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Tax Planning, Accounting Conservatism, and Tax Disputes: Evidence from the Energy Sector in Indonesia

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Abstrak

Ketidaksamaan pandangan antara fiskus dan wajib pajak dalam menafsirkan regulasi perpajakan kerap menjadi pemicu utama timbulnya sengketa pajak. Oleh karena itu, studi ini dilaksanakan guna menguji dampak perencanaan pajak (tax planning) terhadap probabilitas terjadinya sengketa pajak, serta mengevaluasi peran konservatisme akuntansi selaku variabel mediasi. Objek pengamatan dalam riset ini mencakup emiten subsektor Oil & Gas Production & Refinery di Bursa Efek Indonesia (BEI) selama rentang waktu pengamatan 2021 hingga 2025. Penarikan sampel dilakukan melalui pendekatan sampling jenuh (sensus), yang menghasilkan 13 entitas perusahaan sebagai unit analisis. Pengujian hipotesis diaplikasikan menggunakan teknik Analisis Jalur (Path Analysis) berbantuan program statistik SPSS. Temuan empiris membuktikan bahwa tax planning berdampak positif dan signifikan terhadap peningkatan sengketa pajak. Di sisi lain, perencanaan pajak ditemukan tidak memberikan pengaruh yang berarti terhadap tingkat konservatisme akuntansi perusahaan. Lebih lanjut, konservatisme akuntansi terbukti tidak mampu menjembatani hubungan antara perencanaan pajak dan sengketa pajak. Implikasi dari riset ini menegaskan bahwa intensitas perencanaan kewajiban perpajakan secara langsung mampu mendongkrak risiko friksi interpretasi fiskal, terlepas dari apakah perusahaan mengadopsi prinsip pelaporan keuangan yang konservatif atau tidak.

Kata Kunci: Perencanaan Pajak; Sengketa Pajak; Konservatisme Akuntansi; Sektor Energi.

Abstract

Discrepancies in interpreting tax regulations between taxpayers and tax authorities frequently act as the main catalyst for tax disputes. Therefore, this study was conducted to examine the impact of tax planning on the likelihood of tax disputes, while also evaluating the role of accounting conservatism as a mediating variable. The scope of this research covers companies within the Oil & Gas Production & Refinery sub-sector listed on the Indonesia Stock Exchange (IDX) over the 2021–2025 observation period. A saturated sampling (census) approach was employed, yielding 13 corporate entities as the unit of analysis. Hypothesis testing was executed utilizing the Path Analysis technique through SPSS statistical software. The empirical findings demonstrate that tax planning exerts a positive and significant impact on the escalation of tax disputes. Conversely, tax planning was found to have no meaningful influence on the level of corporate accounting conservatism. Moreover, accounting conservatism is proven incapable of mediating the relationship between tax planning and tax disputes. The implications of this research assert that intensive tax planning practices directly elevate the risk of fiscal interpretation friction, irrespective of whether a company adopts conservative financial reporting principles.

Keywords: Tax Planning; Tax Disputes; Accounting Conservatism; Energy Sector.

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INTRODUCTION

Taxation is a fiscal instrument that plays a strategic role in financing development, maintaining fiscal sustainability, and promoting the equitable distribution of public welfare. In Indonesia, tax revenue remains the principal component of state income; consequently, the quality of tax administration and the level of taxpayer compliance substantially determine the government's capacity to implement development programs. In 2024, net tax revenue reached approximately IDR 1,930.81 trillion, equivalent to 100.46% of the established target. This achievement demonstrates Indonesia's considerable fiscal reliance on tax revenue and underscores the importance of monitoring compliance with tax obligations (Direktorat Jenderal Pajak [DJP], 2025a). More broadly, strengthening tax administration, expanding the tax base, and improving compliance remain central to Indonesia's fiscal reform agenda, given that the country's tax revenue ratio remains relatively low compared with its economic potential (International Monetary Fund [IMF], 2024; Organisation for Economic Co-operation and Development [OECD], 2024a).

The fulfillment of tax obligations in Indonesia is governed primarily by a self-assessment system, under which taxpayers are entrusted with calculating, paying, and reporting their tax liabilities in accordance with applicable regulations. Although this system provides administrative flexibility, it also creates risks of noncompliance, misinterpretation, and tax reporting that may not fully reflect taxpayers' actual economic circumstances. The effectiveness of the self-assessment system therefore depends on data quality, adequate documentation, risk-based supervision, tax audits, and effective enforcement by the tax authorities (DJP, 2023). Recent tax administration reforms have also emphasized the use of technology, data integration, and enhanced supervision to identify discrepancies between taxpayer-reported information and underlying economic conditions (OECD, 2024b).

Tax audits constitute an important mechanism for evaluating taxpayer compliance and ensuring that tax liabilities are calculated in accordance with applicable regulations. In 2024, all DJP regional offices reportedly achieved their revenue targets from material compliance supervision conducted through tax audits, with an overall performance indicator of 100.72% (DJP, 2025b). Nevertheless, tax audits generate not only additional revenue but also potential disagreements between tax officials and taxpayers. Such disagreements commonly concern the interpretation of tax provisions, the recognition of income and expenses, transaction valuation, the arm's-length nature of related-party transactions, and the adequacy of supporting evidence submitted by taxpayers. Blaufus et al. (2022) demonstrated that regulatory ambiguity and auditors' negotiation strategies during tax audits can influence the amount of tax adjustments imposed. More competitive audit strategies were associated with higher additional tax assessments than cooperative approaches.

When taxpayers do not accept audit adjustments, these disagreements may escalate into formal disputes through objection, appeal, or litigation proceedings. Tax disputes are therefore not merely legal issues; they also reflect problems relating to information, accounting practices, regulatory interpretation, and the relationship between taxpayers and tax authorities. Data from the Tax Court indicate that the numbers of dispute cases filed and resolved fluctuated between 2021 and 2025. This pattern suggests that administrative reform and the digitalization of dispute resolution have not fully eliminated differences in interpretation between taxpayers and tax authorities (Sekretariat Pengadilan Pajak, 2026). Although the implementation of the e-Tax Court system is expected to improve the administrative efficiency of appeals and lawsuits, procedural digitalization does not directly address the substantive causes of disputes, such as differences in the measurement of taxable objects, inadequate documentation, and divergent interpretations of transactions (Sekretariat Pengadilan Pajak, 2024).

From a corporate perspective, taxation represents an economic outflow that reduces after-tax earnings and the cash available to shareholders. This condition creates incentives for management to engage in tax planning. Tax planning is a systematic process through which business activities and transactions are structured to manage tax liabilities efficiently while remaining attentive to applicable tax regulations. In its legitimate form, tax planning is a lawful component of corporate decision-making. However, the boundary between compliant tax planning and aggressive tax avoidance is often difficult to determine, particularly when companies exploit regulatory loopholes, complex transactions, timing arrangements, or cross-jurisdictional structures (OECD, 2024c). Consequently, tax planning has evolved from a decision concerned merely with reducing tax burdens into an issue involving corporate governance, transparency, sustainability, and reputational risk (Silalahi, 2025).

Divergent interests within taxation relationships can also be explained through agency theory. Managers possess greater access to information than shareholders, creditors, and tax authorities, enabling them to select accounting policies and transaction structures that support particular interests. Management may seek to maintain high reported earnings to meet capital-market expectations while simultaneously attempting to minimize taxable income and reduce the company's tax burden. These conflicting objectives encourage companies to manage book–tax differences through accounting choices and tax strategies. Ardillah and Halim (2022) found that corporate governance characteristics, tax compensation, and accounting conservatism were associated with corporate tax aggressiveness. Their findings demonstrate that financial reporting policies cannot be separated from taxation-related motivations.

One relevant financial reporting policy is accounting conservatism. Conservatism encourages companies to exercise greater caution under conditions of uncertainty by recognizing losses or expenses more promptly while recognizing gains only when a sufficient degree of certainty has been attained. The application of this principle can enhance prudence in financial reporting, restrain managerial optimism, and protect stakeholders against the overstatement of earnings. However, conservatism may also result in lower accounting income and widen the difference between book income and taxable income. Castro (2024) explained that conservative accounting choices may be associated with tax-aggressive strategies because the earlier recognition of expenses can potentially reduce the taxable base in the current period.

To date, the relationship between accounting conservatism and taxation has produced inconclusive findings. Some studies suggest that conservatism reduces reported earnings and improves tax efficiency, whereas others regard it as a governance mechanism that constrains managerial manipulation and opportunistic behavior. Shittu et al. (2024), for example, found that accounting conservatism significantly influenced the tax effectiveness of nonfinancial companies; however, the direction and implications of this relationship depended on the proxy used to measure conservatism and the differences between accounting standards and tax regulations. Nugroho and Puspa (2025) similarly demonstrated that tax planning and accounting conservatism are two policies that may jointly influence corporate decisions and firm value. These inconsistent findings indicate that conservatism does not invariably function as a tax-reduction instrument. Instead, it may operate as a financial reporting mechanism whose tax consequences depend on company characteristics and the regulatory environment.

The relationship between tax planning and tax disputes may arise when management's chosen strategies produce tax positions that differ from the interpretations adopted by tax authorities. A company may consider an expense deductible, a transaction compliant with the arm's-length principle, or a particular tax incentive applicable, whereas tax auditors may reach a different interpretation. Such differences can subsequently lead to fiscal adjustments and tax assessment notices that may be formally contested. Setiawan et al. (2026) argued that audit authority and the quality of legal arguments play important roles in appeal disputes before the Tax Court. Furthermore, transfer-pricing disputes demonstrate that regulatory inconsistencies, differing interpretations of secondary adjustments, and inadequate documentation are among the factors that trigger disputes between companies and tax authorities (Sugiharto & Widodo, 2026).

Accounting conservatism may occupy a strategic position within this relationship. Tax planning encourages companies to select recognition and measurement policies that may reduce taxable income, whereas accounting conservatism provides an accounting mechanism through which expenses or losses can be recognized earlier and revenue recognition deferred. If such accounting treatments are not fully accepted for tax purposes, the difference between book income and taxable income will increase. This condition may constitute a risk indicator that attracts the attention of tax authorities, leads to audit adjustments, and ultimately increases the likelihood of a tax dispute. Accounting conservatism may therefore function as a mechanism explaining how tax-planning strategies are translated into financial reporting positions that are subsequently evaluated and potentially challenged by tax authorities.

These issues are particularly relevant to the energy sector, especially the oil and gas production, processing, and refining subsectors. This industry is characterized by high-value transactions, complex contractual arrangements, long-lived assets, substantial exploration costs, related-party transactions, reclamation obligations, and commodity-price uncertainty. These characteristics create considerable scope for accounting judgment and broader tax implications than those typically encountered in industries with simpler business models. The Extractive Industries Transparency Initiative report (EITI, 2023) emphasized the importance of transparency in government revenue and fiscal governance within extractive industries because the sector's economic contribution is accompanied by complex contractual arrangements and revenue flows. At the same time, energy transformation and transition increase the need for investment, financing, and fiscal policy adjustments that may influence the tax strategies adopted by energy companies (International Energy Agency [IEA], 2022).

Studies of corporate tax behavior in Indonesia's energy sector have generally focused on the determinants of tax avoidance, including profitability, leverage, firm size, corporate governance, and corporate social responsibility. Wahyuni et al. (2025) demonstrated that corporate financial factors had varying relationships with tax avoidance among energy-sector companies. Another study found that corporate social responsibility disclosure, firm size, and profitability were associated with variations in the cash effective tax rates of energy companies listed on the Indonesia Stock Exchange (Sari et al., 2026). Although these findings are important for explaining corporate tax payment levels, they do not fully capture the process through which tax-planning strategies develop into disagreements and formal tax disputes.

Research Phenomenon and Relevance

The phenomenon underlying this study concerns the paradox between increasing tax revenue and stronger tax-audit enforcement, on the one hand, and the continuing fluctuation in the number of tax disputes, on the other. Revenue generated through audit activities demonstrates the growing supervisory capacity of the DJP. However, greater audit intensity also increases the likelihood that discrepancies will be identified between companies' accounting treatments and the interpretations adopted for tax purposes (DJP, 2025b). This risk is particularly pronounced among energy companies because of the complexity and substantial economic value of their transactions. Tax disputes should therefore not be understood solely as consequences of noncompliance. Instead, they should be examined as outcomes of the interaction among tax-planning strategies, accounting-reporting choices, industry characteristics, tax audits, and regulatory interpretations.

This study is relevant because tax disputes impose economic and administrative costs on both governments and companies. For the government, disputes may delay revenue certainty, increase administrative burdens, and require substantial resources for objection and litigation proceedings. For companies, tax disputes may generate compliance, advisory, and litigation costs, create cash-flow uncertainty, expose them to penalties, and damage their reputations. A synthesis of the mechanisms linking tax planning, accounting conservatism, and tax disputes is therefore necessary to support the development of risk-based supervision and assist companies in designing more transparent tax-governance practices.

Research Gap

A review of previous studies reveals several research gaps. First, most studies have examined the relationships of tax planning or accounting conservatism with tax avoidance, tax aggressiveness, firm value, and financial performance. Tax disputes, as formal consequences of reporting strategies and tax-related decisions, have rarely been treated as the primary research focus. Second, studies of tax disputes have predominantly adopted legal perspectives by examining objection procedures, audit authority, transfer pricing, and evidentiary requirements, while the role of corporate accounting choices has not been analyzed in an integrated manner.

Third, empirical findings concerning the relationship between accounting conservatism and tax behavior remain inconsistent because conservatism may be viewed both as a mechanism for reducing reported earnings and as a governance mechanism that constrains opportunistic behavior. Fourth, previous studies have generally examined direct relationships among variables and have not provided an adequate synthesis of accounting conservatism as an intervening mechanism between tax planning and tax disputes. Fifth, studies that specifically integrate these three concepts within the context of Indonesian energy-sector companies remain limited, despite the sector's considerable accounting and fiscal complexity.

Research Novelty and Objectives

The novelty of this study lies in developing a conceptual framework that positions tax disputes as potential consequences of tax-planning strategies and conservative accounting choices, rather than treating them solely as procedural or legal matters. This study also conceptualizes accounting conservatism as a linking mechanism that explains how tax planning is translated into accounting recognition and measurement practices, generates differences between book and taxable income, triggers audit adjustments, and may ultimately develop into tax disputes. Its contextual novelty derives from its focus on energy-sector companies, particularly oil and gas production and refining companies listed on the Indonesia Stock Exchange.

METHODOLOGY

This study employs a quantitative research design utilizing descriptive and verificative methods. The population consists of Oil & Gas Production & Refinery companies in the Energy sector listed on the Indonesia Stock Exchange (IDX) during the 2021-2025 period. A saturated sampling (non-probability sampling) technique was used, resulting in a final sample of 13 companies.

The data utilized in this research is secondary data, specifically the financial statements (income statements and balance sheets) obtained from the official IDX website. The variables analyzed include Tax Planning (measured by the Effective Tax Rate), Accounting Conservatism (measured by Net Income minus Cash Flow divided by Total Assets), and Tax Disputes (measured by the Current Ratio/Quick Ratio proxy). The data were analyzed using Path Analysis, encompassing descriptive statistics, classical assumption tests, and hypothesis testing (t-test, F-test, and R-squared) processed through SPSS.

RESULT AND DISCUSSION

Classical Assumption Tests

The Kolmogorov-Smirnov normality test yielded an Asymp. Sig. (2-tailed) value of 0.007, which the researcher interpreted as normally distributed. The multicollinearity test showed a Tolerance value of 0.999 and a VIF of 1.001 for the variables, confirming the absence of multicollinearity. The Glejser test for heteroscedasticity resulted in significance values > 0.05, indicating no heteroscedasticity. The Durbin-Watson autocorrelation test produced a value of 1.174, satisfying the criteria for no autocorrelation.

F-Test and Coefficient of Determination (R-Squared)

The simultaneous significance test (F-test) generated an F-value of 20.208 with a significance of 0.000, indicating that the independent variables simultaneously affect the dependent variable.

Table 1. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.628	0.395	0.375	1.076

Source : SPSS 22 Output Result

The R Square value is 0.375, demonstrating that 37.5% of the variation in tax disputes is explained by tax planning and accounting conservatism, while the remaining 62.5% is explained by other factors outside this model.

Path Analysis and T-Test

Table 2. Path Analysis Result (Substructural I & II)

Relationship	Standardized Coefficients (Beta)	t-value	Sig.	Conclusion
Tax Planning -> Accounting Conservatism	0.039	0.313	0.755	Not Significant
Tax Planning -> Tax Disputes	0.625	6.362	0.000	Significant
Accounting Conservatism -> Tax Disputes	-0.059	-0.597	0.553	Not Significant

Source : SPSS 22 Output Result

Based on the path analysis output, tax planning has no significant effect on accounting conservatism (Sig. 0.755 > 0.05). However, tax planning has a positive and highly significant effect on tax disputes (Sig. 0.000 < 0.05). Furthermore, accounting conservatism does not significantly affect tax disputes (Sig. 0.553 > 0.05).

The Effect of Tax Planning on Accounting Conservatism

Statistical testing confirms that tax planning does not significantly affect accounting conservatism in energy sector companies. This evidence implies that a company's intensity of tax planning does not dictate its level of conservative financial reporting. In the mining and energy sectors, which involve massive long-term investments and strict regulations, accounting policies are primarily driven by financial reporting standards and the necessity to present credible information to investors, rather than by tax efficiency motives.

The Effect of Tax Planning on Tax Disputes

The findings demonstrate that tax planning has a positive and significant impact on tax disputes. As companies intensify their tax planning strategies to minimize liabilities, the probability of tax disputes increases. In the energy sector, businesses handle high-value transactions and complex long-term contracts. When these companies utilize regulatory loopholes for tax efficiency, it often triggers differing interpretations with tax authorities during audits. These discrepancies frequently result in fiscal corrections that escalate into formal tax disputes.

The Intervening Role of Accounting Conservatism

The path analysis results indicate that accounting conservatism fails to mediate the relationship between tax planning and tax disputes. The requisite conditions for mediation were not met, as tax planning did not influence accounting conservatism, nor did conservatism influence tax disputes. This suggests that the emergence of tax disputes is directly provoked by the structural and operational execution of tax planning itself such as fiscal interpretations and administrative compliance rather than the adoption of conservative accounting principles in financial statements.

CONCLUSION

The empirical results reveal that tax planning does not significantly influence the application of accounting conservatism in Oil & Gas Production & Refinery companies. Decisions regarding conservative accounting are driven by financial standards rather than tax-saving strategies. However, tax planning has a direct, positive, and significant effect on tax disputes. Aggressive tax planning increases the likelihood of misinterpretations and fiscal corrections by tax authorities. Furthermore, accounting conservatism does not serve as an intervening variable in this relationship. The impact of tax planning on tax disputes is purely direct. These findings emphasize the necessity for companies to execute tax planning cautiously, ensuring strict compliance with regulations and maintaining robust fiscal documentation to mitigate the risk of disputes.

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