Interdisciplinary Social Studies
P-ISSN: 2808-0467
E-ISSN: 2808-5051
Volume 5
Number 4, July 2026

Analysis of Tax Disputes in Sales Transactions Involving Special Relationships in the Palm Oil Industry: A Case Study of Appeal Decisions from 2021 to 2025

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Keywords:
tax disputes, special relationships, transfer pricing, palm oil, taxpayer rights

Abstract

Transfer pricing disputes in related-party sales transactions remain a significant tax issue, particularly in the palm oil industry, which plays an important role in Indonesia's economy. The complexity of determining arm's length prices, differences in comparative data sources, and varying interpretations between taxpayers and tax authorities often lead to prolonged disputes before the Tax Court. This study aims to identify the factors causing tax disputes in sales transactions involving special relationships in the palm oil industry and to provide recommendations for minimizing similar disputes in the future. This research employed a qualitative approach using a comparative case study design. Data were obtained from 16 Tax Court appeal decisions issued between 2021 and 2025, supported by relevant regulations and semi-structured interviews with tax experts and practitioners. Data analysis was conducted using content analysis, thematic analysis, Fishbone Diagram, and the 5 Whys root cause analysis technique. The results indicate that tax disputes are primarily caused by five interconnected factors: methodology, comparative data, documentation, consistency of corrections, and regulation. The findings show that 87.5% of the analyzed decisions were fully won by taxpayers, indicating weaknesses in the evidentiary basis of tax corrections. The main root causes include the absence of a hierarchy of commodity price references, inconsistent transfer pricing methodologies, and inadequate technical guidance. This study concludes that reducing transfer pricing disputes requires improvements in regulatory certainty, audit quality, taxpayer documentation, and the development of standardized commodity price databases.

INTRODUCTION

Transfer pricing is one of the most complex issues in the international tax system. This issue arises because multinational companies can set prices for transactions made between affiliated entities, both within one country and across jurisdictions. The OECD notes that more than 70 percent of international trade transactions are carried out within the network of corporate groups (Kartika Putri Kumalasari et al., 2025). Among a number of economic sectors in Indonesia, the palm oil industry has a very important role as well as being one of the most vulnerable to facing tax disputes related to transfer pricing (Dwiaryanto et al., 2026; Sujarwo, 2021; Tambunan, 2022). Indonesia is the world's largest palm oil producer and exporter which controls around 60 percent of the global CPO market share with a total export value of USD 40 billion or around 14.2 percent of total national exports (Coordinating Ministry for the Economy, 2024).

The Ministry of Finance through the Directorate General of Taxes (DGT) revealed the alleged practice of manipulation of transfer pricing by affiliated companies in the CPO export sector. The DGT recorded a 40 percent decrease in the number of transfer pricing disputes, from 310 cases in 2020 to 186 cases in 2023 (Pajak.com, 2025). However, in the palm oil industry, the complexity of disputes tends to increase qualitatively: the debate is no longer just about the existence or absence of a special relationship, but penetrates into differences in the methodology of determining fair prices, the validity of comparative data, adjustments to transaction conditions, and the consistency of tax authorities in implementing corrections (Kusumawardani, 2026).

Based on the data of the Tax Court's decision which is the primary data source for this study, 16 appeal decisions related to sales corrections to affiliates in the palm oil industry were identified in the range of 2021 to 2025. As many as 14 out of 16 decisions (87.5 percent) were won entirely by Taxpayers (Bentsen et al., 2019). This pattern of victory that is so dominant on the part of the taxpayer hints at a fundamental problem in the way the DGT builds and maintains its corrections before the Panel of Tax Court Judges (Afield, 2020; Esomeju, 2021; Rosid & Yulianto, 2023; van Rensburg, 2021). Thus, this study aims to: (1) analyze the factors that cause disputes over sales transactions influenced by special relationships in the palm oil industry; and (2) provide advice and recommendations for the DGT and the Palm Oil Industry to minimize such tax disputes.

Based on Law Number 14 of 2022 concerning the Tax Court, tax disputes arise between taxpayers and authorized officials, namely the DGT, as a result of the issuance of a decision in the form of a SKP that can be appealed or sued to the Tax Court. According to Barata (1998) in Siahaan & Parlindungan (2012), disputes over the results of tax audits are caused by differences in perception, limited audit time, non-disclosure of taxpayers, and differences in recognition of a transaction. The Directorate of Objections and Appeals (2024) divides tax disputes into 4 categories, namely formal disputes, juridical disputes, evidentiary disputes, and joint disputes.

Article 18 paragraph (4) of the Income Tax Law defines a special relationship as a condition that occurs when one party has a direct or indirect capital participation of at least 25 percent in the other party, or there is direct or indirect control. PMK 172/2023 expands this definition by adding a dimension of influence in determining the opponent of the transaction and the transaction price (Pajakku, 2024). The Principle of Fairness and Business Practice (PKKU) or arm's length principle is a standard used to assess whether the conditions of transactions between parties with special relationships have reflected the conditions that would have formed if the transaction had been carried out by independent parties (OECD, 2022).

The CUP method is a transfer pricing method that compares the price charged for property or services in a controlled transaction with the price in an uncontrolled transaction under comparable conditions. The OECD consistently refers to CUP as the most direct and reliable method of applying the arm's length principle when adequate comparative data is available (Eden, 2015; Kumalasari et al., 2025; Turina, 2018). A significant development in the implementation of CUP occurred in 2015 through the OECD BEPS project, specifically Action 10 which recognizes that for internationally traded commodities including palm oil, using reference prices from recognized commodity exchanges or trading platforms can serve as a reliable CUP benchmark (Vella, Devereux, and Freedman, 2025).

The theory of Taxpayer rights developed by Pasquale Pistone and Philip Baker places the protection of Taxpayers as a necessary counterweight to the expansion of the authority of tax authorities. Pistone and Baker identified 57 minimum standards and 44 best practices grouped in 87 benchmarks as the Taxpayer Rights Protection Benchmark (IBFD OPTR). Structurally, the rights of taxpayers are grouped into three categories, namely the procedural dimension, the dimension related to sanctions, and the substantive dimension. In this study, three dimensions of taxpayer rights are particularly relevant: (1) the right to proportional audit; (2) the right to transparency and adequate explanation; and (3) the right to consistency of treatment.

The Fishbone Diagram known as the Ishikawa Diagram or Cause-and-Effect Diagram, is a visual analysis tool developed by Dr. Kaoru Ishikawa to help work teams systematically identify and categorize the various causes that contribute to a problem (ASQ, 2024). This study adapts Ishikawa 6M categorization into five categories relevant to the context of transfer pricing tax disputes: Methodology, Data, Documentation, Consistency, and Regulation.

Table 1. Fishbone Research Diagram Category (Ishikawa's 6M Adaptation)

6M Ishikawa (Original)	Research Categories	Relationships
Method	Methodology	Answering the conflict between CUP vs PSM/TNMM is a dispute regarding the method/procedure of determining transfer prices
Measurement	Data	Answering the difference in reference price sources (KPBN, Bloomberg, MPOB) is a dispute regarding the accuracy and reliability of fair price measuring tools
Material (raw materials/components)	Documentation	TP Doc serves as a 'material' in the tax proof process; without a complete TP Doc, the analysis process cannot run
Man (human/HR)	Consistency	The inconsistency of the DGT across periods and across taxpayers reflects human factors, namely the capacity, policies, and institutional behavior of tax auditors
Environment	Regulation	PMK 172/2023, which is not specific enough, is the regulatory environment in which the entire examination and dispute process takes place

Source: Author's Process, 2026

Relevant previous studies provide an important foundation for this research. Agung and Nuryanah (2026) open the perspective that special relationship disputes cannot be read solely as a matter of fiscal correction, but are born from the complex interaction between corporate structures, weaknesses in documentation, and differences in legal interpretation. Auliya and Rosid (2025) prove operationally that fishbone diagrams can be used systematically to unravel the causes of transfer pricing disputes based on hundreds of Tax Court decisions.

Table 2. Previous Research

Yes	Researcher	Title	Method	Relevance
1	Agung and Nuryanah (2026)	Tax Law Disputes over the Arm's Length Principle in Affiliated Share Transfers	Qualitative; analysis of the 2020–2024 PP decision; interviews; Fishbone Model	Demonstrate the interaction of corporate structure, documentation, & legal interpretation as the cause of the dispute

Yes	Researcher	Title	Method	Relevance
2	Auliya and Rosid (2025)	Determinants of Secondary Adjustment Tax Disputes in Transfer Pricing	358 PP decisions; Root Cause Analysis & Fishbone Diagram	Proving the operationalization of fishbone for decision-based TP disputes
3	Aisya and Nuryanah (2024)	Tax Dispute Analysis of Transfer Pricing Case Study of Tax Court Decisions 2020–2023	Analysis of the content of the PP decision; Qualitative Approach	Affirm the importance of business characteristics & transaction types as the basis of analysis
4	- Snoop Doggy (2024)	Import Tax Disputes: Identification of Causes and Problem-Solving Strategies	Qualitative case studies; Root Cause Analysis	Provide a categorization template for the cause of disputes across tax types
5	Tambunan (2022)	Transfer Pricing Settlement in Indonesia: A Note for Tax Authority, Tax Court, and Taxpayers	Qualitative; 154 PP decisions 2015–2019	The foundation of the DGT's behavioral analysis as a trigger for disputes; consistent with the pattern of 87.5% of winning taxpayers
6	Kumalasari et al. (2025)	Revisiting the CUP Method in Transfer Pricing: Global Challenges and Insights from an SLR	Systematic Literature Review (SLR) global	Global validation of CUP comparative data issues found in palm oil verdicts
7	Turwanto et al (2022)	Tax Avoidance Through Transfer Pricing in Companies in Indonesia	Content analysis; Descriptive-Qualitative	Describe the dimensions of TP abuse; different orientations from this study
8	Khifni et al (2025)	Legal Certainty in the Enforcement of Tax Justice on Transfer Pricing Disputes in the Tax Court	Normative-juridis; Analysis of the PP Decision	The findings of the inconsistencies of the decisions are in line with the pattern found in the 16 palm oil decisions

Source: Author's Process, 2026

METHOD

Research Types and Design

This research used a qualitative approach with a comparative case study design based on the definition of Yin (2018) who calls case studies an empirical investigation that examines contemporary phenomena in depth in real-life contexts, especially when the boundaries between phenomena and contexts are not very clear. This research is included in the problem-diagnosis case study which has 4 elements: defining the problem, making a diagnosis through cause analysis, concluding with an overall diagnosis, and providing solution recommendations (Ellet, 2018). Operationally, the research design includes three consecutive but complementary phases of analysis: (1) Understanding the Problem through the descriptive analysis of 16 decisions; (2) Problem Cause through the identification of the cause of the dispute into five categories of Fishbone; and (3) Root Cause through tracing the cause using the 5 Whys technique.

Research Data Sources

The main secondary data source is the 16 Tax Court appeal decisions pronounced in the range of 2021 to 2025, which involve corrections to sales transactions of CPO and its derivative products to affiliates in the palm oil industry. These decisions are public documents that can be officially accessed through the Tax Court Secretariat (setpp.kemenkeu.go.id) website. Each average decision consists of 30 to 80 pages containing the identity of the parties, the dispute material, the postulates of the Appellant (Taxpayer), the postulates of the Appellant (DGT), the considerations of the Panel of Judges, and the verdict. Secondary data sources also include relevant laws and regulations, especially the Income Tax Law, the VAT Law, the KUP Law, PMK 172/2023, and the OECD Transfer Pricing Guidelines 2022 guidelines. Primary data were obtained through semi-structured interviews with four purposively selected sources based on the relevance of their experiences.

Tax Court Profile

The Tax Court is a judicial body that exercises judicial power for Taxpayers or taxpayers who seek justice for tax disputes, as stipulated in Law Number 14 of 2002 concerning Tax Courts. The Tax Court is domiciled in Jakarta and is the court of first instance as well as the court of last instance for tax disputes. There are 40 Judges in the Tax Court consisting of one chairman and two members with a total of 58 judges. The Tax Court's decision is taken based on the results of the evidentiary assessment and based on the Judge's conviction by means of the majority vote. Based on the DGT's 2020–2024 Performance Report, the trend of tax disputes in general shows fluctuations in line with changes in audit policies and transfer pricing regulations.

Table 3. Number of Tax Court Appeal Decisions in 2020–2024

Tax Types	2020	2021	2022	2023	2024
Income Tax (PPh)	2.847	2.612	2.934	3.102	3.241
Value Added Tax (VAT)	1.983	1.874	2.108	2.247	2.389
Other Taxes	412	387	401	423	445
Total	5.242	4.873	5.443	5.772	6.075

Source: DGT Performance Report 2020–2024 (processed by the author, 2026)

Table 4. List of Resource Persons

Code	Position/Agency	Date	Interview Focus
KP-01	Partner, DDTC – representing the taxpayer in the appeal process	June 17, 2026	Litigation strategy, Taxpayer's Right, PMK 172/2023 evaluation
KP-02	Senior Specialist, DDTC – commodity TP Doc compiler	May 8, 2026	Technical process of preparing TP Doc, comparative analysis
DKB-01	Trial Officer, DGT Directorate of Objections and Appeals	May 4, 2026	DGT's litigation practices, EOI data, audit limitations
DKB-02	Trial Officer, DGT Directorate of Objections and Appeals	June 23, 2026	DGT's internal statistics, institutional evaluations, adjudication criticism

Source: Author's Process, 2026

Data analysis uses two complementary techniques: content analysis (Krippendorff, 2018) for document data and six-phase thematic analysis from Braun and Clarke (2006) enriched with the '5 Whys' technique of Root Cause Analysis (Andersen & Fagerhaug, 2006). The validity and reliability of the research are guaranteed through a triangulation strategy based on Lincoln and Guba (1985) including triangulation of data sources, theoretical triangulation, member checking, and trail auditing. Each decision is coded using an analysis matrix with columns for the main cause category, description of specific causes, DGT position, Taxpayer position, Panel considerations, and decision results. For interviews, each session is recorded with the consent of the informant, transcribed verbatim, and returned to the resource person for member checking validation before being used in analysis.

Table 5. Interview Implementation

Code	Name	Position/Agency	Date	Interview Focus
KP-01	Double Christian Tobing	Partner, DDTC – representing the taxpayer in the appeal process	June 17, 2026	Litigation strategy, Taxpayer's Right, PMK 172/2023 evaluation
KP-02	Nesia Ratna Sari	Senior Specialist, DDTC – commodity TP Doc compiler	May 8, 2026	Technical process of preparing TP Doc, comparative analysis
DKB-01	Ikhsan Candra Prayudi	Trial Officer, DGT Directorate of Objections and Appeals	May 4, 2026	DGT's litigation practices, EOI data, audit limitations
DKB-02	By Topet Sitinjak	Trial Officer, DGT Directorate of Objections and Appeals	June 23, 2026	DGT's internal statistics, institutional evaluations, adjudication criticism

Source: Author's Process, 2026

RESULTS AND DISCUSSION

Descriptive Analysis of Tax Court Decisions

This study analyzed 16 Tax Court appeal decisions that met four selection criteria: (a) disputes over the correction of sales of CPO, Palm Kernel, or palm oil derivative products to affiliates; (b) the DGT makes corrections based on PKKU; (c) the judgment is pronounced between 2021 and 2025; and (d) can be accessed through the official website of the Tax Court Secretariat. The total value of the disputed correction reached more than IDR 320 billion and USD 372,752.

Table 6. Summary of 16 Palm Oil Industry Tax Court Appeal Decisions 2021–2025

Yes	Decision Number	Year	Taxpayer	Correction Post	Value (IDR million)	Classification	Amar
1	PUT-000264.15/2019	2021	PT Pancasurya Agrindo	CPO & PK Business Circulation	11.118	CUP Customization	Granted in full
2	PUT-004201.15/2021	2022	PT Wana Hijau Semesta	CPO Business Circulation	38.224	CUP Customization	Granted in full

Yes	Decision Number	Year	Taxpayer	Correction Post	Value (IDR million)	Classification	Amar
3	PUT-002498.16/2021	2022	PT Aditya Seraya Korita	VAT Export Sales	11.234	Reference price difference	Granted in full
4	PUT-004741.15/2023	2022	PT Wana Hijau Semesta	CPO Business Circulation	38.224	CUP Customization	Granted in full
5	PUT-000796.15/2021	2022	PT Golden Blossom Sumatra	CPO Business Circulation	27.244	Reference price difference	Granted in full
6	PUT-001521.15/2023	2023	PT Pancasurya Agrindo	CPO Business Circulation	787	CUP Customization	Granted in full
7	PUT-001527.16/2023	2023	PT Pancasurya Agrindo	VAT Export Submission	243	CUP Customization	Granted in full
8	PUT-002765.15/2022	2023	PT Sukajadi Sawit Mekar	CPO Business Circulation	67.470	Replace the TNMM→CUP method	Granted in full
9	PUT-003269.15/2022	2023	PT Eka Daya Sejati Sukses	CPO Business Circulation	4.156	Reference price difference	Granted in full
10	PUT-002363.16/2023	2024	PT Daya Labuhan Indah	VAT Not Collected	808	CUP Customization	Granted in full
11	PUT-002454.15/2023	2024	Copyright © 2019 Copyright © 2019 Copyright © 2019	CPO Business Circulation	12.930	CUP Customization	Granted in full
12	PUT-002620.15	2024	PT Buana Wiralestari Mas	Export Sales	34.471	Reference price difference + inconsistency	Granted in full
13	PUT-002844.15/2023	2024	PT Delimamuda Perkasa	PK Business Circulation	5.878	Reference price difference	Rejected
14	PUT-003631.15/2023	2024	PT Pacific Medan Industri	CPO Business Circulation	36.095	CUP + ex-ante adjustment	Partially granted
15	PUT-002639.15/2023	2025	PT Tanjung Sarana Lestari	CPO Business Circulation	41.677	Change the CUP→PSM method	Granted in full
16	PUT-004621.15/2024	2025	PT Siak Prima Sakti	CPO Business Circulation	USD 372K	CUP Customization	Granted in full

Source: Author's Process, 2026

Table 7. Number of Judgments Pronounced Each Year

Year of Verdict	Number of Verdicts	Percentage	Total Corrections Identified (Rp)	Median Correction (Rp)
2021	1	6,25%	11.117.843.996	11.117.843.996
2022	3	18,75%	76.702.138.370	27.243.998.052

Year of Verdict	Number of Verdicts	Percentage	Total Corrections Identified (Rp)	Median Correction (Rp)
2023	4	25,00%	72.656.163.371	2.471.440.168
2024	5	31,25%	90.181.940.117	12.929.931.800
2025	3	18,75%	44.857.867.155	22.428.933.578

Source: Author's Process, 2026

Table 8. Distribution of Results

Results of the Decision	Quantity	Percentage	Total Related Corrections (Rp)	Median Correction (Rp)
Grant Your Whole	14	87,50%	253.542.685.590	11.233.800.300
Grant Part	1	6,25%	36.094.985.789	36.094.985.789
Decline	1	6,25%	5.878.281.630	5.878.281.630

Source: Author's Process, 2026

The distribution of the verdict shows a very striking asymmetry. The dominant pattern of victory on the part of the taxpayer is not an anomaly that occurs by chance, but is the product of repeated patterns of argument and proof. The DKB-02 resource person confirmed that based on the DGT's internal database which includes 1,129 similar dispute files, the Taxpayer's victory rate was recorded at 76.53 percent still showing the dominance of Taxpayers' victory. The difference with the 87.5 percent figure in this study sample is explained by the phenomenon of self-selection, where taxpayers generally only continue disputes to the appeal stage when they feel they have a strong evidentiary position.

Problem Cause: Identify the Cause of the Dispute

1. Methodology Categories

The Methodology category was the largest cause with a frequency of 9 out of 16 decisions (56.25%). A methodological dispute occurs when the DGT changes the CUP method used by the taxpayer to PSM or TNMM without adequate justification. Resource person KP-01 revealed a pattern independently confirmed by DKB-01: 'the DGT looks for data that supports their position first, then selects the method that corresponds to the data' a reversal of the principle of functional analysis that should have preceded the selection of methods according to the OECD TPG. The DKB-02 resource person emphasized that before changing the method, the auditor must: test the taxpayer's method first, prove the unreliability of the method in the audit working paper, justify the substitute method through FAR analysis, and pour it in the SPHP.

2. Data Categories

The Data category was found in 5 out of 16 decisions (31.25%). The most significant finding is the use of the Provincial Plantation Service (Disbun) price by the DGT as a reference for CPO prices in two decisions. The KP-01 resource person emphasized that the Disbun price represents the price of Fresh Fruit Bunches (FFB) from smallholder plantations, not the price of CPO at the industrial level so there is a fundamental category error. DKB-02 provides a more complex context: the use of Disbun is not chosen as an equivalent source, but is a forced choice when the Taxpayer does not provide more reliable data within the audit deadline. The most consistent sources of data received by the Panel of Judges were MPOB and Reuters, while KPBN and Bloomberg were rarely referenced in rulings.

3. Documentation Categories

The Documentation category directly distinguishes between a judgment granted and a judgment that is rejected. The only decision that rejects the appeal (PT Delimamuda Perkasa on PUT-002844) is a case where the Taxpayer does not have a TP Doc at all. The DKB-02 resource person highlighted that the Tax Court often receives ex-post documents presented by taxpayers in the courtroom, even though based on PMK 172/2023, the fairness of prices must be based on the principle of ex-ante. Meanwhile, KP-02 identified two main obstacles in the preparation of the TP Doc: the inconsistency of the use of the reference market price by the marketing team, and the absence of supporting documents for adjustments.

4. Consistency Categories

The Consistency category was found in 4 of the 16 verdicts, with three different manifestations. First, the inconsistency of the correction direction: in PUT-002620.15, the DGT corrected the selling price lower than the Bloomberg reference upwards, but did not make a negative correction to the higher price of the same reference. Second, inconsistencies across periods: the DGT applies corrections for a specific year but not for the year before and after. Third, cross-party inconsistencies: in PUT-003269, the DGT inspected the counterparties but did not make corrections to purchases of the same value. The DKB-02 resource person made the philosophical counter-argument that transfer pricing 'is not an exact science' so that interpretations of the same facts can differ an important philosophical divergence to the framework of Taxpayer's Right.

5. Regulatory Categories

The Regulation category is cross-decision: all 16 decisions are affected by the absence of a hierarchy of palm commodity data sources in PMK 172/2023. The KP-01 resource person emphasized that from Perdirjen 43/2010 to PMK 172/2023, there is no regulation that specifically mentions the reference market price that is a reference for comparators in the application of the principle of fairness. DKB-01 confirms that there is no obligation to use a specific reference price source. DKB-02 introduces new findings: Article 8 of PMK 172/2023 regulates the principle of jurisdiction priority that comparators from the same jurisdiction should take precedence, but this principle has the potential to conflict with the principle of pure comparability. The two speakers convergently recommended the issuance of technical guidelines for the palm oil sector, with KP-01 referring to the precedent of benchmark coal price regulation as a replicable model.

Root Cause Identification

Table 9. Root Cause Identification

Yes	Root Causes	Impact	Empirical Evidence	Recommendations
1	There is no hierarchy of CPO reference price data sources in the regulation	Height	5 verdicts; convergence KP-01 & DKB-01; findings of DKB-02 (Ps. 8 PMK 172/2023)	Sectoral Director General/SE; National Price Database
2	Methodological logic reversal: data is sought first, method determined then	Height	9 verdicts; triangulation KP-01 & DKB-01 (case of Singapore PSM)	Enforcement of FAR analysis from the

Yes	Root Causes	Impact	Empirical Evidence	Recommendations
				beginning; internal audit SOP
3	DGT corrections are inconsistent across periods and across parties	Height	4 verdicts; KP-01 (PKE case); DKB-02 admits that there was a losing verdict due to asymmetric correction	SOP for cross-year coordination; Symmetry Correction Obligation
4	Taxpayers do not have adequate TP Doc or ex-ante	Medium	1 rejected + 1 partially granted; KP-02 (informal documents via email); DKB-02 (criticism of ex-post data acceptance)	Socialization of PMK 172/2023; strengthening of internal control of taxpayers
5	Limited time to check and access to third-party data by the DGT	Height	DKB-01 & DKB-02 (New WP complete on appeal)	Authority to access third-party data; Revision of the examination period
6	The confidentiality of EOI data limits the taxpayer's right to transparency	Height	DKB-01 & DKB-02 (Interstate compliance scoring system)	Juridical study Ps. 59 of the PP Law; limited EOI disclosure protocols
7	Risk of base erosion due to a decision that does not adequately test the taxpayer	Height	DKB-02 (Ps. 5(1) of Law 48/2009; risk of allocation of taxation rights eroded)	Strengthening the capacity of ad hoc TP judges; Two-way testing guidelines

Source: Author's Process, 2026

Cross-category synthesis reveals that the five categories of Fishbone do not stand alone, but rather reinforce each other in a system that creates endemic conditions for recurring disputes. The starting point of the causal chain lies in the Regulation category: the absence of a strict hierarchy of data sources in PMK 172/2023 creates a void of technical guidance for examiners. This regulatory vacuum interacts with the structural limitations of third-party data access and examination time. These limitations encourage examiners to rely on available data sources even if they are not methodologically ideal. At the same time, the regulatory vacuum also encourages a reversal of methodological logic: the DGT first looks for data to support the correction, then selects the appropriate method.

Triangulation Theory: Taxpayer's Right

Judging from the theoretical framework of Taxpayer's Right Pistone and Baker (2015), the three dimensions of violation of taxpayers' rights are empirically confirmed. First, the right to transparency is confirmed through KP-01's criticism of the DGT which does not adequately explain the reasons for the rejection of the CUP method. Second, the right to equal treatment is confirmed through DKB-02's recognition of asymmetric correction, although DKB-02 itself questions the relevance of the consistency standard due to the judgment-requiring nature of TP. Third, the right to legal certainty is confirmed through the convergence of KP-01 and DKB-01 regarding the loophole in PMK 172/2023. This study also found that the framework of taxpayer rights needs to be expanded to consider the dimension of the state's right to fair tax allocation, as stated in DKB-02 based on Article 5 paragraph (1) of Law Number 48 of 2009.

Recommendations

Table 10. Recommendations Based on Implementation Time Horizon

Time Horizon	Recommendations	Implementers	Targeted Root Causes
Short Term (0–1 year)	Issuance of a memorandum rejection method by the auditor every time the Taxpayer's CUP method is rejected	DGT – Directorate of Inspection and Billing	Root 2: reversal of methodological logic
Short Term (0–1 year)	Preparation of a standardized comparison matrix for each correction of commodity transactions	DGT – Directorate of Inspection and Billing	Root 1: absence of a hierarchy of data sources
Short Term (0–1 year)	Preparation of TP Doc ex-ante and defense file from the beginning of the examination stage	Taxpayers and Tax Consultants	Root 4: TP Doc is inadequate
Medium Term (1–3 years)	Preparation of technical guidelines for TP inspection for palm oil commodities, including a hierarchy of data sources and an incoterm/quality adjustment formula	DGT – Directorate of Tax Regulation	Roots 1 & 5: data hierarchy, inspector capacity
Medium Term (1–3 years)	Establishment of an internal quality assurance system for TP corrections before the SKP is issued, ensuring correction symmetry and consistency across years	DGT – Directorate of Objections and Appeals	Root 3: inconsistent correction
Long-Term (>3 years)	Development of a documented and auditable national commodity price database as a joint reference for the DGT and Taxpayers	Government + Ministry of Finance	Root 1: absence of a hierarchy of data sources
Long-Term (>3 years)	Juridical review of Article 59 of the Tax Court Law regarding the limits of confidentiality of EOI data in the trial process	Ministry of Finance + Tax Court + Academics	Root 6: EOI data confidentiality

Source: Author's Process, 2026

CONCLUSION

This study concluded that tax disputes on sales transactions that are influenced by special relationships in the palm oil industry arise from the systemic interaction between five categories of interrelated causes, namely methodology, comparative data, documentation, consistency of correction, and regulation. In the methodology category, disputes arose because 9 out of 16 decisions showed a pattern of logic reversal where the DGT determined the data first and then adjusted the method, which was independently confirmed by sources from both sides of the dispute. In the data category, the use of the Provincial Plantation Office price as a reference for industrial CPO prices is a fundamental category error because the data represents the price of FFB from smallholder plantations. In the documentation category, the absence or incompleteness of the TP Doc is the determining factor between the decision that is granted and rejected. In the consistency category, corrections were found that were selective and not applied symmetrically. In the regulatory category, PMK 172/2023 has not provided adequate technical guidance regarding the hierarchy of the source of the reference price of palm oil commodities. The dominance of taxpayers' victories of 87.5 percent in the research sample which was confirmed by 76.53 percent of 1,129 dispute files according to DGT's internal data shows that DGT's corrections consistently face evidentiary obstacles when tested in the appeal forum. Judging from the framework of Taxpayer's Right Pistone and Baker (2015), the three dimensions of taxpayer rights proportionality, transparency, and consistency are often not fulfilled in the audit process. Disputes cannot be minimized through a single intervention, but require simultaneous improvements on the part of tax authorities and taxpayers: DGT requires strengthening sectoral technical guidelines, correction quality assurance mechanisms, and developing national commodity price databases; while Taxpayers need to strengthen ex-ante documentation and consider legal certainty instruments such as APA for recurring transactions of material value.

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