



Implementation of Value Added Tax (VAT) Tax Planning in Service Companies: A Study

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Abstract: Value Added Tax (VAT) poses unique cash flow challenges for service companies in Indonesia because the obligation to collect it arises upon delivery of the service, regardless of receipt of payment. This study analyzes the implementation of VAT tax planning at PT DNG, a plantation services company, within the context of the Coretax Administration System. Using a qualitative case study approach, purposive sampling targeted two key informants (the Head of Finance and the Tax Officer). Semi-structured interviews and documentation served as the primary instruments, analyzed using the Miles and Huberman interactive model. The results indicate that PT DNG's VAT tax planning is effective, focusing on compliance and controlling administrative risks, supported by Coretax's automated calculation and reporting features. However, structural cash flow pressures persist due to 30-60 day delays in customer payments against timely deposit obligations. The conclusions emphasize that integrating tax planning with accounts receivable management exceeds the capabilities of a digital system alone.

Keywords: Coretax System, Cash Flow Management, Service Companies, Tax Compliance, VAT Tax Planning

Introduction

Value Added Tax (VAT) is a strategic source of state revenue in Indonesia, contributing significantly to national development financing through collection at every stage of the goods and services transaction chain. The multistage and non-cumulative nature of VAT makes it an effective fiscal instrument, but it also requires careful management by taxpayers to optimize state revenue and ensure compliance (Aziza et al, 2023). For service companies, VAT poses a particular challenge because the obligation to collect it arises when the service is rendered, regardless of payment received, potentially disrupting the stability of operational cash flow (Nariswari et al, 2024).

Plantation service companies like PT DNG experience a phenomenon where the delivery of services to PKP customers requires timely issuance of tax invoices, while invoice payments are often delayed by 30-60 days. This creates a timing mismatch between VAT payments and cash inflows, which worsens liquidity despite the support of input tax credit mechanisms (Aziza et al, 2023). Modernization through the Coretax Administration System since 2025 has simplified electronic reporting and payments, but challenges remain for service companies in terms of technical adaptation and integration with financial management (Arianty, 2024).

Despite comprehensive VAT regulations, service companies face significant cash flow pressures due to differences in the timing of VAT collection and payment receipts from customers. This practice often results in companies prepaying VAT due, increasing the risk of administrative sanctions if reporting through Coretax is delayed (Nariswari et al, 2024). Furthermore, limited input tax optimization for non-VAT-compliant purchases exacerbates the effective VAT burden, while administrative challenges such as issuing e-invoices remain error-prone (Istighfara & Biduri, 2024).

The implementation of Coretax is intended to improve data accuracy and integration, but in service companies, this system has not fully addressed structural issues such as accounts receivable and cash flow management. Initial technical challenges, such as creating billing codes with limited validity periods, increase operational burdens and potentially disrupt compliance (Korat Munandar, 2025). Previous research has highlighted that VAT tax planning is often poorly integrated with financial strategy, leading to inefficiencies in the service sector (Airawaty, 2025).

The gap between the objectives of tax digitalization and the practical reality is evident in the low effectiveness of tax planning in managing cash flow risk in plantation service companies. Studies show that without managerial adaptation, Coretax actually increases liquidity pressures rather than alleviating them (Widiapsarinim Hamzah, 2023). This creates the urgency for empirical studies that combine tax planning, service characteristics, and Coretax to fill the gap in the literature (Sigl et al, 2024).

This study aims to analyze the implementation of VAT tax planning at PT DNG, identify cash flow and administrative constraints, and evaluate the role of Coretax in improving compliance and effectiveness. The urgency arises from the post-2025 implementation of Coretax, which demands rapid adaptation by service companies to avoid sanctions while optimizing cash flow amidst delays in customer payments (Arianty, 2024). The novelty lies in the qualitative case study approach that integrates VAT tax planning, structural pressures in plantation services, and the impact of Coretax, complementing previous quantitative studies limited to manufacturing (Istighfara & Biduri, 2024; Nariswari et al, 2024).

Methodology

Types and Methods of Research

This research uses a qualitative approach with a descriptive case study method at PT DNG, a plantation services company. The qualitative approach was chosen to gain an in-depth understanding of Value Added Tax (VAT) tax planning practices without testing statistical hypotheses, while the case study method allows for a comprehensive examination of VAT management phenomena, including decision-making processes, operational constraints, and adaptation to the Coretax Administration System. Sugiyono (2021) emphasizes that a qualitative approach is suitable for exploring specific contexts such as this, where narrative data from key informants provides rich contextual insights. Sudaryono (2021) supports the use of case studies in qualitative research to analyze managerial processes holistically, as applied to the characteristics of VAT services at PT DNG.

Data Analysis Instruments and Techniques

The primary research instrument was semi-structured interviews with two key informants, the Head of Finance and the Tax Officer of PT DNG, supported by documentation such as interview attachments and VAT administrative documents. The semi-structured interviews allowed for an in-depth exploration of the implementation of VAT tax planning, cash flow constraints, and the use of Coretax, with guidance covering the characteristics of service transactions, reporting procedures, and impacts on effectiveness. The data analysis technique followed the Miles and Huberman model through data reduction (transcript coding), data presentation (narrative themes with selective quotations), and conclusion drawing, as recommended by Emzir for systematic qualitative analysis. Creswell confirmed that this iterative analysis is effective for case studies, ensuring that empirical findings such as cash flow pressures in service companies are logically integrated.

Population and Sample

The study population included all VAT management actors at PT DNG, a plantation services company registered as a Taxable Entrepreneur (PKP). The sample was determined purposively by selecting two key informants: the Head of the Finance Division for the strategic perspective of tax planning and the Tax Staff for the technical aspects of Coretax and VAT reporting, due to their direct involvement in the operational process. This purposive selection aligns with Sugiyono (2021), who stated that qualitative samples should be representative based on expertise for data saturation. Sudaryono (2021) reinforces that small but informative samples are ideal for in-depth case studies in the context of tax management.

Research Procedures

The research procedure began with a preliminary study through a literature review on VAT and Coretax tax planning, followed by the preparation of an interview guide and the identification of informants. The data collection phase included semi-structured interviews in January 2026, verification with documentation, and secondary data collection from related literature such as Aziza et al. (2023) and Nariswari et al. (2024). Analysis was conducted iteratively post-transcription, concluding with validation of the findings through source triangulation to ensure credibility, as is Creswell's standard procedure in qualitative case study design. Emzir added that this step-by-step procedure ensures a logical flow from reduction to conclusion in qualitative research.

Result and Discussion

Business Characteristics and Value Added Tax Management

Based on the interview results, PT DNG is a plantation services company engaged in providing labor services for nursery, planting, and harvesting forestry plants. PT DNG has been confirmed as a Taxable Entrepreneur (PKP), so all services provided to transaction partners are subject to Value Added Tax (VAT). All of the company's customers are also PKP entities, so every service transaction is always accompanied by the issuance of an output VAT tax invoice in accordance with applicable tax regulations.

In operational practice, the obligation to collect VAT arises when the service is rendered to the customer, even though payment for the service has not yet been received. This situation is a key characteristic of VAT management in service companies, as it creates a time lag between VAT collection and cash receipt from customers.

Input Tax Purchasing and Management Policy

The research results show that PT DNG does not require all purchases of goods and services to be made from suppliers with Taxable Entrepreneur (PKP) status. If purchases are made from PKP suppliers and used to support business activities, the company will receive a tax invoice and credit the input VAT when reporting the Periodic VAT Return. Conversely, purchases from non-PKP suppliers are not accompanied by a tax invoice, so the VAT on these transactions cannot be credited.

This policy demonstrates that input tax management at PT DNG is situational and tailored to the company's operational needs. In the context of VAT on services, the scope for optimizing input tax is relatively limited, so the company places greater emphasis on accurate VAT collection and reporting of output VAT.

Implementation of Value Added Tax (VAT) Tax Planning

Based on the results of interviews with informants, PT DNG has implemented VAT tax planning since the company was confirmed as a PKP. VAT tax planning is understood as a company's effort to manage VAT obligations appropriately and in accordance with tax regulations, particularly by understanding the characteristics of service transactions and the status of transaction counterparties, whether private companies, state-owned enterprises, or government treasurers.

VAT tax planning is carried out continuously, particularly at the planning stage for the delivery of services and the management of VAT obligations for each tax period. The primary objective of implementing VAT tax planning is to ensure the accuracy of VAT collection, remittance, and reporting procedures, while minimizing the risk of administrative errors and tax penalties.

Obstacles in Implementing VAT Tax Planning

The research results show that the main obstacle in implementing VAT tax planning at PT DNG relates to late payment of invoices by customers. Although services have been rendered and output VAT invoices have been issued, payments from customers often take a certain period of time, typically between 30 and 60 days.

On the other hand, the company remains obligated to deposit and report VAT payable on time, in accordance with tax regulations, no later than the end of the following month after the end of the tax period. This situation requires PT DNG to cover its VAT obligations before receiving payment from customers, potentially putting pressure on the company's cash flow.

The Impact of Implementing VAT Tax Planning on Companies

In general, the implementation of VAT tax planning at PT DNG is considered quite effective in supporting tax compliance and controlling the risk of administrative sanctions. Tax planning helps the company anticipate VAT obligations each tax period and maintains order in VAT collection and reporting.

The primary benefits experienced by companies are more controlled tax burden management and relatively stable cash flow. However, the effectiveness of VAT tax planning remains limited due to cash flow pressures arising from late customer payments.

VAT Calculation, Payment, and Reporting Process via Coretax

Interviews with Tax Staff indicate that PT DNG has utilized the Coretax Administration System for VAT calculation, payment, and reporting. Output VAT invoices are issued through the Coretax system upon delivery of services to customers. Input tax that meets the requirements is credited in the system prior to the preparation of the Periodic VAT Return.

The Coretax system automatically calculates VAT payable based on the difference between the input and output VAT. Payment and reporting of VAT Periodic Tax Returns are integrated through the Coretax system using billing codes with a specific validity period. In practice, companies strive to pay VAT payable before the deadline to avoid delays and administrative penalties.

Discussion

Implementation of Value Added Tax (VAT) Tax Planning in Plantation Service Companies

Based on research findings, PT DNG, a plantation services company, has implemented VAT tax planning as part of its tax management since its inauguration as a Taxable Entrepreneur (PKP). The implementation of VAT tax planning is not solely aimed at minimizing the tax burden, but rather focuses on managing VAT obligations appropriately and in accordance with applicable tax regulations.

In the context of plantation service companies, the implementation of VAT tax planning has its own characteristics. The obligation to collect VAT arises when the service is rendered to the customer, even though payment for the service has not yet been received. Therefore, companies need to thoroughly understand the characteristics of service transactions, the status of the counterparty, and the procedures for VAT collection and reporting to avoid administrative errors. This finding aligns with the view that tax planning is a legal strategy aimed at efficiently managing tax obligations while maintaining tax compliance (Aziza et al, 2023) (Nariswari et al, 2024).

The research results indicate that VAT tax planning at PT DNG is carried out sustainably, particularly during the transaction planning stage and the management of VAT obligations for each tax period. The company strives to ensure the accuracy of VAT collection, remittance, and reporting to minimize the risk of administrative sanctions.

Therefore, the implementation of VAT tax planning at PT DNG can be said to be running in accordance with the principles of tax compliance and orderly tax administration.

Obstacles in Implementing VAT Tax Planning in Plantation Service Companies

The company faces challenges in implementing VAT tax planning, particularly those related to cash flow management and tax administration. Based on interviews, the main obstacle faced by PT DNG is late payment of invoices by customers, even though services have been rendered and output VAT invoices have been issued.

The timing difference between VAT collection and payment receipts requires companies to deposit VAT payable before receiving cash from customers. This situation has the potential to put pressure on a company's cash flow, especially if the VAT payable is significant and customer payments are delayed. This finding supports previous research that VAT tax planning in service companies is inseparable from cash flow and accounts receivable management strategies (Aziza et al, 2023; Derina Ndruru, 2022).

In addition to cash flow constraints, the company also faces administrative challenges, such as managing tax invoices and timely reporting of VAT periodic tax returns. Although tax administration is supported by digital systems, companies are still required to maintain administrative discipline and adequate regulatory understanding. Therefore, the challenges in implementing VAT tax planning at PT DNG are structural and managerial, not solely technical.

The Role of the Coretax Administration System in Supporting the Implementation of VAT Tax Planning

The role of the Coretax Administration System in managing Value Added Tax (VAT) is an important aspect discussed in this section, particularly in relation to tax planning practices in service companies. The research results show that PT DNG has used the Coretax Administration System in its VAT calculation, payment, and reporting processes.

The implementation of Coretax helps companies improve the accuracy of VAT calculations, integrate tax invoice data, and streamline electronic VAT Periodic Tax Return reporting. Through this system, companies can monitor VAT obligations more systematically and reduce the risk of administrative errors. These findings align with research by Fitria and Fionasari (2022), which states that digitalization of tax administration contributes to increased taxpayer compliance and tax management efficiency, although its effectiveness is heavily influenced by taxpayer readiness and internal management.

However, research also shows that the implementation of Coretax has not fully addressed the challenges faced by service companies, particularly those related to cash flow pressures due to late customer payments. This situation indicates that the existence of a digital tax administration system has not automatically resolved structural managerial issues. In line with the findings of Fitria and Fionasari (2022), digitalizing the tax system requires internal policy support and integration with the company's financial management to be effective. Therefore, the effectiveness of VAT tax planning in service companies is determined not only by the implementation of Coretax but also by the company's ability to

integrate tax management with financial management and overall operational policies (OECD, 2022).

Conclusion

This study concludes that PT DNG has effectively implemented Value Added Tax (VAT) tax planning as an integral part of tax management since its inauguration as a Taxable Entrepreneur, with a primary focus on compliance with collection, payment, and reporting through the Coretax Administration System. Key findings indicate that this strategy successfully controlled the risk of administrative sanctions and improved operational order, despite being hampered by structural cash flow pressures resulting from late customer payments (30-60 days) after service delivery. Coretax supports calculation accuracy and data integration, but has not fully addressed the timing mismatch between VAT obligations and cash inflows in plantation service companies. Limitations of the study lie in the contextual, single-case study approach, so the results cannot be broadly generalized, and the reliance on internal interview data without quantitative cash flow metrics. Research implications emphasize the integration of tax planning with accounts receivable management, improving HR competency in Coretax, and recommendations for tax authorities to socialize adaptations for service companies to optimize liquidity and compliance in the era of tax digitalization.

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