

CORETAX

Indonesia's Integrated Tax Application

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Indonesian government will implement the Core Tax Administration System ("CTAS" or "CORETAX") effectively starting January 1, 2025 (Presidential Regulation No. 40/2018).

? What is CORETAX?

CORETAX is an integrated and technology-based tax administration system developed by the Directorate General of Taxes ("DGT").

With objectives that could be summarised as follows:

1. Facilitating the tax administration business process by improving the tax database
2. Improving the tax database management system from registration, payment, reporting, to supervision
3. Providing tools for Taxpayers in managing their tax obligations online without having to be physically present at the tax office



Key Features of CORETAX

CORETAX will be a new Indonesia's tax application where all existing tax applications such as e-Bupot, e-Faktur, and DJP online will be integrated in one application i.e. CORETAX which changes important points in implementation of tax rights and obligations electronically, including:

1. Tax Deposit

Taxpayers can make a tax deposit which is functioned as an e-wallet where tax payments and settlement can be made using the tax deposit to mitigate the risk of late tax payments.

2. Unified Billing Codes

One billing code can be used to pay more than one type of tax settlements. Previously, one billing code could only be used to one type of tax settlement.

3. Special Menu for Tax Documents and Notifications

There is a special menu which contains a list of tax documents from tax office such as Tax Collection Letters, Tax Assessment Letters, SP2DK, tax encouragement letter, announcements, etc., and also a notification menu which contains tax reporting reminders, tax settlement reminders, response reminders, etc.

4. Tax Return Format

There is new format of tax returns carries significant changes for both monthly and annual tax returns.

5. Tax General Ledger Feature

There is a "Tax General Ledger" feature to find out the Taxpayer's outstanding tax balance in an integrated, detailed as well as summary.

6. Prepopulated Tax Return Reporting

There is improved Tax Reporting systems in regard to the prepopulated feature of the tax returns. Previously, the prepopulated feature was very dependent on the reporting of the tax withholders' Tax Returns and was limited only for Article 21 withholding tax.

In the future, the prepopulated feature will automatically be available in CORETAX because the withholding tax slip(s) will automatically be generated by the system and cover Article 21, 15, 22, 23, 25, and Final Tax Article 4 (2).

7. Corporate Taxpayer Role Impersonation

Corporate Taxpayers could appoint an individual who will "impersonate" the roles in managing the tax obligations of the Corporate Taxpayer where the default is the management (i.e. Director) as the person in charge and the Director can appoint another party (representative or proxy) to manage the taxation obligation.

8. Digital Certificates for Tax Document

There is a change in party who could sign the tax documents digitally, i.e. the Individual Taxpayer Digital Certificate will be used in signing tax documents (tax invoices, withholding tax slips, Tax Returns, etc.), instead of the Corporate's.

Practical Comments

General

Even though it has great potential to bring positive change, the implementation of CORETAX is not free from challenges that may be faced, such as the impersonate feature, the person in charge, representatives or proxies that can access the accounts of corporate or individual taxpayers they represent in the "role access" section with all possibility of consequences.

Discussions with the DGT are currently still developing and firm steps may be necessary to support positive developments to get a real solution. We will summarize other challenges related to CORETAX implementation in a separate newsletter.

For Taxpayers

For taxpayers itself, with the existence of CORETAX, it is necessary to increase awareness of the possibility that it is relatively more accessible for DGT to identify matters that indicate incompliances/inconsistencies related to the fulfilment of the tax obligations of the taxpayer concerned. **Therefore, taxpayers are strongly encouraged** to implement procedures that can assist taxpayers in ensuring the earliest possible time that their tax obligations have been carried out properly.



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