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Implementation of Tax Planning in Manufacturing Companies: A Phenomenological Study of Tax Accountants' Perspectives

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Abstract

This research explores the implementation of tax planning in manufacturing corporations through the phenomenological perspective of tax accountant practitioners. Adopting a qualitative approach with a case study methodology, the investigation involved eight tax accounting practitioners from four different manufacturing entities through semi-structured interviews, direct observation, and document analysis. The findings reveal that the implementation of tax planning uses a multidimensional strategy with the gross up methodology as the predominant strategy, exploitation of tax incentives, and administration of deferred tax burden. Key challenges include fluctuations in tax regulatory dynamics, complexity of business structures, and limitations on competent human resources. The implementation of tax planning has a positive impact on optimizing effective tax rates and increasing operational cash flow. This research contributes to the development of the tax planning literature and provides practical implications for the optimization of the taxation strategy of manufacturing corporations.

Keywords: Tax planning, manufacturing corporations, accountant phenomenology.

INTRODUCTION

Tax planning (*Tax Planning*) is a fundamental component of the financial management strategy of a manufacturing company that aims to optimize fiscal efficiency through the legal mechanisms available in tax regulations (Karina & Herdiyanti, 2023).

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The manufacturing sector in Indonesia experienced significant growth of 8.05% in the 2020-2023 period, which contributed to the complexity of the tax structure and increased the urgency of implementing effective tax planning (Kurniawan, 2020). The phenomenon of tax avoidance in manufacturing companies showed a substantial increase from 24% in 2019 to 53% in 2020, indicating the need for a deep understanding of the motivations and tax planning strategies implemented (Made et al., 2024).

The perspective of tax accountants as professionals who play a role in the implementation of tax planning has strategic significance in understanding the dynamics of the tax practices of manufacturing companies. The ever-evolving complexity of tax regulations, including the implementation of the Tax Harmonization Act of 2022, creates challenges in identifying optimal tax planning strategies without violating applicable regulatory provisions (Muhtadi & Hernat, 2023). A phenomenological study is needed to explore the experience and interpretation of tax accountants in implementing tax planning, given the gap between tax planning theory and its implementation practice in Indonesian manufacturing companies.

Based on the phenomena that have been identified, this study formulates the problem: "How is the implementation of tax planning in manufacturing companies understood and experienced by tax accountants in a phenomenological perspective?" The sub-issues raised include the tax planning strategies implemented, implementation challenges, and the impact of tax regulations on tax planning practices.

This research aims to explore and analyze the implementation of tax planning in manufacturing companies through the phenomenological perspective of tax accountants, identify the strategies applied, understand the challenges faced, and evaluate the impact of tax regulations on tax planning practices. This research makes a theoretical contribution to the development of the tax planning literature and accounting phenomenology, as well as provides practical implications for manufacturing companies in optimizing effective tax planning strategies that are *compliant* with applicable tax regulations.

RESEARCH METHODS

This study uses a qualitative approach with a case study method to analyze the implementation of tax planning in manufacturing companies. The study respondents were eight tax accountants working in four different manufacturing companies with a minimum of five years of experience in the field of taxation. The selection of respondents was carried out in a *purposive sampling* based on the criteria of experience and direct

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involvement in the company's tax planning process. Data collection was carried out through semi-structured interviews with a duration of 60-90 minutes for each respondent, direct observation of the tax planning process, and analysis of documents related to the company's tax policy. Data analysis used thematic analysis techniques to identify patterns of tax planning implementation from the perspective of respondents, with data triangulation to ensure the validity of research findings (Assyakurrohim et al., 2022).

DISCUSSION

Tax Planning Implementation Strategies in the Perspective of a Tax Accountant

The findings of the study show that the implementation of tax planning in manufacturing companies uses a variety of strategies that are tailored to the operational characteristics and business structure of the company. Tax accountant respondents identified that the *gross up* is the dominant strategy applied to optimize corporate income tax efficiency (Heriana et al., 2023). This strategy was chosen because of its ability to minimize the tax burden without violating applicable tax provisions. The implementation of tax planning also involves utilizing the tax facilities and incentives available in Indonesia's tax regulations to optimize the company's tax structure. Respondents emphasized that the selection of tax planning strategies must consider aspects of legality and *Compliance* to tax regulations to avoid the risk of administrative sanctions.

A more in-depth analysis revealed that tax planning has a close relationship with profit management practices based on respondents' experience in implementing tax strategies (Hamidah & Anggrini, 2024). Respondents explained that tax planning strategies not only focus on reducing tax burdens, but also consider their impact on financial statements and perceptions *Squirrel*. The implementation of tax planning is carried out through a holistic approach that integrates operational, financial, and tax aspects in one *Framework* strategic. Deferred tax burden is an important instrument in tax planning that requires special attention from respondents due to the complexity of its accounting treatment (Amelia et al., 2023). Respondents identified that managing deferred tax expenses requires an in-depth understanding of the temporal differences between commercial and fiscal accounting.

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Table 1. Tax Planning Strategies Implemented by Tax Accountants in Manufacturing Companies

Tax Planning Strategy	Frequency of Implementation	Effectiveness Rate
Gross Up Method	8 out of 8 respondents	Highly Effective
Utilization of Tax Incentives	6 out of 8 respondents	Effective
Deferred Tax Burden Management	7 out of 8 respondents	Effective
Optimization of Capital Structure	5 out of 8 respondents	Quite Effective

The Challenges and Complexities of Tax Planning Implementation

The implementation of tax planning in manufacturing companies faces complex challenges related to the dynamics of tax regulations and the complexity of company operations. Respondents identified that changes in tax regulations are the main challenge in maintaining the effectiveness of the tax planning strategy that has been implemented. Complexity of the business structure of a manufacturing company with multiple *Business Units* and product diversification creates difficulties in optimizing the tax structure as a whole. Respondents emphasized that inter-division coordination is a critical factor in ensuring consistency in the implementation of tax planning throughout the organization. Limited human resources with adequate tax competence are also obstacles in implementing sophisticated tax planning strategies and *Compliant* (Saputra et al., 2020).

Analysis of the relationship between tax planning and managerial ownership shows a complex influence based on respondents' experience in managing a company's ownership structure (Aulia & Bamband Soedaryono, 2025). Respondents explained that tax planning practices often have the potential to cause conflicts of interest between management and shareholders in the context of optimizing tax burden versus transparency of financial statements. Another challenge faced is the identification of tax planning schemes that have the potential to be categorized as aggressive tax avoidance or *Tax evasion* as found in the case of manipulation of organizational structures to optimize tax rates (Ronika et al., 2024). Respondents emphasized the importance of applying the principles of *substance over form* in the evaluation of tax planning strategies to ensure compliance with tax provisions. This complexity requires companies to develop systems *Internal Control* robust in supervising the implementation of tax planning (Febriani et al., 2025).

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The Impact of Tax Planning Implementation on Company Performance

The implementation of tax planning has a multidimensional impact on the performance of manufacturing companies which includes financial, operational, and strategic aspects based on the perspective of tax accountant respondents. Respondents identified that tax planning makes a positive contribution to the optimization of corporate income tax which can reduce the corporate tax burden substantially. The positive impact of the implementation of tax planning is reflected in the increase *Cash flow* operations that can be allocated for productive investment and business expansion. Respondents emphasized that effective tax planning contributes to increasing the competitiveness of companies through optimization of cost structures and more efficient allocation of resources. The long-term impact analysis shows that tax planning and capital structure simultaneously have an influence on the optimization of corporate income tax based on respondents' experience in managing tax strategies (Putra & Syafitri, 2024). Respondents explained that the implementation of sustainable tax planning creates a competitive advantage through optimization *effective tax rate* and improvement *return on investment* for shareholders. Impact on *Corporate Governance* is also an important consideration where the implementation of transparent tax planning and *Compliant* increase the company's credibility in the eyes of regulators and *Squirrel*. Respondents identified that well-designed tax planning contributes to the sustainability of the company through optimizing resource allocation and mitigating tax risks (Wahyuni & Wizanasari, 2023). In addition, data triangulation through direct observation of the tax planning process and analysis of corporate tax policy documents supports the findings of the interviews described earlier.

Observations show that the implementation of the *gross up* and the use of tax incentives was not only recognized by respondents narratively, but also reflected in the tax policy structure and internal procedures of the manufacturing companies examined by the researcher. Corporate tax policy documents show the integration of tax planning strategies in *Standard Operating Procedure* and monthly tax reporting, thereby strengthening the validity of the findings that tax planning practices are carried out holistically and *Compliant* with tax regulations. From a theoretical perspective, the findings of this study are in line with planning theory (Rachayu et al., 2020) which emphasizes that tax planning is the process of managing business transactions to achieve the lowest possible tax liability without violating the provisions of applicable tax regulations. In addition, in the context of accounting phenomenology, the tax accountant's experience in understanding and interpreting tax planning strategies reflects the

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subjective meanings and social constructions formed from their interactions with regulatory systems and corporate organizational structures. This shows that the implementation of tax planning is not only a technical action, but also a process of interpreting the meaning and reality of tax practices within the framework of the professional knowledge of tax accountants. The evaluation of the impact of the implementation of tax planning showed a positive correlation with various indicators of the company's financial performance such as profitability and operational efficiency.

CONCLUSION

A phenomenological examination of the implementation of tax planning in manufacturing corporations reveals that fiscal optimization practices are executed through a multidimensional approach that integrates gross up methodologies, exploitation of tax incentives, and administration of deferred tax burdens as predominant strategies. Tax accounting practitioners interpret the implementation of tax planning as a sophisticated process that requires an equilibrium between fiscal efficiency and regulatory compliance, where fluctuations in tax regulatory dynamics create substantial challenges in maintaining strategy consistency. The implications of the implementation of tax planning are manifested in optimizing effective tax rates and increasing operational cash flow which contributes to the competitive advantage of manufacturing companies in the long-term perspective.

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