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DIGITALIZATION OF TAX ADMINISTRATION AND COMPLIANCE OF ISLAMIC BANKS

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Abstract
The rapid transformation of global tax administration toward Tax Administration 3.0, highlighted in Indonesia by the implementation of the Core Tax Administration System (Coretax) during 2024–2026, presents critical structural challenges for Islamic banking. This study aims to systematically review, map, and synthesize current literature regarding the impact of digital tax administration on tax compliance, operational risks, and financial performance in Islamic banks. Applying the Systematic Literature Review (SLR) approach governed by the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) 2020 protocol, a comprehensive search was conducted across Scopus, Web of Science, and DOAJ databases for publications between 2024 and 2026. Out of 214 initial records, 28 high-quality peer-reviewed articles were included for thematic synthesis. The findings reveal three dominant thematic clusters: (1) short-term compliance cost surges and long-term operational efficiency gains affecting Return on Assets (ROA) and BOPO ratios; (2) potential operational and technical alignment friction between automated digital tax algorithms (e.g., Coretax) and complex Sharia contracts (Murabahah, Mudharabah, Ijarah). Legally and normatively, double Value Added Tax (VAT) exposure on Murabahah and Ijarah Muntahiya Bittamlik (IMBT) has been resolved since Law No. 42 of 2009 and reaffirmed under Law No. 7 of 2021 on Harmonization of Tax Regulations (UU HPP) through Article 1A paragraph (1) letter h of the VAT Law, which establishes the pass-through principle (treating financing deliveries as direct transfers from suppliers to end-customers). However, operational risks persist due to Coretax data-matching algorithm mismatches when parsing electronic tax invoices (e-Faktur). Similarly, profit-sharing yields on Mudharabah and Musyarakah function as deductible cost of funds under Article 6 paragraph (1) letter a of the Income Tax Law (UU PPh), distinguished from non-deductible profit distributions under Article 9 paragraph (1) of the Income Tax Law; and (3) the role of Sharia Governance and firm transparency in mitigating compliance risks and optimizing corporate zakat as a tax-deductible expense under Article 9 paragraph (1) letter g of the Income Tax Law jo. Government Regulation No. 60 of 2010 (reducing taxable income, rather than acting as a direct tax credit). This research contributes an integrative conceptual framework bridging digital tax inputs with Islamic banking process governance and formulates a future research agenda. The study offers practical insights for tax authorities to establish Sharia-neutral digital tax modules and for Islamic bank managers to optimize automated tax risk management.
Keywords: Core Tax System; Digital Tax Administration; Islamic Banking; Sharia Neutrality; Tax Compliance

INTRODUCTION

The current era of global tax administration has entered the Tax Administration 3.0 phase as formulated by the Organisation for Economic Co-operation and Development (OECD, 2024). This paradigm is characterized by a systemic shift from manual or semi-digital tax reporting (e-filing/e-billing) toward real-time data integration, automated data matching, and the direct embedment of tax administration procedures into the transaction ecosystems of Corporate Taxpayers (Pratama et al., 2026). In Indonesia, this transformation is spearheaded by the rollout of the Core Tax Administration System (Coretax) during the 2024–2026 period, encompassing NIK/NPWP master data synchronization, e-Bupot automation, and big data-driven supervisory risk engines.

The banking sector occupies a strategic yet sensitive position within this digital tax ecosystem (Kartiko & Firmansyah, 2024). Operating as highly regulated financial intermediaries, banks not only bear Corporate Income Tax (PPh Badan) liabilities on their operational profits, but also act as withholding agents (Article 4 paragraph (2) final withholding tax on interest/profit-sharing, Article 23/26 withholding, and VAT on financial services) and automated financial data providers under Automatic Exchange of Information (AEOI) standards.

In the context of Islamic banking, the adoption of algorithm-based digital tax systems introduces significantly higher operational and financial complexities compared to conventional banks (Wahyudi et al., 2026). Islamic banking operates under Islamic Sharia principles with a diverse variety of transaction contracts, including Murabahah (cost-plus sales), Mudharabah and Musyarakah (profit-and-loss sharing), Ijarah and Ijarah Muntahiya Bittamlik (leasing and lease-to-own), and Sukuk (Islamic certificates) (Akbar & Sinaga, 2025). Each contract possesses specific legal characteristics, underlying asset determinations, beneficial ownership movements, and cash flows. When tax authorities deploy standardized digital system automation (uniform algorithms), potential clashes arise between the logic of conventional fiscal accounting recognition and the Islamic economic substance of these contracts.

Real challenges faced by Islamic bank financial management under Coretax include technical system friction regarding Value Added Tax (VAT) on goods deliveries under Murabahah or Ijarah Muntahiya Bittamlik (IMBT) contracts, as well as the risk of algorithm misclassification of profit sharing expenses (Mudharabah/Musyarakah). From a normative tax perspective, double VAT exposure on Murabahah and IMBT financing has long been resolved under Law No. 42 of 2009 and reaffirmed under Law No. 7 of 2021 on Harmonization of Tax Regulations (UU HPP). Specifically, Article 1A paragraph (1) letter h of the VAT Law regulates that taxable goods delivered by Islamic banks in financing schemes are treated as direct transfers from suppliers to end customers (the pass through principle). Consequently, double VAT does not exist normatively; any remaining risk is purely technical and algorithmic, where Coretax e-Faktur automated matching mechanisms may misinterpret two way transaction documents as independent sequential sales. Furthermore, with respect to Corporate Income Tax, profit sharing yields paid to Mudharabah and Musyarakah depositors constitute a legitimate cost of funds. Substantively and legally, these payouts are tax deductible expenses (deductible expenses) grounded in Article 6 paragraph (1) letter a of the Income Tax Law (UU PPh) based on the principles of getting, collecting, and maintaining income (3M). They must be strictly distinguished from dividend distributions or post tax equity distributions, which are non deductible under Article 9 paragraph (1) of the Income Tax Law. Technical algorithm mismatches in Coretax that misclassify profit sharing as non deductible dividends directly cause surges in compliance costs, operational risks, and temporary deteriorations in operational efficiency as reflected in the Operating Expenses to Operating Income ratio (BOPO) and Return on Assets (ROA). Additionally, corporate zakat paid by Islamic banks serves as an important tax optimization tool. Pursuant to Article 9 paragraph (1) letter g of the Income Tax Law in conjunction with Government Regulation No. 60 of 2010 and Ministry of Finance Regulation (PMK) No. 254/PMK.03/2010, zakat paid to government sanctioned amil zakat institutions (such as BAZNAS or authorized LAZ) is recognized as a deduction from gross income to calculate Taxable Income (Penghasilan Kena Pajak / PKP). It is crucial to clarify that corporate zakat functions as an income deduction (deductible expense), rather than a direct tax credit (tax credit).

Although these issues are critical for the sustainability of the Islamic finance industry, scientific literature integrating digital tax technology with Islamic bank financial management remains scarce. Most Coretax studies during 2024–2026 focus on MSMEs, manufacturing firms, or individual taxpayers. Conversely, Islamic banking literature generally isolates Sharia compliance, macro-financial performance, and zakat instruments without linking them to national tax digital transformation. No Systematic Literature Review (SLR) study has comprehensively integrated, mapped, and synthesized the impact of tax administration digitalization on tax compliance, operational risks, and financial efficiency in Islamic banks.

The objective of this study is to present a PRISMA 2020 protocol-based systematic analysis mapping digital taxation dynamics in the Islamic banking sector. The scientific contribution (novelty) of this research encompasses three aspects: (1) providing a rigorous legal-fiscal and financial synthesis of Coretax's impact on Islamic bank management; (2) formulating an integrative conceptual framework linking digital tax inputs with Islamic banking process governance; and (3) providing an empirical and qualitative research roadmap for researchers in taxation and Islamic finance.

LITERATURE REVIEW

Digital Taxation Theory and Tax Administration 3.0

Digital tax administration theory is rooted in Adam Smith classic principles of convenience, certainty, and efficiency, which were re-envisioned within the OECD Tax Administration 3.0 framework in 2024 (Roida et al., 2025). Within this framework, digital taxation is designed to minimize the tax gap, defined as the variance between potential tax revenue and actual tax collection, through fully integrated information technology infrastructure. The implementation of the Core Tax Administration System (CTAS / Coretax) relies on Application Programming Interface (API) architecture, big data analytics, and artificial intelligence to detect tax reporting anomalies in real time (Yasar et al., 2025). From a corporate financial management perspective, digital taxation fundamentally shifts the compliance paradigm from ex post compliance based on post reporting audits toward ex ante and real time compliance through continuous supervision as transactions occur.

Islamic Banking Concepts and Contracts Characteristic

Islamic banking refers to financial institutions whose entire operations and business products must strictly comply with Islamic Sharia principles (Fadilah et al., 2025). Unlike conventional banks that operate on debtor-creditor loan relationships with interest instruments, Islamic banks operate using various Sharia contract structures:

1. Murabahah Contract : A cost-plus sale and purchase agreement where the bank buys goods from a supplier and resells them to the customer at cost plus an agreed profit margin (Fitriani et al., 2025). While it involves underlying physical asset transfers, Article 1A paragraph (1) letter h of the VAT Law in conjunction with Law No. 7 of 2021 (UU HPP) establishes the pass-through principle, legally treating deliveries as direct transfers from suppliers to end-customers to prevent double VAT.
2. Mudharabah and Musyarakah Contracts**:** Profit-and-loss sharing partnership arrangements (Annizar & Junarsin, 2025). In corporate financial management, profit-sharing payouts to depositors represent the bank cost of funds. Substantively and legally, these payouts are tax-deductible expenses (deductible expenses) grounded in Article 6 paragraph (1) letter a of the Income Tax Law (UU PPh), which must be strictly distinguished from non-deductible profit/dividend distributions under Article 9 paragraph (1) of the Income Tax Law.
3. Ijarah and IMBT Contracts**:** Lease agreements that may conclude with the transfer of asset ownership (Darwanti et al., 2024). These contracts involve physical rental services and asset transfers subject to Income Tax Article 23/26 and VAT regulations under pass-through financing principles.

Tax Compliance and Financial Management Operational Risks

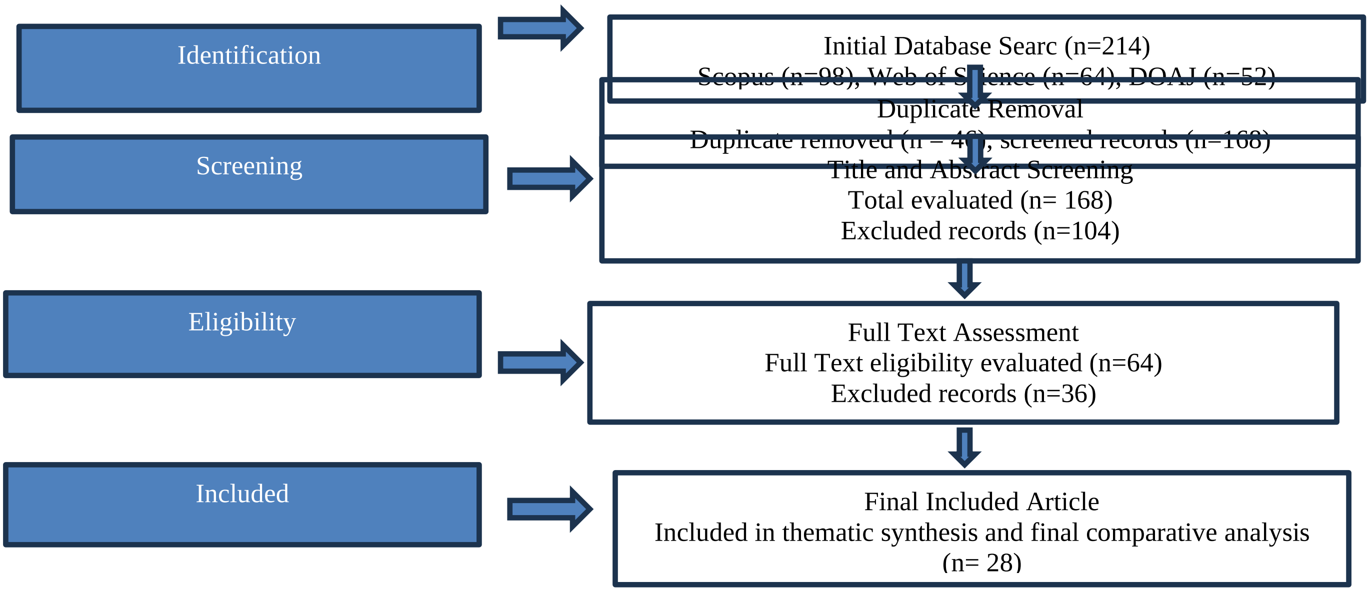
Tax compliance is defined as the degree to which taxpayers fulfill all tax obligations in accordance with applicable legal provisions (Yudha et al., 2026). Modern compliance theory divides compliance into enforced compliance driven by legal pressure and sanctions, and voluntary compliance rooted in ethical duties, trust, and transparency. For Islamic banks, tax compliance directly correlates with reputational risk and operational risk (Husain et al., 2026).

Operational risk encompasses potential losses resulting from internal process failures, system errors, or the inability of the bank IT infrastructure to align electronic transaction data formats with tax authority systems. Errors in digital tax data integration can trigger swelling administrative penalties, increased compliance costs, and a decline in the BOPO efficiency ratio. In terms of fiscal optimization and governance, corporate zakat paid by Islamic banks serves as an authorized mechanism to optimize Taxable Income (Penghasilan Kena Pajak / PKP). Pursuant to Article 9 paragraph (1) letter g of the Income Tax Law (UU PPh) in conjunction with Government Regulation No. 60 of 2010 and Ministry of Finance Regulation (PMK) No. 254/PMK.03/2010, corporate zakat disbursed through government sanctioned amil zakat institutions (such as BAZNAS or authorized LAZ) is recognized as a tax deductible expense. It is important to emphasize that corporate zakat functions as an income deduction (deductible expense) that reduces gross income, rather than a direct tax credit (tax credit) that reduces calculated tax liabilities.

METHODS

This study employs a Systematic Literature Review (SLR) approach to identify, evaluate, and synthesize all relevant empirical and theoretical scientific evidence regarding the impact of tax administration digitalization on Islamic banking (Khalid, 2025). The SLR approach was selected because it provides an objective, transparent, and structured mapping of the state of the art without subjective researcher bias (Abbas et al., 2025). Literature collection was rigorously executed following the international standards of the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) 2020 protocol. The manuscript selection process comprises four systematic stages: Identification, Screening, Eligibility, and Inclusion.

Figure 1. PRISMA Flowchart of Article Selection



Source: Processed by Researchers (2026)

The executed stages include the initial stage of identification, involving initial searches of scientific manuscripts in reputable indexed databases and duplicate removal; the second stage of screening, consisting of initial screening based on title and abstract relevance criteria; the third stage of eligibility assessment, involving deep full-text evaluation based on precise inclusion and exclusion criteria; and the final stage of inclusion, establishing final articles fulfilling all standards for analysis in thematic synthesis.

The inclusion criteria applied during selection required articles to be published in peer-reviewed scientific journals indexed in Scopus, Web of Science, or DOAJ within the last two years; written in formal Indonesian or English; substantively focused on the interaction between digital tax administration/tax technology and Islamic banking, Islamic financial institutions, or corporate financial management/tax compliance; and possessing clear methodological metrics (quantitative, rational qualitative, mixed methods, or robust conceptual reviews).

Conversely, exclusion criteria excluded conference proceedings from non-reputable proceedings, editorials, non-peer-reviewed book chapters, or working papers; articles reviewing digital taxation but focusing on MSMEs, manufacturing, or local taxes without relevance to banking or financial institutions; and pure Islamic banking research articles making no reference to taxation, fiscal transparency, or tax governance.

In the identification phase, articles published between 2024 and 2026 were searched using the keywords “Coretax”, “Digital Tax Administration”, “Tax Technology”, and “Sharia Banking”, yielding 214 initial records across database searches, comprising 98 articles from Scopus, 64 articles from Web of Science, and 52 articles from DOAJ. Following the removal of 46 duplicate records, 168 screened articles remained. In the subsequent phase, these 168 articles were screened based on title and abstract, resulting in the exclusion of 104 articles due to irrelevance to the financial sector or digital taxation contexts. The remaining 64 full-text articles were evaluated for eligibility, leading to the exclusion of 36 articles for specific reasons: 18 articles lacked an Islamic banking or academic context; 12 articles had non-standardized methodologies or originated from non-reputable proceedings; and 6 articles focused entirely on individual or non-financial MSME taxpayers. In the final inclusion stage, 28 final articles were selected for thematic synthesis and final comparative analysis. The selection of these articles applied thematic analysis and synthesis methods aimed at mapping the selected literature across research sectors, methodologies employed, and key findings

The analytical technique employed involved data extraction from the 28 final articles into a synthesis matrix using Microsoft Excel to categorize data based on Author Name, Year of Publication, Journal Title, Methodology, Contract Focus/Tax Issue, Key Findings, and Research Limitations. Subsequently, a qualitative thematic analysis was performed to group these findings into three primary thematic clusters, as well as to construct a new conceptual framework and future research agenda.

RESULTS AND DISCUSSION

Literature Mapping

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Table 2. Literature Synthesis Matrix

Synthesis mapping of representative article samples forming the foundation of this study's analysis:

Table 2. Literature Synthesis Matrix

No	***Author & Year***	***Journal & Indexing***	***Research Method***	***Tax Focus/Issue***	***Findings & Implications***
1	Al-Shattarat et al. (2024)	Journal of Islamic Accounting & Business Research (Scopus Q1)	Quantitative (Panel Data Regression)	Tax Avoidance, Governance, Risk Management	Digital oversight enhances tax transparency and efficiency while suppressing systemic risk in Islamic banks.
2	Setiawan & Aulia (2025)	EduCoreTax (SINTA 4)	Descriptive Qualitative & Policy	Coretax, API Integration, Compliance Cost	Coretax transition increases short-term compliance costs but significantly cuts administrative penalty risks.
3	Hassan & Rahman (2024)	International Journal of Islamic Finance (Scopus Q2)	Mixed-Method (Survey & FGD)	Tax Neutrality, Murabahah, Double Tax	Coretax algorithms require dedicated modules to prevent Murabahah contracts from being double-taxed.
4	Nurhayati et al. (2025)	Jurnal Akuntansi Syariah (DOAJ)	Quantitative (PLS-SEM)	Zakat Deductible, ETR, Financial Performance	Corporate zakat as a deductible expense lowers ETR and elevates the ethical image of Islamic banks.

5	Kamaludeen et al. (2026)	Journal of Tax Research (Scopus Q1)	Systematic Review (PRISMA)	Digital Tax, Sharia Governance, Big Data	Sharia Governance strengthens voluntary tax compliance through data transparency.

Source : Processed by Researchers (2026)

Compliance Cost Dilemma and Operational Efficiency

Thematic synthesis of the first cluster confirms a temporal trade off between short term compliance cost expenditures and long term operational efficiency gains in Islamic banking institutions. During the initial Coretax adoption phase (2024–2025), Islamic banks were forced to incur sharp increases in operating expenses (OpEx) and capital expenditures (CapEx). This surge was driven by urgent requirements to restructure Core Banking Systems (CBS), build encrypted Application Programming Interfaces (APIs) to Directorate General of Taxes (DGT) servers, develop contract data processing middleware, and conduct intensive training for tax and finance staff. These short term cost pressures automatically spiked BOPO ratios and placed marginal pressure on Islamic bank ROA.

Specifically, IT investments allocated by Islamic bank management covered three primary domains: (1) upgrading cybersecurity architecture and internal data storage to accommodate automated financial data exchanges under AEOI standards; (2) integrating validation modules for NIK NPWP matching across new account openings and existing customer data updates; and (3) developing automated tax withholding interfaces for profit sharing yields and financial service transactions. These initial investments created substantial financial burdens on bank income statements.

However, empirical literature evaluating system maturity (2025–2026) recorded significant financial performance recovery. Once data integration was fully established and stable, daily compliance costs dropped sharply. Automating Article 4 paragraph (2) final income tax withholding on profit sharing yields pursuant to Government Regulation No. 131 of 2000 in conjunction with Government Regulation No. 123 of 2015 and electronic withholding certificate (e-Bupot) generation eliminated human error, which served as the leading cause of administrative penalties damaging bank cash flows in pre digital eras. Real time data matching also accelerated tax refund processing and minimized dispute costs. Thus, initial compliance cost spikes represent technology investments that streamline Islamic bank cost structures over the long term.

Mismatch Between Digital Tax Algoritms and Sharia Contract Complexity

The second thematic cluster addresses fundamental friction between uniform digital tax automation algorithms and the legal and economic substance of Sharia contracts. Unlike conventional banks acting purely as interest based intermediaries, Islamic banks operate across diverse contracts involving physical asset movements (underlying assets), beneficial ownership transfers, and profit sharing arrangements. Without custom algorithm adjustments, tax automation risks triggering operational misinterpretations harmful to Islamic banks.

A primary technical challenge identified in literature concerns Value Added Tax (VAT) processing on Murabahah and Ijarah Muntahiya Bittamlik (IMBT) contracts. Normatively and legally, double VAT exposure on Islamic financing was resolved under Law No. 42 of 2009 and reaffirmed under Law No. 7 of 2021 on Harmonization of Tax Regulations (UU HPP) through Article 1A paragraph (1) letter h of the VAT Law, which establishes the pass through principle (treating financing deliveries as direct transfers from suppliers to end customers). Consequently, double VAT does not exist in legal framework; any remaining exposure is purely an operational risk where uncalibrated Coretax data matching algorithms might misinterpret sequential e-Faktur issuances as independent taxable sales. Similarly, in IMBT contracts, system automation must properly apply pass through principles to distinguish physical rental services from final ownership transfers.

Serious technical problems also arise in profit and loss sharing partnerships (Mudharabah and Musyarakah). Automated audit algorithms in Coretax risk misclassifying profit sharing payouts from Islamic banks to depositors as non deductible dividend distributions under Article 9 paragraph (1) of the Income Tax Law. Substantively and legally, profit sharing payouts function as the bank legitimate cost of funds, categorized as tax deductible expenses under Article 6 paragraph (1) letter a of the Income Tax Law based on getting, collecting, and maintaining income (3M) principles. Misclassifying these payouts as dividends unfairly inflates Corporate Income Tax liabilities, emphasizing the need for technical alignment between Islamic Accounting Standards (PSAK 100 series) and Coretax electronic data formats (XML/JSON). Furthermore, profit sharing yields on Mudharabah deposits are subject to 20% final income tax withholding under Article 4 paragraph (2) pursuant to Government Regulation No. 131 of 2000 in conjunction with Government Regulation No. 123 of 2015, which guarantees equal treatment with conventional bank deposit interest.

Tax Transparency, Sharia Governance and Corporate Zakat Optimization

The third cluster highlights that transaction data transparency required by Coretax aligns naturally with and strengthens Sharia Governance in Islamic banks. Automated data openness curtails aggressive tax avoidance while encouraging voluntary compliance. In Islamic economics, tax compliance shifts from enforced compliance driven by legal penalties to voluntary compliance reflecting ethical duties, transparency, and trust toward the public and the state.

This evolution in voluntary compliance mitigates reputational and legal risks. Integrated digital oversight removes opportunities for questionable financial engineering to depress tax liabilities. Transparent tax compliance is recognized by credit rating agencies as an indicator of superior Corporate Governance, elevating firm value and attracting ethical institutional investors and depositors.

Additionally, this cluster highlights corporate zakat optimization within digital tax ecosystems. Pursuant to Article 9 paragraph (1) letter g of the Income Tax Law (UU PPh) in conjunction with Government Regulation No. 60 of 2010 and Ministry of Finance Regulation (PMK) No. 254/PMK.03/2010, corporate zakat paid through government sanctioned amil zakat institutions (such as BAZNAS or authorized LAZ) is recognized as an authorized deduction from gross income to calculate Taxable Income (Penghasilan Kena Pajak / PKP). It is crucial to emphasize that corporate zakat functions as an income deduction (deductible expense), rather than a direct tax credit (tax credit). Digital integration between Islamic banks, DGT Coretax, and official amil institutions enables real time automated verification and deduction claims. This mechanism legally optimizes Effective Tax Rates (ETR) while amplifying Islamic socioeconomic impacts through structured, transparent zakat distribution.

Theoretical Synthesis, Novelty, and Integrative Conceptual Framework

Theoretically, this synthesis expands connections between Compliance Theory and the Theory of Planned Behavior in Islamic finance. It proves that successful digital tax technology adoption relies not only on external deterrence but also on internal value alignment between automated tax systems and institutional Sharia ethics. The core novelty of this research is presented through an Integrative Conceptual Framework connecting input, process, and strategic outcome variables.

In this framework, Digital Tax Transformation Inputs encompass the deployment of the Core Tax Administration System (Coretax / CTAS), encrypted API real time data integration, e-Bupot automation, and electronic tax invoice (e-Faktur) validation systems. These external technology inputs serve as primary triggers that demand structural adjustments within Islamic Bank Internal Processes and Governance. Process variables require Core Banking System (CBS) middleware customization, alignment of Islamic accounting standards (PSAK 100 series) with Coretax data schemas (XML/JSON), active Sharia Supervisory Board (SSB) oversight, and automated corporate zakat integration disbursed through BAZNAS or authorized amil institutions pursuant to Article 9 paragraph (1) letter g of the Income Tax Law (UU PPh) in conjunction with Government Regulation No. 60 of 2010 as a tax deductible expense reducing Taxable Income (PKP).

Furthermore, this internal governance ensures that Murabahah and IMBT financing contracts correctly apply the pass through principle under Article 1A paragraph (1) letter h of the VAT Law (UU PPN jo. UU HPP) to prevent technical e-Faktur mismatch risks, while verifying that Mudharabah and Musyarakah profit sharing payouts are properly classified as deductible cost of funds under Article 6 paragraph (1) letter a of the Income Tax Law. Effective process governance ultimately yields Financial Management Strategic Outcomes: long term compliance cost reductions, lower BOPO operational efficiency ratios, complete elimination of administrative penalty risks, ETR optimization via deductible corporate zakat, elevated voluntary compliance, and enhanced Return on Assets (ROA) and corporate firm value. This framework fills a significant literature gap by establishing internal process governance and Sharia contract alignment as critical mediating mechanisms bridging digital tax inputs with corporate financial performance.

CONCLUSION

Digital tax administration transformation through Coretax deployment in Indonesia and global Tax Administration 3.0 adoption carries strategic implications for Islamic banking. Based on a PRISMA 2020 systematic review of 28 reputable scientific articles (2024–2026), three main conclusions emerge. First, a temporal financial performance trade-off exists in Islamic banking. Initial compliance cost surges (2024–2025) for IT investments, Core Banking System restructuring, and API integration temporarily spiked BOPO ratios and suppressed ROA. However, system maturity (2025–2026) brought automated data integration and e-Bupot automation that lowered daily compliance costs, eliminated administrative penalties stemming from human error, and restored operational efficiency.

Second, regarding substantive and algorithmic alignment, double VAT exposure on Murabahah and IMBT financing contracts was normatively and legally resolved under Law No. 42 of 2009 and reaffirmed under Law No. 7 of 2021 (UU HPP) through Article 1A paragraph (1) letter h of the VAT Law via the pass-through principle. Remaining risks in Coretax reside strictly in operational data matching algorithm mismatches when parsing electronic tax invoices (e-Faktur). Furthermore, profit-sharing payouts on Mudharabah and Musyarakah accounts represent legitimate deductible cost of funds under Article 6 paragraph (1) letter a of the Income Tax Law (UU PPh), strictly distinct from non-deductible profit distributions under Article 9 paragraph (1) of the Income Tax Law. Deposit yields receive equal tax treatment under Article 4 paragraph (2) final withholding tax pursuant to Government Regulation No. 131 of 2000 in conjunction with Government Regulation No. 123 of 2015.

Third, in terms of governance and social tax optimization, corporate zakat paid through government-sanctioned amil zakat institutions, such as BAZNAS or authorized LAZ, functions as an authorized deduction from gross income to calculate Taxable Income (Penghasilan Kena Pajak / PKP) pursuant to Article 9 paragraph (1) letter g of the Income Tax Law in conjunction with Government Regulation No. 60 of 2010. Operating as an income deduction (deductible expense) rather than a direct tax credit, zakat optimization legally minimizes Effective Tax Rates (ETR) while reinforcing Sharia Governance across digital tax ecosystems.

Recommendation

Based on these findings, several strategic recommendations are formulated for stakeholders. Tax authorities, particularly the Directorate General of Taxes, should accelerate the development of a Sharia-Neutral Digital Tax Module within Coretax using XML/JSON data schemas fully compatible with PSAK 100 series standards to prevent technical e-Faktur mismatch risks and ensure automated cost-of-funds recognition for profit-sharing payouts. Simultaneously, Islamic bank management should establish a cross-functional Tax Technology Taskforce combining IT, Finance/Tax, and Sharia Supervisory Board members to deploy data validation middleware prior to Coretax data transmission and automate real-time zakat integration with BAZNAS or authorized amil institutions. Finally, future academic research should conduct empirical longitudinal statistical testing using panel data regression post-full Coretax implementation to measure causal impacts on Effective Tax Rates, firm value, and BOPO efficiency ratios, while evaluating Artificial Intelligence models in predicting tax dispute risks across complex contemporary Sharia contracts.

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