



DECEMBER PPH 21 REPORTING UNDER THE CORETAX ADMINISTRATION SYSTEM: A CASE STUDY AT AN ACCOUNTING SERVICES FIRM

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ABSTRACT

Every December, employers face one of the most demanding stretches in the tax calendar, year-end payroll adjustments pile up, income components grow more varied, and the window for filing a clean tax return shrinks. This study takes a close look at how an accounting services firm in Medan navigated that pressure while working inside the CoreTax Administration System (CTAS), Indonesia's newly integrated tax platform. Using a qualitative case-study design, we gathered data through in-depth interviews with tax and finance staff, direct observation of the filing workflow, and a review of payroll and withholding documents from January through December 2025. What we found was a process that was largely compliant from start to finish, from collecting payroll data all the way to submitting the monthly tax return, but not without friction. Identity-matching issues between employees' national ID numbers and tax IDs, payroll data that was not always synchronized, and login errors near filing deadlines were among the recurring pain points. CTAS did make the process more structured and traceable compared to earlier manual methods, yet its real-world effectiveness still hinged on the quality of input data and how well different teams, HR, payroll, finance, and tax, were working together. Based on these findings, we argue that improving standard operating procedures, building a pre-submission data checklist, tightening cross-team coordination, and investing in user training are the most practical steps the firm can take to strengthen compliance going forward.

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INTRODUCTION

Tax withholding agents in Indonesia carry a recurring obligation that goes beyond simply deducting income tax from employee salaries. Under Article 21 of the Income Tax Law, employers must calculate, remit, and report withholding taxes with both timeliness and accuracy, meaning both procedural completeness and computational correctness must be met simultaneously (Republic of Indonesia, 1983a; 1983b). Falling short on either dimension can trigger administrative penalties or trigger the need for amended returns later on.

Of all twelve monthly tax periods, December tends to be the hardest. The fiscal year closes, payroll data gets more complicated, and employers often process year-end bonuses, overtime pay, and other irregular income items alongside regular salaries. This combination raises the stakes considerably: more data to validate, more room for error, and less margin for late corrections (Directorate General of Taxes, 2016).

The rollout of the CoreTax Administration System (CTAS) adds another dimension to this challenge. CTAS is Indonesia's integrated tax administration platform, built to streamline registration, reporting, payment, and monitoring under one roof. In principle, it should make life easier for taxpayers. In practice, digital transformation initiatives in tax administration tend to work well only when the underlying processes and people are ready to support them, a pattern

documented across both domestic and international contexts (DeLone & McLean, 2003; OECD, 2021).

This study focuses on how one accounting services firm in Medan actually worked through the December 2025 tax period using CTAS. Rather than treating the system as a given, we wanted to understand where the filing process ran smoothly, where it got stuck, and what practical improvements could make a real difference. Three questions guided our inquiry: How does the end-to-end filing workflow unfold under CTAS? Where do accuracy problems and delays tend to cluster? And what changes to procedures, coordination, and training would help the firm file more reliably in the future?

LITERATURE REVIEW

Article 21 Income Tax: Legal Foundations and Practical Scope

Article 21 income tax covers withholding obligations on wages, salaries, honoraria, allowances, and other employment-related payments made to individual taxpayers who are residents of Indonesia. The substantive legal basis sits in the Income Tax Law (Republic of Indonesia, 1983b), while procedural rules, including how to file, how to correct errors, and what penalties apply, are governed by the General Tax Provisions Law, or KUP (Republic of Indonesia, 1983a). At the operational level, the Directorate General of Taxes has issued detailed technical guidelines covering the mechanics of withholding, remittance, and monthly return submission (Directorate General of Taxes, 2016).

For employers, the practical challenge lies in bridging the gap between payroll data and tax reporting requirements. Employee records must capture accurate tax identification numbers (either NPWP or the national ID number now integrated into the tax system), correct personal exemption status (PTKP), and proper classification of different income components. Any inconsistency in these inputs tends to ripple downstream into the tax calculations.

CoreTax Administration System and Digital Tax Reform

The OECD describes core tax administration systems as the foundational infrastructure of modern tax management, platforms that centralize key functions like registration, filing, payment processing, account management, and compliance monitoring (OECD, 2020). Indonesia's CTAS fits within this broader global trend toward digital-first tax administration, aiming to reduce manual processes, improve data quality, and give both taxpayers and the Directorate General of Taxes a clearer, more connected view of compliance activity (OECD, 2021; Directorate General of Taxes, 2020).

What makes CTAS particularly relevant for Article 21 reporting is its validation logic: the system checks tax IDs, cross-references payroll data, and flags inconsistencies in real time. This is a meaningful improvement over earlier e-filing tools. But it also means that when input data is messy or incomplete, the system will push back, and someone has to fix it before the return can be submitted.

Technology Acceptance and System Success

Two theoretical frameworks help explain how and why organizations succeed or struggle with systems like CTAS. Davis's Technology Acceptance Model (TAM) argues that perceived usefulness and perceived ease of use are the primary drivers of whether people actually adopt a system (Davis, 1989). If staff find CTAS genuinely helpful and not overly complicated, they are more likely to use it effectively. The Unified Theory of Acceptance and Use of Technology (UTAUT) adds social influence and facilitating conditions, like training, SOPs, and technical support, as important predictors of system use (Venkatesh et al., 2003).

DeLone and McLean's IS Success Model offers a complementary lens, focusing on how system quality, information quality, and service quality together determine whether users are satisfied and whether the organization actually benefits (DeLone & McLean, 2003). Applied to

CTAS, this means that even a technically solid platform will underdeliver if payroll data going into it is unreliable, or if users lack the support they need to navigate validation errors.

RESEARCH METHODS

This study uses a qualitative case study design, which is well suited to the goal of understanding a specific organizational process in its real-world setting. The research site is an accounting services firm in Medan that was in the process of completing its December 2025 Article 21 tax return through CTAS when the study was conducted.

We drew on three data sources. First, we conducted in-depth interviews with key personnel, including tax and finance staff responsible for the actual filing, HR and payroll staff who supply the underlying data, and the managers who oversee and authorize the process. Second, we directly observed the filing workflow as it unfolded, which allowed us to see firsthand where steps slowed down or required rework. Third, we reviewed supporting documents, including payroll summaries, withholding certificates, and tax records covering January through December 2025.

Data analysis followed the qualitative framework laid out by Miles, Huberman, and Saldaña (2014): we organized and condensed the raw data, coded it into themes, mapped out the process in narrative and matrix form, and drew conclusions that we checked for consistency through cross-source triangulation. Where possible, we confirmed key findings with informants to make sure we had understood their accounts correctly.

RESEARCH RESULTS AND DISCUSSION

How the Filing Process Actually Works

When we traced the December filing from beginning to end, eight distinct stages emerged. The HR/payroll team kicks things off by compiling and checking employee compensation data. This feeds into a verification step where each employee's tax ID and personal exemption status are confirmed. Once the data is clean, the tax team calculates the withholding amounts, differentiating between regular monthly income and the irregular components, bonuses, overtime, and so on, that are especially common in December. Withholding certificates are then drafted and validated before a billing code is generated and any tax owed is remitted. The completed monthly return is submitted through CTAS, and all documentation is archived.

On paper, the firm moved through all eight stages in the correct sequence. In practice, the process was not frictionless. One issue that cropped up early was that some employees' national ID numbers had not yet been linked to their tax registration numbers in the system. The CTAS workaround, a temporary placeholder ID (999999999999000), allowed the return to be filed, but it is a gap that carries future compliance risk if not resolved.

Accuracy and Procedural Compliance

Looking at the overall picture, the firm's December filing was procedurally compliant. Tax calculations used actual payroll figures, and the team applied the correct exemption thresholds and income classifications. Formal compliance, filing on time and completely, was achieved.

That said, a few accuracy issues were worth noting. Some discrepancies turned up between the payroll summary and what was ultimately entered into CTAS, particularly for irregular income items. Identity validation for certain employees required manual fixes because the source data was not fully synchronized. And the sheer volume of data in December meant that generating and verifying withholding certificates took noticeably longer than in other months. None of these problems were severe enough to block the return from being submitted, but they represent the kind of accumulating friction that, under different circumstances, could tip into a missed deadline or a corrected return.

Where Things Got Difficult

The obstacles the firm encountered split fairly cleanly into technical and organizational categories. On the technical side, access to CTAS slowed down noticeably as the filing deadline approached, a pattern familiar to anyone who has tried to use a shared government platform when everyone else is doing the same thing. Login failures and system errors added time pressure that the team had not fully planned for. The system's validation rules, while appropriate in principle, sometimes triggered iterative correction cycles when the underlying data had not been thoroughly cleaned beforehand.

Organizationally, the main vulnerability was the handoff between HR, payroll, and the tax team. Payroll data arrived without fully standardized formats, which created rework downstream. There was also a skill gap: some of the staff working with CTAS were not yet comfortable with all of its features, which slowed things down and increased the chance of input errors. These findings are consistent with the UTAUT framework's emphasis on facilitating conditions as a prerequisite for effective system use (Venkatesh et al., 2003).

What CTAS Contributed, and What It Could Not Do Alone

Against this backdrop, CTAS did make a genuine difference. The firm's filing process was more structured, more traceable, and better documented than it would have been under earlier manual or semi-digital approaches. Audit trails were automatically generated. The validation logic caught errors that might otherwise have gone unnoticed until an audit. These benefits align with the evidence from e-tax research showing that digital platforms tend to improve process efficiency and strengthen formal compliance (Hung, Chang, & Yu, 2006; OECD, 2021).

At the same time, CTAS amplified existing weaknesses rather than smoothing them over. Poor data quality upstream translated directly into validation failures downstream. Coordination gaps between teams showed up as delays and rework. This reflects the DeLone and McLean model's (2003) central insight: system quality matters, but information quality matters just as much, and the two are not independent. A well-built platform working with unreliable data will produce unreliable results.

From a compliance standpoint, the picture is mixed in an instructive way. CTAS reliably supported formal compliance, the firm filed on time and completely. Material compliance, meaning the accuracy of the underlying calculations, depended more heavily on internal controls and data governance. This distinction echoes Kirchler's (2007) and Andreoni et al.'s (1998) arguments that tax compliance is shaped by institutional factors, organizational practices, and behavior, not just by the presence of a good system.

CONCLUSION

This study set out to understand what Article 21 tax reporting actually looks like when an accounting services firm uses CTAS for its December filing. The short answer is that it works, but it works better when the organization is well-prepared. The firm completed its end-to-end filing in compliance with applicable tax rules, and the use of CTAS brought real efficiency gains compared to previous methods.

The longer answer is more nuanced. Several friction points, identity validation gaps, payroll data inconsistencies, system access problems near the deadline, and variable user confidence with the platform, added time and effort to a process that was already more demanding than any other month. These are not CTAS failures; they are process and organizational gaps that CTAS made more visible.

Practically, the most impactful improvements the firm can make are not technical. Updating standard operating procedures to map the full filing workflow clearly, building a pre-submission checklist that covers employee ID verification, PTKP status, and income classification, and establishing a more structured handoff protocol between HR, payroll, and the tax team would address most of the friction we observed. Sustained user training, not a one-time orientation, but regular skill-building as the platform evolves, is equally important.

For tax authorities, the study points to the value of maintaining stable system access during peak filing periods and providing more practical, scenario-based guidance rather than generic documentation. For future research, extending this kind of case study to multiple firms and tax types, or using a mixed-methods design that can quantify efficiency and compliance outcomes, would build a richer picture of how CTAS is performing across different organizational contexts.

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