & Kurniawati (2025) which emphasizes that the success of the operation of the digital taxation system does not only depend on technical aspects or technological advancements alone, but is highly determined by the ability and readiness of human resources, as well as the existence of adequate organizational support through clear policies and structures.

3.5 Discussion

The results of the study show that the implementation of the Core Tax System in the management of Income Tax Article 23 in building materials distributor companies has had a positive impact on the efficiency and order of tax administration. This system helps companies carry out their tax obligations in accordance with *the principle of self-assessment* and reduces the potential for errors that often occur in manual processes. However, optimizing the use of the Core Tax System still requires increasing user competence and periodic system evaluation. With the support of continuous training and system improvement, it is hoped that the implementation of Core Tax can provide more benefits for companies in the long run. The findings of this study strengthen the view that the digitization of tax administration through the Core Tax System is a strategic instrument in increasing corporate taxpayer compliance. The implementation of Core Tax which is integrated with e-Bupot features, billing codes, and electronic reporting of Periodic Tax Returns has been proven to be able to simplify administrative procedures and reduce the potential for tax recording and calculation errors. This is in line with Respati (2020) who said that the adoption of e-government systems in the field of taxation contributes significantly to increasing the efficiency and accuracy of tax administration.

Judging from the self-assessment mechanism, the use of Core Tax also increases the responsibility of corporate taxpayers in fulfilling their tax obligations independently. The presence of this system is not solely used for administrative purposes, but also acts as an internal control instrument that helps companies ensure that the process of withholding, depositing, and reporting Income Tax Article 23 has been carried out in accordance with the provisions of applicable tax regulations. These findings are in line with the research of Manuain Deetje Wieske et al., (2024) who stated that the effectiveness of the *self-assessment system* is greatly influenced by the support of the digital system and the level of understanding of the user's taxation. However, the results of the study indicate that the effectiveness of the implementation of the Core Tax System is not solely determined by the technological aspects used, but is more supported by the level of readiness and competence of the human resources who run it. Obstacles in the form of errors in the selection of types of services and the basis for imposing taxes show that the human error factor is still a risk in the management of Income Tax Article 23. This is in line with the findings of Misbahuddin, M & Kurniawati (2025) who stated that digital transformation of taxation requires increasing user competence so that the benefits of the system can be felt optimally. In addition, technical constraints such as server outages and limited system access at certain times reflect the challenges of implementing digital systems at the transition stage. This condition was also found in Dahlan's (2020)

research which highlighted that the modernization of the tax system requires the readiness of adequate technological infrastructure so as not to interfere with the formal compliance of taxpayers. Therefore, support in the form of system capacity building and responsive technical services is an important factor in maintaining the sustainability of the implementation of the Core Tax. Overall, the results of this study reinforce the findings of Azizah et al., (2024) that the implementation of tax administration that utilizes digital systems has been proven to have a beneficial impact on increasing the level of compliance of corporate taxpayers with their tax obligations. The implementation of the Core Tax System in building materials distributor companies not only increases the efficiency of Article 23 Income Tax administration, but also encourages order and transparency in fulfilling tax obligations. Thus, the optimization of the Core Tax System needs to be accompanied by increasing tax literacy and continuous training for users so that the goal of tax administration reform can be achieved optimally.

4. CONCLUSION

4.1. Conclusion

Based on the results of the research and discussion, it can be concluded that the implementation of the Core Tax System in the management of Income Tax (PPH) Article 23 in building material distributor companies has gone quite well and has a positive impact on the order of corporate tax administration. The implementation of Core Tax is able to increase the efficiency of the process of making withholding receipts, deposits, and reporting of Income Tax Article 23 through an integrated and digital-based system. The use of the e-Bupot feature, creating billing codes, and reporting the Periodic Tax Return electronically helps minimize tax calculation and recording errors that previously often occurred in manual systems. In addition, the implementation of the Core Tax System also strengthens the implementation of *the principle of self-assessment* by encouraging corporate taxpayers to carry out their tax obligations independently, in an orderly, and timely manner. The system is not solely used for administrative purposes, but also acts as an internal control instrument that helps companies meet formal and substantive compliance with Article 23 Income Tax provisions. However, the implementation of Core Tax also encounters obstacles such as technical system constraints and limited user understanding of the available features.

4.2. Suggestions

The success of the implementation of the Core Tax is not only determined by the technological aspect, but also by the readiness of human resources and adequate infrastructure support. Building materials distributor companies are advised to continue to improve the competence of human resources involved in tax management. Increasing understanding of the provisions of Income Tax Article 23 and the features in the system is expected to reduce the risk of errors in determining tax objects and the basis for imposing taxes. In addition, companies need to carry out regular internal reviews and evaluations of the implementation of the system so that the entire series of tax processes continue to run in line with the provisions of applicable regulations.

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