



REDESIGNING POST AUDIT OVERSIGHT IN INDONESIA'S DIGITAL TAX ARCHITECTURE: BEHAVIOURAL COMPLIANCE INTEGRATION AND THE CORETAX SYSTEM

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Abstract

Despite decades of modernisation efforts, Indonesia's tax-to-GDP ratio remains entrenched at approximately 10-12%, far below both the OECD benchmark and Asia Pacific regional norms. A significant contributor to this fiscal underperformance is the deterioration of taxpayer compliance in the period immediately following a tax audit, a phenomenon widely documented in behavioural economics as the Bomb Crater Effect (BoCE). Drawing on an interpretivist qualitative case study conducted at KPP Pratama Pondok Aren, based on semi-structured interviews with five purposively selected tax officials (two tax auditors, two Heads of the Supervision Section, and one Account Representative), document analysis, and triangulation, this research investigates the structural and behavioural determinants of post-audit non-compliance among VAT-registered enterprises (PKP). The study integrates the Slippery Slope Framework (SSF), institutional analysis, and an examination of the 2025 rollout of Indonesia's Core Tax Administration System (Coretax) to map the interplay between technological disruption, bureaucratic fragmentation, and eroding taxpayer trust, and it examines the regulatory implications of Director General Regulation PER-9/PJ/2025, which targets fictitious Value Added Tax invoice networks. This paper advances a five-pillar 'Sustained Post-Audit Compliance' model encompassing compliance-by-design architecture, behavioural nudges, cross-functional Account Representative and auditor integration, risk-calibrated enforcement, and Pancasila-grounded institutional reform. The findings enrich the nascent Tax Administration 3.0 literature and furnish evidence-based guidance for policymakers committed to broadening Indonesia's revenue base.

Keywords: Behavioural taxation; Coretax; Post audit oversight; Slippery Slope Framework; Tax compliance

INTRODUCTION

The capacity of a state to deliver public goods and fulfil its developmental mandate hinges, above all, on the robustness of its domestic revenue mobilisation. In Indonesia, tax receipts account for roughly four fifths of total State Budget (APBN) revenues, positioning the taxation system as the fiscal cornerstone of national governance. Tax revenue is used to fund public services, infrastructure, social programs, and national development priorities (Christina, 2022; Pambudi et al., 2026). Yet despite sustained reform initiatives spanning more than two decades from the landmark tax administration overhaul of 2000-2002 to the current wave of digitalisation, Indonesia's tax-to-GDP ratio has remained stubbornly anchored at roughly 10-12%, depending on the definition used. This places the country well below the 2023 OECD average of 33.9% and the Asia-Pacific average of 19.6% (OECD, 2025). The implications of this persistent shortfall extend far beyond accounting; they represent a structural constraint on the state's ability to finance infrastructure, social services, and the transition to a more diversified economy. The persistent income gap limits the government's ability to invest in critical infrastructure such as transportation, energy, and digital networks, which are essential for economic growth and competitiveness. Public finance sources become inadequate, forcing governments to seek alternative financing, which may not always be sustainable or equitable (Pryke & Allen, 2022).

Underlying this fiscal gap is a complex of interrelated challenges: a tax base that is narrow relative to economic output, increasingly sophisticated avoidance strategies, and a compliance culture that remains largely reactive rather than intrinsically motivated. Within this context, the Directorate General of Taxes (DGT) has historically relied on tax audits as a



primary corrective instrument. Contemporary fiscal scholarship, however, argues that this framing is both conceptually limited and practically insufficient. The most consequential window for influencing taxpayer behaviour does not lie within the audit itself but in the months and years that follow its conclusion. Evidence gathered at the Primary Tax Office (KPP Pratama) of Pondok Aren illustrates the problem with particular clarity: a recurring pattern has been observed whereby VAT registered taxpayers (PKP) who complete an audit subsequently revert to non compliant practices especially in fulfilling Value Added Tax (VAT) obligations suggesting that the corrective impact of the audit dissipates rapidly when unsupported by structured post audit oversight.

This study addresses three interconnected research objectives: first, to diagnose the behavioural and institutional drivers of post audit non compliance among PKP taxpayers at KPP Pratama Pondok Aren; second, to evaluate the extent to which the disrupted launch of the Coretax system in 2025 has reshaped the supervisory environment; and third, to synthesise these empirical and theoretical insights into a coherent ‘Sustained Post Audit Compliance’ model suitable for Indonesia’s digitally transforming tax administration. By situating local case study evidence within the broader trajectory of Tax Administration 3.0, the paper aspires to generate propositions that are generalisable beyond Pondok Aren to the wider DGT network.

This article builds on an earlier descriptive study conducted by members of the same research team at KPP Pratama Pondok Aren (Kusuma et al., 2025), which documented how supervision and law enforcement were implemented at the office and the obstacles they faced. The present article does not repeat that analysis. It re-examines the fieldwork through a different theoretical lens, namely the BoCE, the SSF, and Tax Administration 3.0, and extends it to two developments that the earlier study did not address: the 2025 Coretax transition and the pre-emptive enforcement regime introduced by PER-9/PJ/2025. Its distinct contribution is the conceptual ‘Sustained Post-Audit Compliance’ model.

LITERATURE REVIEW

From Deterrence to Behavioural Compliance: An Evolving Paradigm

The intellectual history of tax compliance scholarship can be read as a progressive disillusionment with purely rationalistic explanations of taxpayer behaviour. The foundational model proposed by Allingham and Sandmo (Allingham & Sandmo, 1972) conceptualised compliance as the outcome of a cost benefit calculation in which a risk neutral individual weighs the expected utility of under reporting income against the probability of audit detection multiplied by the applicable penalty rate. While analytically elegant, this expected utility framework generated an uncomfortable implication: audit probability and sanction severity were the only levers available to tax authorities. Post audit supervision, under this logic, served merely to sustain a sufficiently threatening perception of detection risk.

Empirical scrutiny, however, repeatedly exposed the limitations of this deterrence-centric paradigm. Intensive enforcement regimes were found to be prohibitively expensive, and mounting evidence suggested that coercive pressure could paradoxically undermine ‘tax morale’ the intrinsic motivation to contribute honestly to public finances among individuals and enterprises that were already disposed toward compliance (Kirchler et al., 2008). The result was the emergence of more psychologically nuanced frameworks, most influentially the Slippery Slope Framework (SSF). The SSF reframes compliance as a joint function of two orthogonal institutional dimensions: the ‘power of authority’, which generates enforced compliance through the credible threat of detection, and ‘trust in authority’, which cultivates voluntary compliance by conferring legitimacy on the fiscal system. The practical implication is that enforcement and facilitation are not substitutes but complements: an authority that invests only



in coercive power risks eroding the very trust that sustains voluntary compliance in the long run.

Table 1. Comparative Analysis of Tax Compliance Paradigms

Paradigm	Primary Driver	Post-Audit Focus	View of Taxpayer
Economic Deterrence	Penalties and audit probability	Maintaining perceived detection risk	Utility maximising rational agent
Slippery Slope	Balance of authority power and trust	Rebuilding legitimacy after enforcement	Social actor embedded in institutions
Behavioural Compliance	Social norms and moral reasoning	Correcting systematic cognitive biases	Psychologically complex decision-maker
Pancasila-inflected SSF	Humanist-religious values	Harmonising material and spiritual motivations	Civic subject with relational obligations

Source: Authors' synthesis based on Allingham and Sandmo (Allingham & Sandmo, 1972); Kirchler et al. (Kirchler et al., 2008); Mebratu (2024)

The Indonesian scholarly context has prompted a further adaptation of the SSF to accommodate the nation's distinctive ideological foundations. Researchers have proposed a Pancasila inflected variant of the framework in which both 'power' and 'trust' are reconceptualised through the lens of national values emphasising collective welfare, spiritual accountability, and social justice. Under this formulation, tax compliance becomes less a matter of self interested calculation and more an expression of civic virtue, one that flourishes when public institutions demonstrate transparency, procedural fairness, and a genuine commitment to the equitable allocation of public resources. The transition from viewing taxpayers as presumptive evaders to regarding them as development partners is, accordingly, not merely a rhetorical shift but a structural reorientation with measurable consequences for compliance rates.

Post Audit Behavioural Dynamics: The Bomb Crater Effect and Its Counterpart

Among the most practically significant findings in contemporary tax compliance research is the Bomb Crater Effect (BoCE), a phenomenon first systematically documented through laboratory experiments (Mittone, 2006). The metaphor is instructive: a wartime soldier who has survived a shell impact may irrationally conclude that the already struck location is safer than others, since the probability of a second hit appears diminished. Analogously, taxpayers who have just undergone an audit frequently infer that they are temporarily 'immune' from re-examination a cognitive distortion rooted in the gambler's fallacy rather than any objective assessment of audit selection procedures. The behavioural consequence is a sharp, often immediate, decline in reported income and compliance effort following audit completion.

Controlled experimental studies consistently report the BoCE when audit selection is exogenous or random; under these conditions, the post-audit compliance dip has been found to be surprisingly durable (Kastlunger et al., 2009; Mittone, 2006). More recent work shows that post-audit compliance may either rise or fall, depending notably on the effectiveness of the audit itself (Alm & Kasper, 2022; Kasper & Rablen, 2023). A partial counterweight exists in the form of the 'Learning Effect': when audit selection is endogenous, that is, when auditors target taxpayers whose past behaviour provides actuarial grounds for suspicion, some individuals respond by recalibrating their compliance upward, having acquired more accurate expectations about ongoing scrutiny. A related phenomenon, the 'Echo Effect', describes the horizontal diffusion of post-audit non-compliance through peer networks: once it becomes



known within a business community that an audited firm has returned to under-reporting without consequence, others may revise their own risk assessments downward.

Table 2. Taxonomy of Post-Audit Behavioural Phenomena

Phenomenon	Trigger Condition	Compliance Trajectory	Underlying Mechanism
Bomb Crater Effect	Random or exogenous audit selection	Sharp post audit decline	Probability misperception; gambler's fallacy
Learning Effect	Risk based or endogenous audit selection	Gradual upward adjustment	Rational updating of detection-risk beliefs
Echo Effect	Peer communication of audit outcomes	Indirect, lagged decline	Social information diffusion within business networks

Source: Mittone (Mittone, 2006); Kasper et al. (Kasper et al., 2015); Kastlunger et al. (Kastlunger et al., 2009)

For a field office such as KPP Pratama Pondok Aren, these findings carry immediate operational significance. Neutralising the BoCE requires that the ‘visible presence’ of the tax authority does not terminate with the closing of an audit file but continues, in digitally mediated form, throughout the supervisory cycle. When taxpayers perceive that automated data matching and real time transaction monitoring render re-examination both probable and prompt, the cognitive conditions necessary for the gambler’s fallacy to take hold are systematically undermined.

Digital Transformation: The Coretax System

The launch of Indonesia’s Core Tax Administration System (CTAS), commercially branded as Coretax, on 1 January 2025 represented the most ambitious single step transformation in the DGT’s administrative history. The system was designed to consolidate a proliferation of previously standalone applications including DJP Online, e-Faktur, and e-Bupot into a single, unified digital platform capable of supporting real time transaction monitoring, automated risk scoring, and seamless taxpayer self service. In principle, this architecture promised to render continuous post-audit oversight technically feasible at scale for the first time. (Djinarto et al., 2024; Zairin et al., 2025)

In practice, however, the system’s debut triggered an administrative crisis of considerable magnitude. Chronic portal inaccessibility, authentication failures, and a persistent mismatch between National Identity Numbers (NIK) and Taxpayer Identification Numbers (NPWP) collectively obstructed routine compliance activities for weeks. The fiscal signal was stark: national tax revenue in January 2025 was reported at IDR 88.89 trillion, 41.86% lower than in January 2024 (Bisnis.com, 2025a). Although government officials attributed part of the decline to seasonal patterns and changes in withholding mechanisms, tax practitioners widely linked it to Coretax implementation problems (Bisnis.com, 2025b). Critics characterised the simultaneous migration of the entire taxpayer population as a form of institutional overreach, a pace of change that outstripped both the operational readiness of the administration and the digital literacy of a substantial share of the taxpayer base (Zairin et al., 2025). Emergency measures, including the temporary reinstatement of legacy systems and the suspension of administrative penalties for late filing, were introduced to contain the damage. The episode demonstrated that transformative digital infrastructure is only as effective as the human capital, data governance frameworks, and institutional trust upon which it rests.



Table 3. Coretax 2025: Strategic Potential versus Operational Disruption

System Feature	Anticipated Benefit	Documented Challenges (2025)
Unified data architecture	Single source of truth linking NIK to NPWP	Widespread data synchronisation failures at launch
Real time transaction monitoring	Immediate anomaly flagging across all taxpayers	Server overload and persistent network bottlenecks
Automated compliance processing	Reduced compliance cost and administrative burden	Uneven digital readiness among taxpayer segments
Integrated self-service portal	Seamless multi-service taxpayer experience	Prolonged portal downtime and unresolved system errors

Source: Zairin et al. (Zairin et al., 2025); Djinarito et al. (Djinarito et al., 2024); Bisnis.com (Bisnis.com, 2025a, 2025b)

Regulatory Escalation: PER-9/PJ/2025 and the Fictitious Invoice Problem

The VAT subsystem occupies a structurally vulnerable position within Indonesia's revenue architecture. The input-tax credit mechanism, which allows registered businesses to offset VAT paid on inputs against VAT collected on outputs, creates an incentive for fraudulent actors to fabricate inward facing invoices that generate artificial credit entitlements. The resulting revenue haemorrhage prompted the DGT to enact Director General of Taxes Regulation Number PER-9/PJ/2025, which introduces a graduated pre-emptive enforcement regime targeting both issuers and recipients of suspected fictitious invoices.

The distinctive feature of this regulation is its capacity for real time interdiction, rather than relying on the lengthy audit cycle to surface fraudulent claims, the DGT may now suspend electronic invoice-generation access for taxpayers identified through intelligence activities and forensic profiling as probable participants in invoice fabrication networks. Suspension triggers are anchored in two primary criteria, the verifiable physical existence of the registered business premises and the alignment of declared activities with the taxpayer's economic profile. Affected parties retain a 30 calendar day window to submit exculpatory evidence, after which the relevant Regional Office issues a binding determination. Persistent non-resolution results in the revocation of VAT registration status.

Table 4. Enforcement Sequence Under PER-9/PJ/2025

Stage	Prescribed Action	Responsible Authority	Timeframe
Intelligence detection	Fiscal intelligence activities and network mapping	DGT Intelligence Division	Continuous
Pre-emptive intervention	Suspension of electronic invoice access	Regional DGT Office	Immediate upon determination
Taxpayer right of reply	Submission of clarifying evidence and documentation	Taxpayer	30 calendar days
Administrative resolution	Acceptance or rejection of taxpayer's representations	Head of Regional DGT Office	30 calendar days



Stage	Prescribed Action	Responsible Authority	Timeframe
Terminal sanction	Revocation of VAT registration status	Tax Service Office	Post-resolution, if unresolved

Source: PER-9/PJ/2025; Directorate General of Taxes (Peraturan Direktur Jenderal Pajak Nomor PER-9/PJ/2025 Tentang Penanganan Faktur Pajak Tidak Sah, 2025)

Determinants of Tax Compliance in Prior Quantitative Studies

The studies summarised in Table 5 are quantitative, survey-based studies. The present study, by contrast, is an interpretivist qualitative case study and does not test hypotheses. Table 5 therefore does not report results of this research. It synthesises the direction of relationships reported in prior studies (Cahyani, 2022; Kirchler et al., 2008; Primasari & Hendrani, 2022; Saumi & Ernandi, 2023; Supriyati et al., 2024; Totanan et al., 2024) and serves only as a sensitising framework against which the qualitative themes are compared in the Results and Discussion section.

Table 5. Determinants of Tax Compliance Reported in Prior Quantitative Studies (Secondary Literature)

Variable	Relationship Reported in Prior Studies	Operational Mechanism
Tax audit	Positive effect on compliance (Primasari & Hendrani, 2022; Saumi & Ernandi, 2023)	Enhances transparency; forecloses known evasion channels
AR performance	Positive effect on compliance (Saumi & Ernandi, 2023)	Provides personalised monitoring, consultation, and early intervention
Tax knowledge	Positive effect; also mediates the effect of e-Faktur and sanctions on PKP compliance (Cahyani, 2022)	Reduces unintentional errors attributable to informational deficits
Tax sanctions	Mixed: effect found by Cahyani (Cahyani, 2022) but not by Primasari and Hendrani (Primasari & Hendrani, 2022)	Deterrent force depends on the consistency and perceived certainty of enforcement
Regulatory complexity	Negative effect on compliance (Totanan et al., 2024)	Elevates compliance costs; generates frustration and avoidance fatigue
Trust and perceived fairness	Positive effect, theorised in the SSF and supported empirically (Kirchler et al., 2008; Supriyati et al., 2024; Totanan et al., 2024)	Activates intrinsic motivation for voluntary disclosure

Source: Compiled by the authors from the studies cited in the table.

Note. The table summarises relationships reported by the cited studies, which used survey and regression designs. It does not present statistical tests conducted in the present qualitative study.

METHODS

This study adopts an interpretivist qualitative case study design, positioning KPP Pratama Pondok Aren as the primary unit of analysis. The choice of site was deliberate, the



office serves a densely populated urban district with a substantial and heterogeneous PKP taxpayer base, making it both a relevant laboratory for studying post-audit behavioural dynamics and an early adopter of the Coretax platform, thus enabling a contemporaneous assessment of the system's supervisory implications.

Empirical material was assembled through three complementary channels. First, semi-structured in-depth interviews were conducted with five key informants purposively selected from KPP Pratama Pondok Aren on the basis of their direct involvement in post-audit taxpayer supervision: two tax auditors (Pemeriksa Pajak), two Heads of the Supervision Section (Kepala Seksi Pengawasan), and one Account Representative (AR), as summarised in Table 6. This composition was chosen to capture the enforcement perspective (auditors), the managerial and coordinating perspective (Heads of the Supervision Section), and the frontline taxpayer-relationship perspective (AR). Informants were selected on two criteria: current assignment at KPP Pratama Pondok Aren and direct experience in auditing, supervising, or following up PKP taxpayers after an audit. The interviews were conducted separately via Zoom between November and December 2025 using an open-ended interview guide, and each session was recorded and transcribed verbatim. Audited PKP taxpayers were also invited to take part but declined; the findings therefore represent the perspective of the tax administration. Second, documentary data were reviewed, comprising Circular Letter SE-39/PJ/2021, Regulation PER-9/PJ/2025, AproWeb supervisory trigger data, and other tax-related documents available at the office. Third, the literature on post-audit compliance, the SSF, Coretax, and behavioural tax administration was reviewed to build the conceptual lens used in the analysis.

Table 6. Profile of Key Informants

Code	Position	Function	Perspective Represented
IF-1	Tax Auditor (Pemeriksa Pajak)	Audit	Enforcement; audit findings and follow-up
IF-2	Tax Auditor (Pemeriksa Pajak)	Audit	Enforcement; audit findings and follow-up
IF-3	Head of Supervision Section (Kepala Seksi Pengawasan)	Supervision	Managerial coordination of post-audit supervision
IF-4	Head of Supervision Section (Kepala Seksi Pengawasan)	Supervision	Managerial coordination of post-audit supervision
IF-5	Account Representative (AR)	Supervision	Frontline taxpayer relationship and monitoring

Source: Research fieldwork at KPP Pratama Pondok Aren, November-December 2025.

Interview transcripts were analysed thematically with the assistance of NVivo, following an iterative cycle of data condensation, data display, and conclusion drawing and verification (Miles et al., 2014). Open codes derived from the transcripts were progressively grouped into higher-order categories, which yielded the four structural impediments and the coordination theme reported below. Trustworthiness was supported by source triangulation, comparing accounts across the three informant groups and checking them against AproWeb trigger data and related system records, and by theoretical triangulation against the SSF and Tax Administration 3.0 frameworks. Informants are referred to by the codes IF-1 to IF-5 to preserve anonymity. Consistent with the interpretivist design, no statistical hypothesis testing was performed; the study seeks analytical rather than statistical generalisation (Yin, 2018).

The same fieldwork also informed an earlier descriptive publication by members of the research team (Kusuma et al., 2025). The present article reanalyses the interview material through the theoretical framework described above and addresses different research questions.



RESULTS AND DISCUSSION

Structural Impediments to Post-Audit Oversight: Field Evidence

Thematic analysis of interview data from the five informants (IF-1 to IF-5) at KPP Pratama Pondok Aren surfaces four recurrent categories of constraint that collectively erode post-audit supervisory effectiveness.

The first is an acute disparity between staffing levels and supervisory obligations. Informants consistently reported that the number of qualified auditors is grossly disproportionate to the registered taxpayer population, creating workload pressures that incentivise a prioritisation of formal compliance indicators, notably the timely submission of tax returns over substantive verification of the economic reality underlying those returns. This structural imbalance implies that material non compliance can persist largely undetected until a formal audit is initiated, by which time the supervisory window identified in the BoCE literature has long since passed.

The second category concerns regulatory complexity and its interaction with compliance capacity. Indonesia's VAT legislation is widely regarded by practitioners as technically demanding, and its application is further complicated by frequent regulatory amendments. A significant portion of non-compliance observed at Pondok Aren is characterised by informants not as deliberate evasion but as inadvertent administrative error attributable to limited comprehension of multi-step invoice and credit mechanisms. This distinction has critical policy relevance: sanctions calibrated for intentional misconduct are inappropriate responses to ignorance based non compliance, and may actively reinforce the adversarial dynamic that SSF theory identifies as corrosive of voluntary compliance.

Third, technological adaptation challenges stemming from the Coretax transition have introduced a new layer of systemic friction. The system failures documented at launch communicated, at least implicitly, institutional unreliability to a taxpayer population already disposed toward scepticism about digital platforms. When the compliance infrastructure itself is unreliable, the message it sends is the opposite of what compliance by design theory intends. Fourth, informants reported that the existing administrative sanctions regime lacks sufficient deterrent salience. Penalties are routinely absorbed as an operational cost rather than experienced as a meaningful disincentive, particularly among larger PKP entities with sufficient liquidity to absorb periodic financial penalties. Without temporally proximate and operationally visible consequences for post-audit reversion, the incentive architecture fails to counteract the BoCE.

Bureaucratic Fragmentation: The AR and Auditor Coordination Gap

A cross-cutting theme in the interview data is the dysfunctional separation between the supervisory and enforcement functions within the field office. Account Representatives bear primary responsibility for ongoing taxpayer relationship management, deploying the Web-Based Profiling Application (AproWeb) to synthesise internal DGT data with external third party information, including banking records and land registry data into risk assessments that trigger supervisory interventions or audit proposals. However, once an audit is formally initiated, ARs are institutionally decoupled from the process: there is no mandated coordination mechanism, no structured information handover, and no feedback loop through which audit findings inform subsequent AR led oversight.

The consequence is a bilateral knowledge deficit. Auditors enter engagements without access to the longitudinal behavioural profiles that ARs have constructed; ARs do not receive audit outcomes in a timely or actionable form; and the 12-month window immediately following audit completion the period in which supervisory intensity should, according to BoCE research, be at its highest passes without structured intervention. This paper proposes a five stage Integrated AR and Auditor Workflow to address this gap: (1) a Profiling Stage in



which ARs use AproWeb and Compliance Risk Management (CRM) analytics to identify compliance triggers; (2) a Notification Stage in which a formal Request for Explanation (SP2DK) is issued; (3) a Handover Stage in which a consolidated behavioural dossier is transferred to the auditing team; (4) a Collaborative Audit Stage in which ARs remain available for consultation during fieldwork; and (5) a Feedback Stage in which the auditors' findings are returned to the AR to inform a tailored, 12 month Intensive Supervision Programme.

Risk-Based Compliance Management in the Age of Artificial Intelligence

Confronting the structural impossibility of auditing more than a small fraction of the taxpayer population, the DGT has progressively shifted toward Compliance Risk Management (CRM) and Business Intelligence (BI) methodologies. Through Circular Letter SE-39/PJ/2021, CRM outputs were formally integrated with BI applications to automate the identification of high risk taxpayer clusters, replacing the earlier labour intensive benchmarking approach with algorithmically generated heat maps that rank taxpayers by fiscal impact and non compliance probability. The Taxpayer Compliance Committee, established in early 2023, institutionalised this analytical framework within the DGT's governance structure.

Table 7. Generational Evolution of Risk-Based Supervisory Systems

Generation	Core System	Key Characteristics	Supervisory Logic
Generation 1	Financial benchmarking	Sector-level ratio comparisons (gross profit margin, etc.)	Industry-type targeting
Generation 2	AproWeb	Manual profiling integrating internal and external data sources	Account-level monitoring
Generation 3	CRM and BI	Automated heat maps with probabilistic risk scoring	Portfolio risk prioritisation
Generation 4	Coretax and AI	Real-time predictive analytics; machine-learning-driven audit selection	Compliance-by-design architecture

Source: SE-39/PJ/2021; Directorate General of Taxes (Peraturan Direktur Jenderal Pajak Nomor PER-9/PJ/2025 Tentang Penanganan Faktur Pajak Tidak Sah, 2025; Surat Edaran Direktur Jenderal Pajak Nomor SE-39/PJ/2021 Tentang Compliance Risk Management, 2021); authors' synthesis

The longer term trajectory of this evolution points toward a Tax Administration 3.0 paradigm in which Artificial Intelligence (AI) and Machine Learning (ML) perform most of the analytical labour currently carried out by human officers (OECD, 2020). A recent systematic review reports that AI-based tools improve detection accuracy, predictive capability, and operational efficiency in tax fraud detection (Alm & Belahouaoui, 2025). For post audit supervisory purposes, the most important implication is that continuous machine monitoring can maintain perpetually elevated perceived detection probability, directly negating the cognitive conditions that generate the BoCE.

A Formal Model of the Compliance Decision Under Post-Audit Conditions

The behavioural logic underpinning post-audit non-compliance can be formalised through the expected-utility framework introduced by Allingham and Sandmo (Allingham & Sandmo, 1972). The taxpayer's optimisation problem may be expressed as:

$$EU = (1-p) \cdot U[y-tx] + p \cdot U[y-tx-f(y-x)] \quad \dots (1)$$

where EU denotes expected utility, p the probability of audit detection, y true taxable income, x declared income, t the applicable tax rate, and f the penalty rate imposed on under-reported income ($f > t$). Under the BoCE, a taxpayer who has recently been audited systematically underestimates p, perceiving the post-audit period as a de facto interval of



immunity. As the subjectively assessed p declines, the expected utility of non-disclosure rises, regardless of any objective change in enforcement intensity. Coretax's real-time monitoring capability is therefore theoretically significant because it raises the objective p toward 1 and simultaneously makes that elevation visible to taxpayers—collapsing the informational asymmetry on which the BoCE depends. Equation (1) is used here as a theoretical heuristic for interpreting informants' accounts; it is not estimated empirically in this study.

Read against the prior quantitative evidence summarised in Table 5, the interview themes are broadly consistent with the literature, but they add process-level explanations that survey-based studies cannot capture. Informants' emphasis on limited comprehension of VAT invoicing mirrors the positive role of tax knowledge reported by Cahyani (Cahyani, 2022), while their scepticism about the deterrent force of administrative penalties is consistent with the mixed evidence on sanctions (Cahyani, 2022; Primasari & Hendrani, 2022). Likewise, the coordination gap between ARs and auditors helps explain why AR performance and audits, each found to matter individually (Saumi & Ernandi, 2023), may lose effect when they are not linked after audit closure. These comparisons are interpretive and do not imply that the present study measured the size or significance of any effect.

Towards a Sustained Post-Audit Compliance Model: Theoretical Contribution

The conceptual novelty of this study lies in its integrative treatment of three simultaneous processes that the existing literature typically analyses in isolation: the behavioural dynamics of the BoCE, the institutional disruption generated by a failed technological transition, and the emergence of a new pre-emptive enforcement tool in the form of PER-9/PJ/2025. Synthesising these elements within a single analytical frame yields a 'Sustained Post Audit Compliance' model structured around five mutually reinforcing pillars.

The first pillar, Compliance by Design, reframes the system architecture of Coretax not as a reporting mechanism but as an anticipatory compliance infrastructure. By embedding real time transaction validation and pre-populated return templates directly into the taxpayer interface, the system reduces the technical opportunity for evasion at source, before audit-dependent detection becomes necessary.

The second pillar, Behavioural Nudging, deploys the insights of choice architecture to influence compliance decisions through low cost, non monetary means: personalised communications framing non disclosure as a deliberate and socially deviant choice, combined with descriptive social norm messages highlighting the high compliance rates observed among comparable peer taxpayers. Field experimental evidence shows that adding social-norm and public-good messages to standard reminder letters significantly increased timely tax payment at negligible cost (Hallsworth et al., 2017).

The third pillar, Cross-Functional Integration, directly targets the institutional silo problem documented at Pondok Aren. Its centrepiece is the establishment of a unified Taxpayer Account Management (TAM) system that makes audit progress, findings, and risk indicators continuously accessible to the supervising AR, while simultaneously triggering a mandatory 12 month Intensive Supervision Programme upon audit closure.

The fourth pillar, Risk-Calibrated Enforcement, operationalises PER-9/PJ/2025 within the broader CRM architecture: real time intelligence feeds into the selective suspension of invoice generation access, stopping revenue leakage before it is formally quantified in an audit assessment.

The fifth pillar, Humanist Institutional Reform, addresses the trust dimension of the SSF by reorienting the DGT's organisational culture toward values of service quality, officer integrity, and procedural fairness qualities that research consistently identifies as the foundation of durable voluntary compliance. In the Indonesian context, this reorientation is framed through



the ethical vocabulary of the Pancasila, grounding the reform agenda in values with deep civic resonance.

CONCLUSION

Summary of Findings

This study finds that post audit compliance at KPP Pratama Pondok Aren is shaped by a convergence of behavioural, institutional, and technological factors that cannot be remedied through enhanced audit intensity alone. Informants' accounts are consistent with a Bomb Crater Effect: they described PKP taxpayers reverting to non-compliant patterns after audit completion, although the qualitative design does not allow the magnitude of this effect to be measured. The disrupted implementation of Coretax in 2025 has deepened an already fragile trust relationship between the tax authority and the taxpayer community, while bureaucratic fragmentation between Account Representatives and auditors sustains a knowledge deficit that prevents the post audit supervisory window from being used effectively. PER-9/PJ/2025 constitutes a meaningful enforcement innovation, but its deterrent and compliance-sustaining potential will remain circumscribed unless it is embedded within the broader five pillar model proposed here. Taken together, these findings suggest that audit effectiveness must be reconceptualised: the measure of a successful audit is not the volume of additional tax assessed but the duration and depth of the compliance improvement that follows.

Policy Recommendations

Five strategic recommendations follow from the analysis. First, Coretax stabilisation must be prioritised over expansion, the emergency parallel operation period should be concluded only once rigorous data integrity validation has been completed across all taxpayer segments, and the rollout timeline should be recalibrated around capability milestones rather than calendar dates. Second, supervisory strategies should be differentiated by taxpayer cluster, distinguishing, at minimum, between newly registered PKP entities, established PKP entities in digitised sectors, and those in conventional sectors since the behavioural and informational drivers of non compliance differ markedly across these groups. Third, the DGT should invest in procedural transparency by implementing explainable algorithmic outputs and human-oversight checkpoints wherever AI assisted risk scoring influences enforcement decisions, thereby safeguarding taxpayer rights and reinforcing the legitimacy of automated processes. Fourth, an intensive orientation and digital literacy programme should be delivered to all newly confirmed PKP entities within 90 days of registration, addressing the finding that a substantial share of non-compliance at Pondok Aren is attributable to technical ignorance rather than deliberate evasion. Fifth, the electronic access suspension powers established under PER-9/PJ/2025 should be applied consistently and publicised transparently, so that the deterrent signal reaches the broader taxpayer population rather than remaining confined to directly affected parties. Future research should test the efficacy of the proposed model through longitudinal quantitative designs spanning multiple DGT field offices across Indonesia's diverse regional and sectoral landscape.

Limitations

This study has several limitations. First, the evidence reflects the perspectives of five tax officials at a single office; audited taxpayers declined to be interviewed, so the taxpayer perspective is inferred from officials' accounts and documents. Second, access to internal compliance data was limited, so the study could not quantify post-audit compliance trajectories. Third, as a single-site case study, the findings are intended for analytical rather than statistical generalisation. Future research should therefore include audited taxpayers as informants in addition to the longitudinal quantitative designs recommended above.



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