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# ANALYSIS OF THE STRATEGY FOR SELECTING VALUE ADDED TAX (VAT) OVERPAYMENT REFUND MECHANISMS IN A COAL TRADING COMPANY

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**Abstract**
The selection of a Value Added Tax (VAT) overpayment refund mechanism is a decision that affects a company's cash flow and tax risk. PT X, a coal trading company, consistently experienced VAT overpayments due to the characteristics of its business transactions. Therefore, an appropriate strategy is required to determine the most suitable refund mechanism. This study aims to analyze the factors considered in selecting a VAT overpayment refund mechanism, identify the challenges encountered during the refund process, and examine the strategies implemented to address these challenges while minimizing the risk of tax corrections. This study employed a descriptive qualitative method with a case study approach. Primary and secondary data were collected through interviews with tax consultants and an academic expert, as well as observations and documentation. The data were analyzed based on the applicable tax regulations concerning the implementation of the VAT overpayment refund mechanism at PT X for the 2024 Fiscal Year. The findings indicate that the selection of the refund mechanism is influenced by transaction characteristics, cash flow conditions, the amount of VAT overpayment, the company's level of tax compliance, the risk of tax corrections, and regulatory changes. PT X implemented a combination of the advance refund and tax audit-based refund mechanisms to accelerate cash recovery while optimizing its entitlement to VAT overpayments. This strategy was supported by sound tax administrative practices, thereby improving the effectiveness of the VAT overpayment refund process while minimizing the potential for tax corrections.
**Keywords**: Advance Refund; Tax Audit-Based Refund; Tax Strategy; Value Added Tax (VAT); VAT Overpayment

**Abstrak**
Pemilihan mekanisme pengembalian kelebihan pembayaran Pajak Pertambahan Nilai (PPN) merupakan keputusan yang memengaruhi kelancaran arus kas perusahaan sekaligus tingkat risiko perpajakan. PT X sebagai perusahaan perdagangan batu bara secara konsisten mengalami kelebihan pembayaran PPN akibat karakteristik transaksi usahanya, sehingga diperlukan strategi dalam menentukan mekanisme pengembalian yang tepat. Penelitian ini bertujuan untuk menganalisis faktor-faktor yang dipertimbangkan dalam pemilihan mekanisme pengembalian kelebihan pembayaran PPN, mengidentifikasi kendala yang dihadapi, serta menganalisis strategi yang diterapkan untuk mengatasi kendala dan meminimalkan risiko koreksi pajak. Penelitian ini menggunakan metode kualitatif deskriptif dengan pendekatan studi kasus, menggunakan data primer dan sekunder yang diperoleh melalui wawancara dengan konsultan pajak dan akademisi, observasi serta dokumentasi. Data dianalisis berdasarkan ketentuan perpajakan yang berlaku terhadap penerapan mekanisme pengembalian kelebihan pembayaran PPN pada PT X Tahun Pajak 2024. Hasil penelitian menunjukkan bahwa pemilihan mekanisme pengembalian dipengaruhi oleh karakteristik transaksi, kondisi arus kas, besaran lebih bayar, tingkat kepatuhan perpajakan, risiko koreksi, dan perubahan regulasi. PT X menerapkan kombinasi mekanisme pengembalian pendahuluan dan restitusi sebagai strategi untuk mempercepat penerimaan dana sekaligus mengoptimalkan hak atas kelebihan pembayaran PPN. Strategi tersebut didukung oleh pengelolaan administrasi perpajakan yang baik sehingga mendukung efektivitas proses pengembalian kelebihan pembayaran PPN sekaligus meminimalkan potensi koreksi pajak.
**Kata Kunci**: Kelebihan Pembayaran PPN; Pajak Pertambahan Nilai; Pengembalian Pendahuluan; Restitusi; Strategi Perpajakan

## INTRODUCTION

Value-Added Tax (VAT) is one of the largest contributors to Indonesia's tax revenue. According to Badan Pusat Statistik (2026), total state revenue in 2025 amounted to IDR 2,865,501.70 billion, of which tax revenue contributed IDR 2,387,281.90 billion. Domestic taxes accounted for IDR 2,305,623.80 billion of total tax revenue, with Value-Added Tax (VAT) and Sales Tax on Luxury Goods (STLG) contributing IDR 890,948.20 billion, equivalent to approximately 31.09% of total tax revenue. This substantial contribution underscores the importance of VAT in supporting government revenue and highlights the need for effective tax administration in accordance with the prevailing tax regulations.

As a consumption tax, VAT operates through a crediting mechanism whereby Input Tax is credited against Output Tax, ensuring that only the value added at each stage of production and distribution is subject to taxation. Pursuant to Article 9 paragraphs (3) and (4) of Law Number 7 of 2021 concerning the Harmonization of Tax Regulations (HPP Law), a VAT underpayment arises when Output Tax exceeds Input Tax and must be remitted to the state treasury. Conversely, when Input Tax exceeds Output Tax, a VAT overpayment occurs (Muizhin & Winarningsih, 2024). Such overpayments are commonly experienced by Pengusaha Kena Pajak (PKP) engaged in export activities because exports are subject to a 0% VAT rate, while Input Tax incurred on the acquisition of Taxable Goods and Taxable Services remains creditable. Recurrent VAT overpayments may adversely affect a company's liquidity, making an appropriate refund strategy essential.

To address VAT overpayments, Indonesian tax regulations provide three alternative mechanisms: carrying the overpayment forward to the subsequent Masa Pajak, applying for a preliminary refund, or claiming a refund through a tax audit pursuant to Article 17B of the Law on General Provisions and Tax Procedures (KUP Law). A preliminary refund is processed through an administrative review, allowing taxpayers to receive refunds within a relatively shorter period. By contrast, a refund through a tax audit conducted by the Directorate General of Taxes (DGT) requires a more comprehensive examination of the taxpayer's compliance. Differences in procedures, processing time, and the level of scrutiny mean that each refund mechanism entails distinct benefits and risks. Consequently, the selection of an appropriate refund mechanism should be aligned with the taxpayer's specific circumstances rather than applied automatically.

The selection of a VAT refund mechanism has become increasingly complex as the Directorate General of Taxes continues to strengthen tax supervision. More intensive tax audits increase the likelihood of tax adjustments to Input Tax credits and VAT overpayments when non-compliance with tax regulations is identified (Pajak.com, 2026). Accordingly, taxpayers are expected not only to maintain formal tax compliance but also to manage tax risks through well-informed decision-making. In this context, tax consultants play a strategic role by assisting taxpayers in interpreting tax regulations, evaluating administrative readiness, identifying potential tax risks, and recommending the refund mechanism that best reflects the taxpayer's business characteristics.

PT X, a coal trading company, represents one example of a taxpayer facing this situation. The company consistently experiences VAT overpayments due to the nature of its business transactions. Input Tax arises from domestic coal purchases, whereas the company's sales are primarily made through exports, which are subject to a 0% VAT rate. In practice, PT X does not consistently rely on a single refund mechanism. During certain tax periods, the company first applies for a preliminary refund and subsequently claims a refund through a tax audit, whereas in other periods it directly applies for a refund through a tax audit. These variations indicate that the selection of the refund mechanism is based on specific considerations and involves strategic analysis jointly undertaken by the company and its tax consultant in accordance with the company's circumstances during each tax period.

The selection of a VAT refund mechanism is therefore not merely an administrative decision but also a strategic one, requiring careful consideration of eligibility requirements, audit risks, and the taxpayer's administrative readiness. This observation is consistent with the findings of Amalia & Rahmatika (2022), who reported that PT Edu Tech Indonesia, in collaboration with its tax consultant, selected the preliminary refund mechanism because it offered a faster refund process than a tax audit and helped maintain the company's liquidity. Tax consultants therefore play a crucial role in supporting effective and efficient VAT management. Beyond assisting taxpayers in interpreting increasingly complex tax regulations, they also contribute strategically by designing optimal tax solutions while ensuring compliance with the applicable tax laws (Adelia & Sunani, 2024).

Against this background, this study aims to analyze the factors influencing the selection of VAT overpayment refund mechanisms at PT X, identify the challenges encountered during the refund process, and examine the strategies implemented to address these challenges while minimizing the risk of tax correction. The findings are expected to contribute to the development of tax literature, particularly with respect to decision-making strategies for managing VAT overpayments in coal trading companies.

## LITERATURE REVIEW

### Value Added Tax

Value-Added Tax (VAT) is a tax imposed on the consumption of Taxable Goods and Taxable Services within the customs territory and is collected at every stage of the production and distribution chain. As an indirect tax, VAT is collected by Pengusaha Kena Pajak (PKP), while the economic burden is ultimately borne by the final consumers who consume the goods or services (Wijayanti, 20204). VAT operates through a crediting mechanism whereby Input Tax is credited against Output Tax, ensuring that tax is imposed only on the value added at each stage of production and distribution. Under this mechanism, VAT overpayments may arise when Input Tax exceeds Output Tax, particularly in export-oriented companies.

### Input Tax and Output Tax

Input Tax refers to the VAT paid by a Pengusaha Kena Pajak (PKP) on the acquisition of Taxable Goods and/or Taxable Services used in conducting business activities. Conversely, Output Tax refers to the VAT collected on the supply of Taxable Goods and/or Taxable Services to customers (Veronika Febriyana Roju et al., 2026). Pursuant to Article 9 paragraphs (3) and (4) of Law Number 7 of 2021 concerning the Harmonization of Tax Regulations (HPP Law), the difference between Output Tax and Input Tax determines the taxpayer's VAT position for each Masa Pajak. When Input Tax exceeds Output Tax, a VAT overpayment arises and may either be carried forward to the subsequent Masa Pajak or claimed as a refund in accordance with the applicable tax regulations. Conversely, when Output Tax exceeds Input Tax, the taxpayer is required to remit the outstanding VAT liability to the state treasury.

### VAT Overpayment Refund Mechanisms

Under the HPP Law, VAT overpayments may be resolved either by carrying the excess credit forward to the subsequent Masa Pajak or by claiming a refund from the government. Refund claims may be processed through either a preliminary refund or a refund through a tax audit. A preliminary refund is processed through an administrative review before the issuance of the refund decision, enabling taxpayers to obtain refunds within a relatively shorter period than under the tax audit mechanism. Consequently, this mechanism is often preferred by eligible taxpayers. However, the facility is available only to taxpayers meeting specific statutory requirements. Pursuant to Articles 17C and 17D of the KUP Law and Article 9 paragraph (4c) of the VAT Law, preliminary refunds may be granted to:

a. *Wajib Pajak Kriteria Tertentu*
b. *Wajib Pajak Persyaratan Tertentu*
c. *Pengusaha Kena Pajak Beresiko Rendah*

In contrast, a refund through a tax audit requires the Directorate General of Taxes (DGT) to examine the accuracy of the claimed VAT overpayment. Consequently, this mechanism requires greater administrative preparedness and may result in tax adjustments if discrepancies are identified in Input Tax credits or Output Tax reporting. Differences in procedures, eligibility requirements, processing time, and audit risk make the selection of an appropriate refund mechanism a strategic decision that should be aligned with the taxpayer's business characteristics and operational conditions (Rosalia Antika, 2025).

**Tax Strategy**

According to Suandy, tax strategy refers to taxpayers' efforts to manage their tax obligations effectively and efficiently while remaining compliant with the prevailing tax regulations. The primary objective is to optimize tax management within the legal framework, thereby supporting business sustainability and improving corporate financial performance (Yuyun, Agustin, & Srikalimah, 2023). In the context of VAT overpayment management, tax strategies may include selecting the most appropriate refund mechanism by considering factors such as tax compliance, cash flow conditions, administrative efficiency, regulatory changes, and the risks associated with tax audits, including potential tax corrections. Within this process, tax consultants play a strategic role by providing recommendations based on the taxpayer's transaction characteristics and business conditions, enabling the selected refund mechanism to maximize benefits while minimizing tax-related risks (Firda et al., 2026).

**Theory of Planned Behavior (TPB)**

The Theory of Planned Behavior (TPB), developed by Ajzen (1991), proposes that an individual's behavior is primarily influenced by behavioral intention, which is determined by three key components: attitude toward the behavior, subjective norms, and perceived behavioral control (Anugrah & Fitriand, 2022). Attitude reflects an individual's evaluation of the benefits and consequences associated with a particular action. Subjective norms represent the influence of significant parties involved in the decision-making process, whereas perceived behavioral control refers to an individual's perception of their ability and available resources to perform the intended behavior. In this study, TPB provides a theoretical perspective for explaining the decision-making process underlying the selection of VAT overpayment refund mechanisms. The decision is influenced by the perceived benefits and risks associated with each refund mechanism, recommendations provided by tax consultants and company management, and the company's administrative readiness to satisfy the applicable refund requirements. These three components collectively explain how taxpayers determine the refund mechanism that best aligns with their operational conditions, cash flow requirements, and level of administrative preparedness.

## METHODS

This study employed a descriptive qualitative method with a case study approach to obtain an in-depth understanding of the strategy for selecting the VAT overpayment refund mechanism at PT X. The case study approach was chosen because the research focuses on the decision-making process, considerations, and strategies implemented by tax consultants in determining the appropriate VAT refund mechanism based on the company's characteristics. The study was conducted at PT ASC, with the research object being the strategy for selecting the VAT overpayment refund mechanism at PT X, a coal trading company, for the 2024 tax year.

The researcher served as the primary research instrument throughout the research process, including data collection, processing, and analysis. The study utilized both primary and secondary data. Primary data were collected through interviews with the tax consultant of PT X, an independent tax consultant, and an academic in the field of taxation. The participants were selected based on their experience, knowledge, and involvement in the management of VAT overpayments. Meanwhile, secondary data were obtained through a document review of tax regulations, academic literature, the company's tax documents, and other supporting documents relevant to the study.

Data were collected through observation, interviews, and documentation. The observation applied in this study was participant observation, a technique in which the researcher is directly involved in the activities of the observed subjects (Wiwesa, 2021). Interviews were conducted using an interview guide developed based on the research objectives. Documentation was used to strengthen and validate the findings obtained from the interviews and to support data triangulation during the analysis.

Data were analyzed using the analytical model developed by Miles and Huberman (2014), which consists of three main stages: data reduction, data display, and conclusion drawing and verification (Sugiyono, 2023). To enhance the credibility of the findings, this study applied source triangulation by comparing and cross-checking the information obtained from the three participants. In addition, method triangulation was conducted by integrating interviews, observation, and documentation, thereby improving the credibility of the research findings.

## RESULTS AND DISCUSSION

PT X is a coal trading company whose primary business activities involve purchasing coal from domestic suppliers and selling most of its products through exports. These business transaction characteristics result in a Value-Added Tax (VAT) treatment that differs from that of most companies. In its business operations, coal purchases from domestic suppliers generate Input Tax for the company. Meanwhile, sales transactions are predominantly exports of Taxable Goods, which are subject to a 0% VAT rate (Trust Tax Consultant, 2025). In addition, some supplies are made to VAT withholding agents, whereby the VAT is collected by the withholding agents. Consequently, the company's Output Tax is relatively lower than its Input Tax. As a result, PT X consistently experiences VAT overpayments in almost every Tax Period. The VAT overpayment position of PT X is presented in Table 1.

**Table 1. Monthly VAT Return Submitted for the Preliminary Refund**

| Tax Period | Supplies | | | | | | | Purchases | VAT Overpayment/ (Underpayment) |
|---|---|---|---|---|---|---|---|---|---|
| | Exports | | VAT Collector | | Self-Assessed VAT | | Output VAT | Input VAT | |
| | DPP | VAT | DPP | VAT | DPP | VAT | | | |
| January | 98.994.866.667 | - | 3.604.714.973 | 396.518.647 | - | - | - | 4.915.121.445 | (4.915.121.445) |
| February | 212.555.733.334 | - | - | - | - | - | - | 12.042.779 | (12.042.779) |
| March | | | | | | | | | |
| April | 133.947.066.666 | - | - | - | - | - | - | 4.912.244.516 | (4.912.244.516) |
| May | 166.481.600.000 | - | - | - | - | - | - | 4.936.867.281 | (4.936.867.281) |
| June | 135.778.073.334 | - | - | - | - | - | - | 4.732.117.244 | (4.732.117.244) |
| July | 164.560.066.666 | - | - | - | - | - | - | 4.900.381.968 | (4.900.381.968) |
| August | 189.479.133.331 | - | - | - | 350.000.000 | 38.500.000 | 38.500.000 | 5.027.445.916 | (4.988.945.916) |
| September | 57.787.933.333 | - | - | - | 25.000.000 | 2.750.000 | 2.750.000 | 4.931.466.902 | (4.928.716.902) |
| October | - | - | 9.974.741.848 | 1.097.221.603 | - | - | - | 4.964.792.787 | (4.964.792.787) |
| November | 146.723.933.331 | - | - | - | - | - | - | 4.917.017.583 | (4.917.017.583) |
| December | 60.428.199.999 | - | - | - | - | - | - | 4.990.984.339 | (4.990.984.339) |

Source: PT X's Original VAT Returns for the January–December 2024 Tax Periods

**Table 2. Monthly VAT Return Submitted for the VAT Refund Claim (Tax Audit)**

| Tax Period | Supplies | | | | | | | Purchases | VAT Overpayment/ (Underpayment) | VAT Overpayment/ (Underpayment) After Amendment |
|---|---|---|---|---|---|---|---|---|---|---|
| | Exports | | VAT Collector | | Self-Assessed VAT | | Output VAT | Input VAT | | |
| | DPP | VAT | DPP | VAT | DPP | VAT | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **January** | 98.994.866.667 | - | 3.604.714.973 | 396.518.647 | - | - | - | 9.720.188.811 | (9.720.188.811) | (4.805.067.366) |
| **February** | | | | | | | | | | |
| **March** | 168.895.933.333 | - | - | - | - | - | - | 9.245.540.657 | (9.245.540.657) | |
| **April** | | | | | | | | | | |
| **May** | 166.481.600.000 | - | - | - | - | - | - | 13.219.347.803 | (13.219.347.803) | (8.282.480.522) |
| **June** | | | | | | | | | | |
| **July** | 164.560.066.666 | - | - | - | - | - | - | 5.009.047.316 | (5.009.047.316) | (108.665.348) |
| **August** | 189.479.133.331 | - | - | - | 350.000.000 | 38.500.000 | 38.500.000 | 17.686.289.782 | (17.647.789.782) | (12.658.843.866) |
| **September** | 148.339.933.332 | - | - | - | 25.000.000 | 2.750.000 | 2.750.000 | 6.843.911.924 | (6.841.161.924) | (1.912.445.022) |
| **October** | 175.960.533.331 | - | 9.974.741.848 | 1.097.221.603 | - | - | - | 30.284.344.830 | (30.284.344.830) | (25.319.552.043) |
| **November** | | | | | | | | | | |
| **December** | 60.428.199.999 | - | - | - | - | - | - | 23.936.787.588 | (23.936.787.588) | (18.945.803.249) |

Source: PT X's Amended VAT Returns for the January–December 2024 Tax Periods

**Table 3. VAT Overpayment Position of PT X for the 2024 Tax Year**

| Tax Period | SKPPKP | SKPLB | |
|---|---|---|---|
| | | VAT Overpayment Assessed | Net Refund |
| **January** | 4.915.121.445 | 9.720.188.811 | 4.805.067.366 |
| **February** | 12.049.779 | | |
| **March** | | 9.245.540.657 | 9.245.540.657 |
| **April** | 4.912.244.516 | | |
| **May** | 4.936.867.281 | 13.219.347.803 | 828.480.522 |
| **June** | 4.732.117.244 | | |
| **July** | 4.900.381.968 | 5.009.034.929 | 108.652.961 |
| **August** | 4.988.945.916 | 17.534.102.007 | 12.506.656.091 |
| **September** | 4.928.716.902 | 6.843.316.537 | 1.911.849.635 |
| **October** | 4.964.792.787 | 25.319.552.043 | 25.319.552.043 |
| **November** | 4.917.017.583 | | |
| **December** | 4.990.984.339 | 23.936.787.588 | 18.945.803.249 |

Source: PT X's Preliminary Refund Decision Letter (SKPPKP) and Tax Overpayment Assessment Letter (SKPLB), Fiscal Year 2024

Based on Table 3, PT X employed several VAT overpayment management mechanisms, including a preliminary refund, a refund through a tax audit, and a combination of both mechanisms. The mechanism selected was adjusted according to the amount of the VAT overpayment in each Tax Period. During the February, April, and November Tax Periods, the company applied for a preliminary refund because the VAT overpayment remained below the maximum threshold for taxpayers meeting certain prescribed requirements, as stipulated in Minister of Finance Regulation Number 209/PMK.03/2021, which amended Minister of Finance Regulation Number 39/PMK.03/2018 concerning Procedures for Preliminary Refunds of Tax Overpayments. Under this regulation, eligible taxpayers may apply for a preliminary refund of tax overpayments of up to IDR 5,000,000,000 for each Tax Period. By contrast, during the March Tax Period, the company directly applied for a refund through a tax audit because the VAT overpayment exceeded the maximum threshold for a preliminary refundn.

Unlike those Tax Periods, during January, May, July, August, September, October, and December, the company adopted a combination of the preliminary refund and refund through a tax audit mechanism. In practice, PT X first applied for a preliminary refund by adjusting the amount of Input Tax claimed so that the VAT overpayment remained below the maximum threshold for a preliminary refund. After the preliminary refund process had been completed, the company filed an amended VAT Return by crediting the remaining Input Tax that had not been claimed in the original return. As a result of this amendment, the VAT overpayment increased compared with the amount reported in the original VAT Return. The additional VAT overpayment was subsequently claimed through a refund via a tax audit. Accordingly, during several Tax Periods, PT X combined the preliminary refund and tax audit refund mechanisms as part of its VAT overpayment management strategy. This practice made the management of VAT overpayments an important aspect of maintaining cash flow while minimizing the company's tax risks.

**Factors Influencing the Selection of the VAT Overpayment Refund Mechanism**

The findings indicate that selecting a VAT overpayment refund mechanism is one of the decisions that companies need to consider to ensure that the chosen mechanism aligns with their business conditions and operational needs. In practice, each refund mechanism has different characteristics, advantages, and risks. Therefore, companies need to take various factors into account before determining the most appropriate mechanism.

a. PT X's Transaction Characteristics as the Cause of VAT Overpayments

The transaction characteristics of PT X constitute one of the factors considered in selecting the VAT overpayment refund mechanism. As a coal trading company, PT X incurs Input Tax from domestic coal purchases, while most of its sales are conducted through exports, which are subject to a 0% VAT rate, with the remaining sales made to VAT withholding agents. Consequently, Input Tax consistently exceeds Output Tax, resulting in the company being in a VAT overpayment position in almost every Tax Period.

These findings indicate that PT X's VAT overpayments are not caused by administrative errors or incorrect tax calculations but are instead a consequence of the company's business model. Therefore, the focus of tax management is no longer on avoiding VAT overpayments but on selecting the refund mechanism that best aligns with the company's transaction characteristics, operational needs, and the applicable tax regulations.

b. Company's Cash Flow Condition and the Speed of Refund Disbursement

The company's cash flow condition is one of the factors considered by PT X in selecting the VAT overpayment refund mechanism. For the company, VAT overpayments that are not refunded promptly may result in funds being tied up for a certain period, thereby affecting liquidity and the availability of working capital. Therefore, the company considers refund mechanisms that can accelerate the recovery of overpaid VAT to support its business operations. As explained by PT X's tax consultant.

> *"Kalau menurut saya karena kondisi cash flow itu sangat mempengaruhi keputusan perusahaan untuk melakukan mekanisme pengembalian kelebihan pembayaran pajak, terutama pengembalian pendahuluan karena jangka waktu lebih cepat untuk pencairan atau penerimaan cash flow dibanding restitusi." (Konsultan Pajak PT X, Wawancara, 9 Juni 2026)*

The statement indicates that the preliminary refund is prioritized because it offers a shorter processing period than a refund through a tax audit. Nevertheless, the selection of the refund mechanism is not based solely on the speed of fund disbursement. It also takes into account the amount of the VAT overpayment, the company's level of tax compliance, and the potential tax corrections that may arise during the administrative review or tax audit process. These findings suggest that maintaining cash flow is a primary consideration, while tax risk management remains equally important to ensure that the selected mechanism is appropriate for the company's circumstances.

These findings are consistent with those of Amalia & Rahmatika (2022),who reported that a company's liquidity needs constitute one of the primary reasons for selecting the preliminary refund mechanism because its processing period is relatively shorter than that of a refund through a tax audit. Accordingly, faster access to refunded funds not only improves corporate liquidity but also supports effective cash flow management without compromising tax compliance.

From the perspective of the Theory of Planned Behavior, these findings indicate that PT X's decision to select a refund mechanism is influenced by the company's belief in the benefits expected from the selected mechanism (attitude toward the behavior). PT X believes that selecting a refund mechanism that enables faster access to funds helps maintain liquidity and supports the continuity of its business operations. Accordingly, the company's cash flow condition and the need for timely fund disbursement constitute important factors influencing PT X's selection of the VAT overpayment refund mechanism.

c. Amount of Accumulated VAT Overpayments and Refund Thresholds

The amount of accumulated VAT overpayments is one of the factors considered by PT X in determining the VAT overpayment refund mechanism. The amount of the VAT overpayment in each Tax Period not only determines which refund mechanism can be applied but also influences the company's VAT overpayment management strategy. Therefore, in addition to considering its cash flow needs, PT X also evaluates whether the amount of the VAT overpayment complies with the maximum threshold for a preliminary refund.

Under Minister of Finance Regulation Number 209/PMK.03/2021, which constitutes the Second Amendment to Minister of Finance Regulation Number 39/PMK.03/2018 concerning Procedures for Preliminary Refunds of Tax Overpayments, Pengusaha Kena Pajak (PKP) meeting certain prescribed requirements may apply for a preliminary refund of VAT overpayments of up to IDR 5,000,000,000 for each Tax Period. This provision constitutes one of the considerations underlying PT X's selection of a refund mechanism. As long as the VAT overpayment remains within this threshold, the company tends to utilize the preliminary refund mechanism because its processing period is relatively shorter. Conversely, when the VAT overpayment exceeds the prescribed threshold, the company applies for a refund through a tax audit to ensure that the entire amount of the VAT overpayment can be recovered.

> *"Tapi kalau emang perusahaan itu dinilai lebih bayarnya kecil mungkin kadang dilakukan kompensasi, apabila ada terutang kembali di kemudian hari terkait dengan Pajak Keluarannya lebih besar, maka dapat dikurangi dengan kompensasi yang udah ada. Namun beda dengan perusahaan yang kategorinya seperti trading batu bara dimana dia belinya itu menggunakan PPN, namun saat penjualan ternyata di Kawasan Berikat ataupun ke pemungut, sehingga lawan PK-nya itu menjadi kecil." (Konsultan Pajak Independen, Wawancara, 30 Juni 2026)*

On the other hand, PT X's transaction characteristics consistently generate VAT overpayments, making the carry-forward mechanism less effective when applied continuously because the overpayments are likely to accumulate without being utilized promptly. These findings are consistent with the explanation provided by the Independent Tax Consultant, who stated that carrying forward VAT overpayments is not the preferred option for PT X because the company consistently experiences VAT overpayments in every Tax Period. Therefore, both the preliminary refund and the refund through a tax audit are considered more appropriate alternatives than carrying forward VAT overpayments, with the choice depending on the amount of the VAT overpayment and the applicable tax regulations.

From the perspective of the Theory of Planned Behavior, these findings indicate the influence of subjective norms in the process of selecting the VAT overpayment refund mechanism. The tax consulting team provides recommendations based on its assessment of Input Tax and the applicable tax regulations, while the final decision remains with PT X's management. Accordingly, the company's decision is influenced by the considerations of parties possessing the expertise and authority to participate in the decision-making process.

d. Company's Level of Tax Compliance

The company's level of tax compliance is one of the factors considered by PT X in determining the VAT overpayment refund mechanism. Tax compliance is not only related to fulfilling tax administrative obligations but also affects the efficiency of the VAT refund process. For companies that regularly apply for VAT refunds, tax compliance is an important consideration because it influences the likelihood of tax adjustments by the tax authority as well as the consistency between the amount of the refund claimed and the amount ultimately approved.

**Table 4. PT X's VAT Return Filing Data for the 2024 Tax Year**

| Tax Period | Filling Date |
|---|---|
| **January** | 29 February 2024 |
| **February** | 1 April 2024 |
| **March** | 30 April 2024 |
| **April** | 2 June 2024 |
| **May** | 1 July 2024 |
| **June** | 26 July 2024 |
| **July** | 7 August 2024 |
| **August** | 30 September 2024 |
| **September** | 31 October 2024 |
| **October** | 20 November 2024 |
| **November** | 27 December 2024 |
| **December** | 13 January 2025 |

Source: PT X's Original VAT Returns for the January–December 2024 Tax Periods

One indicator of PT X's administrative compliance is the timeliness of filing its VAT Returns for the 2024 Tax Year. Based on the data presented in Table 4, PT X submitted its VAT Returns after the prescribed deadline for the January, February, April, and May 2024 Tax Periods, whereas the VAT Returns for the remaining Tax Periods were filed within the statutory deadline, namely by the end of the month following the respective Tax Period. These findings indicate that PT X's administrative compliance was not fully consistent, as several VAT Returns were submitted beyond the prescribed filing deadline.

Despite these filing delays, PT X continued to maintain its tax administrative compliance by ensuring the completeness of supporting documents and submitting VAT Returns on time in subsequent Tax Periods. This administrative compliance became one of the factors supporting the company's readiness to apply for VAT overpayment refunds because it helped ensure document completeness and facilitated both the administrative review and the tax audit process conducted by the tax authority. Accordingly, the company's level of tax compliance remained one of the considerations in determining the most appropriate VAT overpayment refund mechanism.

e. Tax Correction Risk

Tax correction risk is one of the factors considered by PT X in determining the VAT overpayment refund mechanism. Both the preliminary refund and the refund through a tax audit involve the possibility of tax adjustments if non-compliance with the applicable tax regulations is identified during the audit process. Therefore, before selecting the refund mechanism, PT X and its tax consulting team first evaluate the potential risks that may arise throughout the refund process.

Tax correction risk is primarily associated with the validity of Input Tax credits. Input Tax that does not satisfy the formal and substantive requirements stipulated in SE-45/PJ/2021 may reduce the amount of the VAT overpayment eligible for refund and may even result in tax sanctions. Accordingly, the validity of Input Tax credits constitutes one of the aspects evaluated before the company applies for a VAT overpayment refund.

In addition to the validity of Input Tax credits, tax correction risk is also influenced by the completeness and consistency of supporting transaction documents. The findings indicate that the tax authority examines not only Tax Invoices but also the substance of transactions through supporting documents, such as contracts, proof of payment, and other documents demonstrating that the transactions are related to the company's business activities. Consequently, PT X must ensure that every transaction is supported by complete and verifiable documentation that can withstand both an administrative review and a tax audit.

The findings indicate that tax correction risk at PT X can be minimized through the evaluation process conducted before submitting the refund claim. The company's transaction characteristics, which are predominantly exports and supplies to VAT withholding agents, together with the verification of Input Tax credits and supporting documentation, provide assurance that the reported transactions comply with the applicable tax regulations. Accordingly, the possibility of tax adjustments does not prevent PT X from utilizing the preliminary refund mechanism, provided that all applicable tax requirements have been satisfied.

f. Impact of Changes in VAT Refund Regulations

Changes in tax regulations constitute one of the external factors considered by PT X in determining the VAT overpayment refund mechanism. In addition to considering its transaction characteristics, cash flow conditions, and level of tax compliance, the company also adjusts its refund strategy in response to changes in the applicable tax regulations. This indicates that the selection of a refund mechanism is influenced not only by the company's internal conditions but also by policy changes introduced by the government.

The findings indicate that changes in the maximum threshold for the preliminary refund have affected the VAT overpayment management strategy previously implemented by PT X. During the 2024 Tax Year, the company was still able to utilize the preliminary refund mechanism by managing the amount of Input Tax claimed so that the VAT overpayment remained within the prescribed threshold. However, following the enactment of Minister of Finance Regulation Number 28 of 2026, changes to the maximum threshold for the preliminary refund meant that this strategy could no longer be implemented effectively. Consequently, the company was required to adjust its refund mechanism to remain compliant with the applicable tax regulations.

These findings indicate that regulatory changes not only modify administrative requirements but also influence decision-making strategies in managing VAT overpayments. Accordingly, companies are required to continuously monitor regulatory developments, strengthen tax compliance, and continuously adjust their refund strategies to ensure that their entitlement to VAT overpayment refunds can be obtained optimally.

**Challenges in Implementing VAT Overpayment Refunds**

The implementation of VAT overpayment refunds does not always proceed without challenges. In practice, companies may encounter various challenges related to administrative aspects, compliance with tax regulations, and the review and audit processes conducted by the tax authority. These challenges may affect both the smoothness of the refund process and the selection of the refund mechanism.

a. Completeness and Validity of Supporting Documents

One of the challenges faced by PT X in implementing VAT overpayment refunds is ensuring the completeness and validity of the supporting documents underlying the refund claim. All transactions included in the refund application must be supported by complete, valid, and verifiable documentation, as these documents serve as the basis for the tax authority's administrative review and tax audit. If supporting documents are incomplete or inconsistent with the actual transactions, the refund process may be delayed, additional documents may be requested, or Input Tax credits may be subject to tax adjustments. As explained by PT X's tax consultant.

> *"Yang pertama tentunya Faktur Pajak Masukan, kemudian invoice, bukti pembayaran, kontrak atau purchase order apabila diperlukan, serta dokumen pendukung lainnya yang berkaitan dengan transaksi tersebut." (Konsultan Pajak PT X, Wawancara, 9 Juni 2026)*

This statement indicates that the completeness of supporting documents is one of the challenges that PT X must anticipate when implementing VAT overpayment refunds. Moreover, the challenge lies not only in the completeness of the documentation but also in its ability to substantiate the underlying transactions. In addition to Tax Invoices, the company must prepare supporting documents such as contracts, invoices, proof of payment, shipping documents, and other evidence demonstrating that the transactions actually occurred and were related to the company's business activities. Documents with insufficient evidentiary value may lead to indications that the credited Tax Invoices were Not Based on Actual Transactions (TBTS). As explained by the independent tax consultant.

> *"Nah sampai sejauh mana kita memiliki dokumen yang kuat agar tidak diindikasikan sebagai Faktur Pajak TBTS (Tidak Berdasarkan Transaksi yang Sebenarnya), jangan sampai dokumen kita ini lemah sehingga kita tidak asal melakukan pengembalian pendahuluan." (Konsultan Pajak Independen, Wawancara, 30 Juni 2026)*

Accordingly, the completeness and validity of supporting documents constitute not only an administrative requirement but also a critical factor affecting the smooth implementation of VAT overpayment refunds. These findings indicate that high-quality documentation plays an important role in minimizing tax correction risk and increasing the tax authority's confidence in the validity of the reported transactions.

b. Validity of Input Tax Credits

In addition to the completeness and validity of supporting documents, another challenge faced by PT X in implementing VAT overpayment refunds concerns the validity of Input Tax credits. The crediting of Input Tax receives particular attention during both the administrative review and tax audit processes because it directly affects the amount of the VAT overpayment eligible for refund. Input Tax that does not comply with the applicable tax regulations may be subject to tax adjustments by the tax authority, thereby reducing the amount of the refund received by the company.

Although the company has obtained a preliminary refund, the Directorate General of Taxes (DGT) remains authorized to conduct a tax audit. If the audit results in the issuance of a Tax Underpayment Assessment Letter (SKPKB), the company may be subject to an administrative penalty in the form of a 75% surcharge on the unpaid or underpaid VAT or Luxury Goods Sales Tax, as stipulated in Article 13 paragraph (3) letter C of the Harmonization of Tax Regulations Law. Therefore, the validity of Input Tax credits is a critical aspect in minimizing tax correction risk and the potential financial consequences arising from the audit.

The findings indicate that challenges related to Input Tax credits involve not only compliance with administrative requirements but also the consistency of the transaction's substance, as demonstrated by the consistency between the flow of funds, the flow of goods, and other supporting documentation. Every Input Tax credit must be directly related to the company's business activities, satisfy both the formal and substantive requirements, and not originate from Tax Invoices Not Based on Actual Transactions (TBTS).

Accordingly, the validity of Input Tax credits constitutes one of the key aspects affecting the successful implementation of VAT overpayment refunds. These findings indicate that the success of a refund claim depends not only on the amount of the VAT overpayment but also on the company's ability to ensure that all credited Input Tax complies with the applicable tax regulations and is supported by transactions with genuine economic substance.

c. Tax Audits and the Potential for Tax Adjustments

Tax audits constitute one of the challenges faced by PT X in implementing VAT overpayment refunds, particularly under the refund through a tax audit mechanism. Unlike the preliminary refund, which is processed through an administrative review, a refund through a tax audit requires a more comprehensive examination of the data, supporting documents, and transactions underlying the refund claim. Consequently, the company faces uncertainty regarding both the completion time of the refund process and the amount of the VAT overpayment ultimately approved.

The findings indicate that the scope of the audit is not limited to examining the taxpayer's documentation but also includes assessing the substance of transactions through cross-checks with counterparties. During this process, the tax authority may verify transaction data with counterparties to ensure that the reported transactions actually occurred and are supported by consistent information. Therefore, the success of the refund process depends not only on the company's internal administrative preparedness but also on the tax compliance of its counterparties.

The findings also indicate that, although PT X has fulfilled its administrative obligations and prepared complete supporting documentation, the refund process may still encounter obstacles if the audit identifies issues related to counterparties, such as the issuance of Tax Invoices Not Based on Actual Transactions (TBTS). These findings suggest that tax correction risk is not entirely within the company's control. Consequently, the credibility and tax compliance of counterparties also influence the smooth implementation of the VAT overpayment refund process.

In addition to potentially resulting in tax adjustments to the amount of the VAT overpayment claimed, the audit process may also prolong the completion of the refund due to requests for additional documentation and clarification during the audit. Accordingly, tax audits and the potential for tax adjustments affect not only the amount of the refund ultimately received by the company but also create uncertainty regarding the timing of fund disbursement, making them one of the primary challenges in implementing VAT overpayment refunds.

From the perspective of the Theory of Planned Behavior, these findings reflect perceived behavioral control, namely the company's perception of its ability to satisfy the requirements necessary for implementing VAT overpayment refunds. This capability is demonstrated by the company's preparedness to provide complete and valid supporting documentation, ensure the validity of Input Tax credits, and respond effectively to both administrative reviews and tax audits conducted by the tax authority. The greater the company's ability to meet these requirements, the fewer challenges it encounters in implementing VAT overpayment refunds.

**Tax Consultant Strategies to Overcome Challenges and Minimize Tax Correction Risk**

The implementation of VAT overpayment refunds is inseparable from various challenges and potential risks that may affect both the smoothness of the refund process and the amount of the refund ultimately received by the company. Therefore, PT X, together with its tax consulting team, implements various strategies to address these challenges and minimize tax correction risk, thereby ensuring that the VAT overpayment refund process is carried out in accordance with the applicable tax regulations. The findings indicate four main strategies adopted by PT X. Although the three informants placed different emphases and provided different recommendations, their views generally demonstrate a high degree of convergence. A synthesis of these perspectives is presented in the convergence matrix in Table 3.

**Table 5. Convergence Matrix of Tax Consultant Strategies for Overcoming Challenges and Minimizing Tax Correction Risk**

| Strategy | PT X Tax Consultant | Independent Tax Consultant | Academic | Researcher's Synthesis |
|---|---|---|---|---|
| **Management of Input Tax Credits** | Delays claiming Input Tax credits to keep the VAT overpayment at or below IDR 5 billion, thereby qualifying for a preliminary refund. | Delaying Input Tax credits remains acceptable, provided that the crediting requirements are fulfilled. | Delaying Input Tax credits is permissible; however, a refund through a tax audit is recommended when the VAT overpayment exceeds the prescribed threshold. | **Convergence with differences in emphasis.** All three informants agree that delaying Input Tax credits is permissible under the applicable tax regulations. However, the PT X Tax Consultant and the Independent Tax Consultant consider this strategy effective for optimizing the use of the preliminary refund mechanism, whereas the Academic recommends a refund through a tax audit when the VAT overpayment exceeds the prescribed threshold. |
| **Formal and Substantive Verification of Tax Documentation** | Ensures that Tax Invoices satisfy both the formal and substantive requirements. | Emphasizes the importance of complete supporting documentation to avoid indications of Tax Invoices Not Based on Actual Transactions (TBTS). | Emphasizes compliance with the formal and substantive requirements as an indicator of tax compliance. | **Convergence.** All informants emphasize that formal and substantive verification constitutes the primary step in minimizing tax correction risk. |
| **Verification of the Flow of Funds and the Flow of Goods** | Ensures consistency between the flow of funds, the flow of goods, and the relationship of | Emphasizes the importance of substantiating transactions and the tax compliance of counterparties to | Emphasizes verification of the substantive requirements for both Output Tax and Input Tax. | **Convergence.** All three informants consider verification of transaction substance to be an essential measure for mitigating tax correction risk. |

| | | | | |
|---|---|---|---|---|
| | Input Tax credits to the company's business activities. | mitigate the risk of TBTS. | | |
| **Strategic Adjustments Following Regulatory Changes** | PT X will shift to a refund through a tax audit because the maximum threshold for the preliminary refund has been reduced to IDR 1 billion. | Considers that the monetary threshold should no longer serve as the primary basis for granting a preliminary refund. | Argues that the assessment should be based on the Compliance Risk Management (CRM) approach rather than a monetary threshold. | **Convergence with differences in emphasis.** All three informants agree that regulatory changes affect VAT refund strategies. However, the PT X Tax Consultant emphasizes the implications of the regulatory changes for the company's refund strategy, whereas the Independent Tax Consultant and the Academic focus more on the policy rationale and the criteria that should be applied in determining eligibility for a preliminary refund. |

Source: Compiled from interviews with the research informants (2026)

Based on the convergence matrix presented above, each strategy is discussed in greater detail in the following sections.

a. Management of Input Tax Credits

The findings indicate that the management of Input Tax credits constitutes one of the principal strategies adopted by PT X to overcome challenges in implementing VAT overpayment refunds while optimizing the available refund mechanisms. This strategy is implemented by managing the timing of Input Tax credit claims so that the amount of the VAT overpayment remains within the eligibility threshold for the preliminary refund, without eliminating the company's entitlement to claim all eligible Input Tax credits. As explained by PT X's tax consultant.

*"Pernah, karena dari PT X sendiri setiap masa ketika Pajak Masukan dikreditkan seluruhnya kemungkinan lebih bayarnya di atas 5 miliar. Sehingga dari PT X sendiri akan melakukan identifikasi dengan tim konsultan dengan cara melakukan penundaan pengkreditan Pajak Masukan, sehingga lebih bayar tidak lebih dari 5 miliar." (Konsultan Pajak PT X, Wawancara, 9 Juni 2026)*

This statement indicates that PT X applies a strategy of deferring the crediting of a portion of its Input Tax when filing the VAT Return. The purpose of this deferral is to ensure that the VAT overpayment claimed remains within the maximum threshold for the preliminary refund, as stipulated by the tax regulations applicable to the 2024 Tax Year. This strategy does not eliminate the company's entitlement to Input Tax credits but merely adjusts the timing of the credit claim, allowing the company to utilize the preliminary refund mechanism before subsequently applying for a refund through a tax audit for the remaining VAT overpayment.

This view is further supported by the Independent Tax Consultant, who explained that deferring Input Tax credits is permissible provided that it complies with the applicable tax regulations. According to the consultant, a Tax Invoice does not have to be credited in the same Tax Period in which it is issued, as taxpayers are still allowed to claim the credit within the prescribed time limit. As stated below.

*"Faktur Pajak itu enggak wajib dikreditkan pada Masa Pajak diterbitkan Faktur Pajak, ada jeda waktu selama 3 bulan dari Masa Pajak tersebut. Kalau misalkan bulan pada saat kita melaporkan PPN belum*

*melebihi batas kita bisa memaksimalkan di situ, tapi kalau misalkan sudah melebihi batas kita bisa geser Pajak Masukannya. Apalagi kalau memang syarat-syarat tadi, misalnya Faktur Pajaknya kita diamkan, kita lakukan restitusi pendahuluan dulu baru kita kreditkan, itu sah-sah saja sebetulnya, yang penting syarat pendahuluan itu bisa terpenuhi." (Konsultan Pajak Independen, Wawancara, 30 Juni 2026)*

This statement indicates that the strategy of deferring Input Tax credits is implemented by utilizing the flexibility in the timing of Input Tax credit claims provided under the applicable tax regulations. According to the Elucidation of Article 9 paragraph (9) of the VAT Law, as last amended by Law Number 7 of 2021 on the Harmonization of Tax Regulations, a Taxable Entrepreneur (Pengusaha Kena Pajak/PKP) is permitted to claim Input Tax credits in subsequent Tax Periods, no later than three Tax Periods after the end of the relevant Tax Period. After this period has elapsed, Input Tax may still be credited through an amended VAT Return, provided that the prescribed requirements are fulfilled and the taxpayer has not yet been subject to a tax audit. These provisions demonstrate that the tax regulations provide flexibility regarding the timing of Input Tax credit claims, provided that the applicable requirements are satisfied.

After the preliminary refund process is completed, PT X submits an amended VAT Return by claiming the Input Tax that had previously been deferred. The additional VAT overpayment arising from the amendment is subsequently claimed through a refund via a tax audit. Accordingly, the company remains entitled to all eligible Input Tax credits, while the refund is obtained in stages through a combination of the preliminary refund and the refund through a tax audit mechanism. This strategy of managing Input Tax credits is intended to optimize the available VAT overpayment refund mechanisms. Nevertheless, this strategy is not the only alternative available when the VAT overpayment exceeds the maximum threshold for the preliminary refund. The company may also choose to apply directly for a refund through a tax audit without deferring Input Tax credits, as suggested by the Academic.

*"Penundaan berarti hanya 3 bulan ya nundanya, bisa aja sih, tapi kalau saran saya enggak perlu. Kalau yang terbaik menurut saya, kalau sudah melewati batas minta aja diperiksa." (Akademisi, Wawancara, 22 Juni 2026)*

This view indicates that, in practice, more than one strategy may be adopted when the VAT overpayment exceeds the maximum threshold for the preliminary refund. Nevertheless, PT X selected this strategy because it was considered the most appropriate for the company's transaction characteristics and operational needs. By combining the preliminary refund with the refund through a tax audit, the company is able to obtain part of the refund more quickly to support its cash flow, while still preserving its entitlement to recover the remaining VAT overpayment through the tax audit mechanism. These findings indicate that the strategy adopted by PT X focuses not merely on selecting one refund mechanism over another, but on managing a combination of refund mechanisms through the timing of Input Tax credit claims. Accordingly, the management of Input Tax credits constitutes a strategy that optimizes the company's entitlement to VAT overpayment refunds while minimizing administrative challenges in the refund process.

b. Formal and Substantive Verification of Tax Documentation

To minimize tax correction risk in the VAT overpayment refund process, PT X implements a strategy of conducting formal and substantive verification of tax documentation. This strategy is carried out before Input Tax is claimed in the VAT Return to ensure that all documents supporting the refund application comply with the applicable tax regulations. Accordingly, potential tax adjustments resulting from inconsistencies in the supporting documentation can be identified and minimized before the refund claim is submitted. As explained by PT X's tax consultant.

> *"Jadi Faktur Pajak yang kita kreditkan harus benar-benar sesuai secara formal maupun material." (Konsultan Pajak PT X, Wawancara, 9 Juni 2026)*

This statement indicates that the verification process consists of two stages: formal verification and substantive verification. Formal verification is conducted to ensure that Tax Invoices satisfy the administrative requirements, including the accuracy of the parties' identities, the Tax Invoice serial number, the date of issuance, and other administrative elements in accordance with Article 13 paragraph (9) of the VAT Law, as last amended by Law Number 7 of 2021 on the Harmonization of Tax Regulations. Meanwhile, substantive verification is performed to ensure that the transactions underlying the Input Tax credits actually occurred, are related to the company's business activities, and are supported by adequate transaction documentation.

This view is further supported by the Independent Tax Consultant, who explained that compliance with both the formal and substantive requirements constitutes the primary strategy for minimizing tax correction risk when applying for a VAT overpayment refund. In addition, the company must ensure that its supporting documentation is sufficiently robust to avoid indications that the Tax Invoices are Not Based on Actual Transactions (TBTS). As stated below.

> *"Strategi yang paling efektif ya kita harus patuh, kita harus memenuhi persyaratan formal dan persyaratan material. Nah sampai sejauh mana kita memiliki dokumen yang kuat agar tidak diindikasikan sebagai Faktur Pajak TBTS (Tidak Berdasarkan Transaksi yang Sebenarnya), jangan sampai dokumen kita ini lemah sehingga kita tidak asal melakukan restitusi pendahuluan." (Konsultan Pajak Independen, Wawancara, 30 Juni 2026)*

This statement indicates that the verification process is conducted comprehensively by examining Tax Invoices, invoices, contracts, proof of payment, shipping documents, and other supporting documentation to ensure that all documents are consistent with one another and adequately substantiate the underlying transactions. Through this process, PT X and its tax consultants are able to identify, at an early stage, documents that do not comply with the applicable tax regulations or transactions that may give rise to tax adjustments, allowing corrective actions to be taken before the administrative review or tax audit is conducted by the tax authority.

The findings also indicate that formal and substantive verification is intended not only to satisfy administrative requirements but also to serve as a preventive measure for minimizing tax correction risk associated with Input Tax credits. This strategy provides assurance that every Input Tax credit is supported by a legitimate underlying transaction, satisfies both the formal and substantive requirements, and can be substantiated during an administrative review or tax audit conducted by the tax authority.

Accordingly, the formal and substantive verification of tax documentation constitutes one of the key strategies implemented by PT X to address challenges related to the validity of Input Tax credits. This strategy not only improves the quality of the company's tax administration but also strengthens tax compliance and supports the smooth implementation of VAT overpayment refunds in accordance with the applicable tax regulations.

c. Verification of the Flow of Funds and the Flow of Goods as a Mitigation Measure

In addition to conducting formal and substantive verification of tax documentation, PT X also verifies the flow of funds and the flow of goods as a complementary strategy to minimize tax correction risk in the VAT overpayment refund process. Following the formal and substantive verification of tax documentation, the company, together with its tax consultants, examines the consistency of the flow of funds and the flow of goods to ensure that each transaction actually occurred, has economic substance, and is related to the company's business activities. This strategy is intended to strengthen the evidentiary support for the reported transactions while minimizing tax correction risk during the VAT overpayment refund process. As explained by PT X's tax consultant.

> *"Yang diperiksa itu bukan hanya Faktur Pajaknya saja, tetapi juga arus uang, arus barang, serta apakah Pajak Masukan tersebut benar-benar berhubungan dengan kegiatan usaha perusahaan." (Konsultan Pajak PT X, Wawancara, 9 Juni 2026)*

This statement indicates that verification of the flow of funds is conducted by tracing the consistency between the company's payments and the supporting documents, such as invoices, proof of bank transfers, and other payment records. Meanwhile, verification of the flow of goods is carried out by ensuring consistency among procurement documents, shipping documents, and other supporting documentation so that the entire transaction can be substantiated comprehensively. Through this verification process, PT X not only ensures compliance with administrative requirements but also establishes confidence that every Input Tax credit is derived from a legitimate and verifiable transaction.

This view is further supported by the Independent Tax Consultant, who explained that tax audits conducted by the tax authority do not focus solely on the taxpayer's documentation but also involve examinations of counterparties. Therefore, companies must prepare sufficient transaction evidence to support the verification process during a tax audit. As stated below.

> *"Nah pada saat pemeriksaan, si pemeriksa ini membutuhkan data tersebut sebagai data produksi. Jadi dokumen-dokumen atau bukti-bukti yang diminta ke kita digunakan untuk lawan transaksi kita. Sebelum mereka menghadap ke lawan transaksi, mereka sudah memiliki bukti-bukti yang kuat terlebih dahulu. Pada saat melakukan pengembalian pendahuluan juga, apabila ternyata Faktur Pajaknya merupakan Faktur Pajak Tidak Berdasarkan Transaksi yang Sebenarnya (TBTS) karena transaksi lain, kita juga bisa berimbas sebagai pengemban dan hal tersebut dapat menghambat restitusi. Jadi harus benar-benar memperhatikan apakah lawan transaksi taat atau tidak, jangan sampai menjadi pelaku TBTS." (Konsultan Pajak Independen, Wawancara, 30 Juni 2026)*

This statement indicates that the strategy is implemented as a measure to mitigate risks associated with tax audits. In practice, tax audits do not focus solely on Tax Invoices or the taxpayer's documentation but may also involve cross-checking transactions with counterparties to verify the accuracy of the reported transactions. Accordingly, verification of the flow of funds and the flow of goods provides stronger supporting evidence if the tax authority requests clarification or conducts a more detailed examination of the transactions underlying the VAT overpayment refund claim.

In addition to strengthening transaction substantiation, this strategy also helps PT X reduce risks arising from counterparties. Although the company has fulfilled its tax administrative obligations, tax adjustments may still arise if issues are identified on the counterparty's side. By verifying the flow of funds and the flow of goods before submitting the refund claim, PT X is better positioned to demonstrate that the reported transactions actually occurred and possess economic substance. These findings indicate that managing the risks associated with VAT overpayment refunds depends not only on the quality of the company's internal tax administration but also on the credibility of the parties with whom the company conducts transactions.

Accordingly, verification of the flow of funds and the flow of goods constitutes one of the key strategies implemented by PT X to address challenges associated with tax audits while minimizing tax correction risk. This strategy not only strengthens the quality of transaction substantiation but also enhances the company's preparedness for both administrative reviews and tax audits, thereby enabling the VAT overpayment refund process to be carried out more effectively and with greater certainty.

d. Adjustment of the Refund Strategy Following Regulatory Changes

Changes in the tax regulations have required PT X to adjust its VAT overpayment management strategy. These adjustments are intended to ensure that the selected refund mechanism remains compliant with the applicable tax regulations while continuing to support the company's operational needs. For PT X, which consistently experiences substantial VAT overpayments due to its business characteristics as a coal trading company, changes in the regulations governing the preliminary refund have had significant implications for the strategy previously implemented.

The findings indicate that the revision of the maximum threshold for the preliminary refund under Minister of Finance Regulation Number 28 of 2026 has reduced the effectiveness of the Input Tax credit management strategy that was applied during the 2024 Tax Year. During the study period, PT X was able to manage the timing of Input Tax credit claims so that the VAT overpayment remained within the maximum threshold for the preliminary refund, allowing the company to obtain a portion of the refund more quickly. However, after the maximum threshold for the preliminary refund was reduced to IDR 1,000,000,000 per Tax Period, this strategy became less relevant because PT X's VAT overpayments consistently exceeded the revised threshold. Consequently, the company was required to adjust its refund strategy to ensure that its entitlement to VAT overpayment refunds could still be obtained through a mechanism that complies with the applicable tax regulations.

The findings also indicate that the regulatory changes affected not only the choice of the refund mechanism but also the focus of the tax consultants' strategy. During the study period, the strategy primarily focused on optimizing the use of the preliminary refund through the management of Input Tax credits. Following the enactment of Minister of Finance Regulation Number 28 of 2026, however, the strategy shifted toward strengthening the company's preparedness for a refund through a tax audit. This shift was implemented by improving the quality of tax administration, strengthening the validity of Input Tax credits, conducting formal and substantive verification of tax documentation, and reinforcing the substantiation of transactions through the verification of the flow of funds and the flow of goods. Accordingly, adjusting the refund strategy has become a necessary measure to ensure that the company continues to obtain its entitlement to VAT overpayment refunds while minimizing tax correction risk amid changes in tax policy.

**Interview Data Analysis Using NVivo**

NVivo s a software application designed to assist researchers in managing, organizing, and analyzing qualitative data, such as interview transcripts, field notes, documents, audio recordings, videos, and other forms of media (Bagaskara & Rohmadi, 2025). One of the NVivo features employed in this study is the Word Frequency Query, which identifies the words that appear most frequently in the interview data. Figure 1 presents the Word Frequency Query results generated from the interview data collected from the three informants.

**Figure 1. Word Frequency Query Results from the Interview Data**


Source: Interview Data Processed Using NVivo (15)

Based on Figure 1, the words that appeared most frequently during the interviews were *refund*, *refund through a tax audit*, *preliminary refund*, *mechanism*, *risk*, *tax audit*, *input tax*, and *overpayment*. These findings are consistent with the focus of this study, which examines strategies for selecting VAT overpayment refund mechanisms.

## CONCLUSIONS

This study demonstrates that the selection of a Value-Added Tax (VAT) overpayment refund mechanism at PT X is a strategic decision influenced by several interrelated factors. These factors include the company's transaction characteristics, which consistently result in VAT overpayments, its cash flow condition and the need to accelerate the recovery of funds, the amount of accumulated VAT overpayments, the level of tax compliance, tax correction risk, and changes in tax regulations. Among these factors, the need to maintain healthy cash flow emerged as the primary consideration in determining the refund mechanism to be selected.

The implementation of VAT overpayment refunds continues to face several challenges, including the completeness and validity of supporting documentation, the validity of Input Tax credits, and the potential for tax audits and tax adjustments. These challenges may affect both the efficiency of the refund process and the amount ultimately refunded. Therefore, companies must ensure that every transaction satisfies the formal and substantive requirements prescribed by the applicable tax regulations.

To address these challenges, PT X, together with its tax consultants, implemented several strategies, including the management of Input Tax credits, formal and substantive verification of tax documentation, verification of the flow of funds and the flow of goods, and adjustments to the refund strategy in response to regulatory changes. These strategies not only facilitate the VAT overpayment refund process but also contribute to minimizing tax correction risk and strengthening the company's tax compliance.

This study has certain limitations because the researcher conducted participant observation within the tax consulting firm responsible for handling PT X, which may have introduced potential bias in the interpretation of the findings. To mitigate this potential bias, source triangulation was employed through interviews with multiple informants and supported by an analysis of tax-related documents. In addition, this study did not incorporate the perspective of the tax authority. Therefore, future research is encouraged to include the perspective of tax officials to provide a more comprehensive understanding of VAT overpayment refund strategies.

**Recommendations**

For companies that consistently experience VAT overpayments, the selection of a refund mechanism should be based on a comprehensive evaluation of transaction characteristics, cash flow conditions, tax compliance, and the potential risks associated with tax audits. In addition, companies should strengthen their document verification procedures, ensure the validity of Input Tax credits, and periodically adjust their refund strategies in response to developments in tax regulations to ensure that the selected refund mechanism remains effective and compliant with the applicable provisions.

Future studies are encouraged to examine VAT overpayment refund strategies across different industries with varying transaction characteristics and to evaluate the implementation of the latest regulations governing VAT overpayment refunds after they have been applied in practice. Such studies are expected to provide a more comprehensive understanding of VAT overpayment management strategies across different categories of taxpayers.

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