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TELEOLOGICAL ETHICS IN TAX DIGITALIZATION: A NORMATIVE ANALYSIS OF THE IMPLEMENTATION OF THE CORETAX ADMINISTRATION SYSTEM (CTAS) IN INDONESIA

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Abstract

The digitalization of tax administration in Indonesia through the implementation of the Coretax Administration System (CTAS) by the Directorate General of Taxes (DGT) represents a structural transformation aimed at improving compliance, efficiency, and fiscal transparency. However, the acceleration of digitalization raises normative ethical questions concerning its systemic consequences for taxpayer rights, procedural justice, and public accountability. This study analyzes the implementation of Coretax DGT through the lens of teleological ethics, particularly rule utilitarianism and policy consequentialism. The method employed is normative-juridical research with an ethical hermeneutic approach, integrating an analysis of recent tax regulations, including the Job Creation Law, the Personal Data Protection Law, and DGT technical regulations, with a public ethics framework. The discussion shows that Coretax DGT is conceptually consistent with teleological principles in maximizing collective benefits through revenue optimization, lower compliance costs, and data-driven prevention of tax avoidance. Nevertheless, normative tensions remain concerning the digital divide, opacity in risk-scoring algorithms, and potential violations of proportionality in automated enforcement. This study recommends strengthening an ethical governance framework based on ethical impact assessment, transparency of algorithmic logic, humane appeal mechanisms, and integration of the data minimization principle into the Coretax DGT architecture. The study contributes to the literature on digital tax ethics and provides a normative basis for improving fiscal digitalization policy in Indonesia.

Keywords: *teleological ethics; tax digitalization; Coretax DGT; normative analysis; utilitarianism; algorithmic governance; taxpayer rights.*

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1. INTRODUCTION

1.1. Background

Digital transformation in tax administration has become a global strategic agenda, driven by the need for fiscal efficiency, transparency, and adaptation to the dynamics of the digital economy (OECD, 2023). In Indonesia, the Directorate General of Taxes (DGT) launched the Core Tax Administration System (CTAS), more widely known as Coretax DGT, as an integrated platform replacing legacy systems. Its coverage extends from registration, reporting, and payment to risk analysis and online taxpayer services (Directorate General of Taxes [DGT], 2024). The phased implementation of Coretax during 2024–2026 is based on Law No. 6 of 2023 concerning the enactment of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation into Law, as well as DGT's digital transformation policy emphasizing data-driven compliance and risk-based audits (DGT, 2023).

Although Coretax DGT technically offers operational efficiency and the potential to improve compliance ratios, the ethical dimension of this transformation has not received adequate attention in Indonesian tax-policy discourse. Tax digitalization is not merely a technical matter; it is also a normative issue involving the distribution of benefits and burdens, procedural justice, and fundamental taxpayer rights within an increasingly automated ecosystem (Eubanks, 2018; Zuboff, 2019). Teleological ethics is therefore a relevant analytical framework because it evaluates morality based on the consequences or outcomes of a policy or action rather than merely on compliance with established procedures (Mill, 1863/2001).

1.2. Research Novelty

This study offers novelty in three main dimensions that distinguish it from previous literature.

First, contextual novelty. The study is among the first to comprehensively examine the implementation of Coretax DGT during 2024–2026, a critical transition period. Unlike previous studies that generally focus on legacy systems such as e-Faktur and DJP Online or discuss tax digitalization generically, this article specifically examines the architecture of the new core system, which integrates artificial intelligence, predictive analytics, and automated enforcement within Indonesia's fiscal context.

Second, theoretical novelty. The study shifts the ethical analysis of taxation from the predominantly deontological approach of rights and duties toward a teleological consequentialist approach, particularly rule utilitarianism. This framework assesses the moral legitimacy of an algorithmic tax system not merely by procedural compliance but by its long-term aggregate effects on fiscal welfare, compliance efficiency, and distributive justice.

Third, normative-operational novelty. The article introduces an integrated ethical governance framework that explicitly incorporates ethical-by-design, algorithmic accountability, and human-in-the-loop enforcement into the Coretax DGT architecture. The framework simultaneously aligns the fiscal-efficiency mandate of the Job Creation Law with the data-protection principles of the Personal Data Protection Law, thereby bridging the gap between technical tax-administration discourse and contemporary public-ethics philosophy. This original contribution provides a normative foundation for tax policies that are not only administratively optimal but also ethically legitimate in an era of government automation.

1.3. Research Objectives

Based on the background and novelty described above, this study aims to:

1. explain the theoretical foundations of teleological ethics and their relevance to tax digitalization in Indonesia;
2. analyze the alignment of Coretax DGT implementation with teleological principles through a normative review of current regulations; and
3. identify ethical dilemmas and formulate sustainable governance recommendations.

1.4. Research Benefits

1. For the Directorate General of Taxes (DGT), the study provides ethics-based recommendations for improving CTAS implementation so that the system is not only technically effective but also considers social impacts, data protection, algorithmic-bias mitigation, and the teleological principle of the greatest good for the greatest number.

2. For taxpayers and society, the study seeks to strengthen public trust in the digital tax system by ensuring that CTAS is designed to maximize collective welfare, minimize compliance burdens, and normatively protect taxpayer rights and data privacy.

3. For academics and future researchers, the study provides a normative reference for similar research in other public-sector domains and opens opportunities for further studies, including empirical testing of the impact of teleological ethics in CTAS on tax compliance, comparative analysis with digital tax systems in other countries, and the use of deontological ethics or virtue ethics as alternative frameworks.

2. THEORETICAL FOUNDATION

2.1. Teleological Ethics and Consequentialism

Teleological ethics (from the Greek telos, meaning purpose or end) evaluates the morality of an action according to its results or consequences rather than its intentions or adherence to fixed rules (Smart & Williams, 1973). In moral philosophy, teleology is often contrasted with deontological ethics, which emphasizes universal duties, and virtue ethics, which focuses on the moral character of the agent. A major branch of teleology is utilitarianism, formulated by Jeremy Bentham and John Stuart Mill. Classical utilitarianism adopts the principle of "the greatest happiness for the greatest number," whereby a policy is considered good if it maximizes aggregate welfare (Bentham, 1789/2007).

In public policy, utilitarianism has developed into:

1. Act utilitarianism: evaluation based on the consequences of a specific action.

2. Rule utilitarianism: evaluation based on adherence to rules that, if generally followed, would produce maximally positive long-term consequences (Mill, 1863/2001).

In tax administration, the teleological approach shifts the focus from formal compliance toward systemic outcomes: higher

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revenue, a lower tax gap, administrative cost efficiency, and a more equitable distribution of fiscal burdens (OECD, 2023). However, utilitarianism has also been criticized for potentially sacrificing minority rights, treating people instrumentally, and creating difficulties in objectively measuring "aggregate welfare" (Rachels & Rachels, 2019).

2.2. Digital Ethics and Public Algorithmic Governance

Tax digitalization introduces new ethical variables, including algorithmic governance, datafication, and automated decision-making. Contemporary literature highlights risks such as algorithmic bias that reproduces structural injustice, system opacity that makes accountability difficult, surveillance creep that erodes privacy, and the digital divide that indirectly disadvantages vulnerable groups (Mittelstadt et al., 2016; Eubanks, 2018; Floridi, 2022). Digital ethics frameworks in the public sector emphasize transparency, accountability, fairness, human oversight, and proportionality (Zuboff, 2019; OECD, 2023).

In taxation, these principles must be integrated with the state's fiscal objectives without disregarding taxpayers' constitutional rights and the principle of legal certainty.

2.3. Normative Framework of Indonesian Taxation

The legal basis for tax digitalization in Indonesia includes several relevant regulations:

- Law No. 6 of 2023 concerning the enactment of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation into Law, which strengthens the integrated data base, grants DGT authority to access third-party data, and regulates risk-based sanctions (Republic of Indonesia Law No. 6 of 2023).
- Law No. 27 of 2022 on Personal Data Protection (PDP Law), which establishes the principles of lawfulness, purpose limitation, data minimization, and data-subject rights, including in the context of fiscal data (Republic of Indonesia Law No. 27 of 2022).
- DGT regulations on the implementation of electronic tax-administration systems and procedures, which establish standards for interoperability, cybersecurity, and digital services (DGT, 2023).
- Principles of tax administration, namely legal certainty, justice, balance, and convenience (Article 2 of the General Taxation Provisions Law).

This framework creates a situation in which digital efficiency, viewed teleologically, may come into tension with normative rights, viewed deontologically. The analysis therefore examines how Coretax DGT balances these two poles.

3. RESEARCH METHOD

3.1. Method

This study uses a normative-juridical approach combined with teleological ethical analysis, consistent with standards of legal research in Indonesia (Marzuki, 2017). The combination of normative-juridical analysis and teleological ethical analysis is a comprehensive approach commonly used in doctrinal legal research in Indonesia to assess not only what the law is (the norm) but also the purpose for which the law was created (its ethical or teleological value).

The methodology consists of the following components.

1. Normative-Juridical Approach

Focus: examining legal principles, legal norms, legal-system structure, the degree of legal synchronization, legal history, and comparative law.

Data sources: primary legal materials (laws and regulations), secondary legal materials (books and journals), and tertiary legal materials (dictionaries).

Objective: analyzing the consistency of norms, legal gaps, or conflicts among applicable rules.

2. Teleological Ethical Analysis

Ethical/moral dimension: evaluating law from the perspectives of justice, morality, and rightness—whether the legal norm being analyzed is fair and appropriate.

1. Teleological dimension: interpreting law according to the social purpose or utility intended by the legislature (ratio legis).
2. Objective: ensuring that the application of legal norms is not only formally valid but also achieves justice and social benefit, referring to theories of justice and utility.

3. Combination of Methods

In legal studies, as referenced by Marzuki (2017), this method can be used to critically evaluate existing legal norms.

Normative-juridical analysis ensures that the research remains within the framework of positive law.

Teleological ethical analysis provides an analytical lens for evaluating whether positive law remains morally relevant and effective in achieving its objectives.

3.2. Data Sources

The data used in this study are derived from:

1. tax and data-protection legislation, official DGT publications, the Coretax roadmap, and performance reports;
2. academic literature on public ethics, tax philosophy, and algorithmic governance; and
3. secondary case studies concerning the implementation of digital tax systems in comparative jurisdictions.

3.3. Analytical Techniques

1. Normative hermeneutics: interpreting the meaning and purpose of regulations within a teleological ethical framework.
2. Consequentialist analysis: evaluating the potential effects of Coretax on fiscal welfare, procedural justice, and taxpayer rights.
3. Policy synthesis: formulating governance recommendations based on rule utilitarianism and ethical-by-design principles.

This research is conceptual-normative and does not involve a primary empirical survey. Its principal limitation is its dependence on secondary data and projected impacts that have not yet been tested longitudinally.

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4. RESULTS AND DISCUSSION

4.1. Coretax Architecture and Mapping of Fiscal Consequences

Coretax DGT is not merely an update of a digital interface but a fundamental re-architecture of Indonesia's tax-administration ecosystem. The system integrates six core modules:

1. Taxpayer Registration & Master Data Management;
2. Tax Account Management & Compliance Ledger;
3. Electronic Filing & Processing Engine;
4. Risk Management Engine (RME);
5. Automated Compliance & Enforcement Module; and
6. Integrated Taxpayer Service Portal (Directorate General of Taxes [DGT], 2024).

From a teleological perspective, each module is designed to maximize the social benefits produced by budgetary, taxation, or public-spending policy through measurable consequentialist mechanisms:

1) Compliance efficiency. Automated validation, pre-populated tax returns, and synchronization of digital tax invoices reduce reporting time and costs. From a utilitarian perspective, lower compliance costs increase taxpayers' net welfare, particularly for MSMEs that previously faced complex administrative burdens.

2) Revenue optimization. The RME cross-matches data from multiple sources, including banking, customs, e-commerce, and other government institutions, to detect reporting anomalies. The direct consequence is a narrowing of the tax gap without necessarily increasing tax rates, consistent with distributive justice in fiscal burdens.

3) Risk-based enforcement. Audit resources are shifted from random audits toward targeted examinations based on risk scores. This approach increases the ratio of detected violations per unit of audit cost and produces greater administrative utility.

4) Service transparency. An integrated portal with administrative-status tracking and proactive notifications increases legal certainty. In a teleological framework, legal certainty reduces economic uncertainty, which in turn can encourage investment and long-term aggregate growth.

This architecture explicitly adopts the Tax Administration 3.0 paradigm recommended by the OECD (2023), namely a shift from reactive compliance toward a proactive, data-driven ecosystem. However, optimization of these positive consequences assumes that the system operates accurately, inclusively, and proportionately. When these assumptions conflict with operational realities, normative ethical tensions emerge.

4.2. Normative Analysis of Current Regulations: Synergy and Tension between the Job Creation Law and the PDP Law

The implementation of Coretax DGT lies at the intersection of two major legal regimes: Law No. 6 of 2023 concerning the enactment of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation into Law (Job Creation Law) and Law No. 27 of 2022 on Personal Data Protection (PDP Law). Both have different teleological orientations, creating both synergy and normative tension.

The Job Creation Law explicitly prioritizes fiscal efficiency and data-driven compliance and grants DGT authority to access third-party data, including data from banks, financial institutions, and digital platforms, for verification and audit purposes. It also provides for administrative sanctions that can be calibrated according to taxpayer risk profiles. From a consequentialist perspective, these provisions are designed to maximize collective utility by increasing revenue, reducing enforcement costs, and creating horizontal equity, whereby taxpayers with similar economic capacity bear similar burdens.

The PDP Law, by contrast, adopts a rights-based approach emphasizing lawfulness, fairness, transparency, purpose limitation, and data minimization (Articles 17 and 20–22). Article 25 specifically regulates automated decision-making and profiling, requiring data subjects to have rights to request explanations of the logic, object to decisions, and obtain human intervention. These principles are deontological-normative, but they also contain an implicit teleological dimension: long-term privacy protection prevents erosion of public trust and a chilling effect on economic activity.

The tension emerges at the operational level:

1) Scale of data collection versus data minimization. The broad data-access authority under the Job Creation Law may conflict with the PDP Law's data-minimization principle. Coretax DGT's reliance on big-data analytics tends to accumulate historical and contextual data beyond immediate fiscal-verification needs.

2) Automated enforcement versus the right to human intervention. Automated sanctions based on data matching may produce rigid decisions that ignore case-specific contexts, such as good-faith input errors, system disruptions, or disasters. The PDP Law requires human review for decisions with significant impacts, and this has not been fully integrated into the Coretax DGT enforcement design.

3) Algorithmic transparency versus system confidentiality. DGT may argue that disclosure of risk-scoring logic could be exploited for tax avoidance. However, without a minimum level of transparency, taxpayers' rights to understand and challenge automated decisions become ineffective.

Normative synergy can be achieved if DGT internalizes the PDP Law not as an administrative obstacle but as a consequentialist guardrail that protects the system's long-term legitimacy. Without such a counterbalance, fiscal efficiency may sacrifice public trust and thereby reduce aggregate utility in the medium and long term.

4.3. Teleological Ethical Dilemmas in the Operationalization of Coretax

4.3.1. Opacity of Risk-Assessment Algorithms versus Taxpayers' Procedural Rights

The Coretax RME uses predictive models, including machine learning and rule-based scoring, to classify taxpayers into low-,

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medium-, and high-risk categories. In teleological ethics, the legitimacy of such a model is measured by its consequences: whether it consistently improves compliance without creating disproportionate harm.

The literature on algorithmic governance identifies risks of algorithmic bias and black-box opacity (Mittelstadt et al., 2016; Floridi, 2022). If training data reflect historical examination patterns biased against particular sectors or regions, the model may reproduce structural injustice. The negative teleological consequences include:

a. excessive compliance burdens on groups targeted unfairly;
b. erosion of system legitimacy; and
c. declining voluntary compliance, which is a foundation of long-term fiscal utility.

Rule utilitarianism requires algorithm-design rules to maximize long-term social welfare rather than merely short-term technical accuracy. Accordingly, controlled transparency through explainable AI, public documentation of risk variables, and independent audit mechanisms are ethical imperatives rather than merely technical preferences.

4.3.2. Digital Divide and the Distribution of Compliance Burdens

Tax digitalization risks creating a digital tax divide. Taxpayers with low digital literacy, limited internet access, or weak ICT infrastructure face disproportionate adaptation costs. Teleologically, if the marginal compliance cost for vulnerable groups exceeds the aggregate benefits of the system, Coretax DGT's positive net utility will decline.

The Job Creation Law and DGT roadmap mandate alternative channels and assistance, but implementation in practice remains residual. Without a structured inclusion strategy, digitalization may encourage economic informality, which consequentially could widen the tax gap and reduce long-term revenue. Distributive justice in a teleological framework concerns not only tax rates but also the distribution of compliance costs and access to services.

4.3.3. Cross-Institutional Data Integration and the Principle of Fiscal Proportionality

The integration of DGT data with banking, e-commerce, import/export, and business-registration systems will create a powerful single taxpayer view for detecting tax avoidance. However, from a public-ethics perspective, massive data acquisition without clear purpose limitation and retention periods may violate proportionality.

Proportionality in fiscal teleology means that the level of administrative intrusion must be commensurate with a legitimate public purpose. Data collection beyond what is required for fiscal verification not only risks violating the PDP Law but may also create surveillance creep that damages the business climate. Negative consequences may include lower investment, capital migration to jurisdictions with stronger privacy protections, and erosion of institutional trust. Therefore, binding internal DGT data-governance guidelines are needed to balance efficiency with fundamental rights.

4.3.4. Automated Sanctions and the Shift from Legal Certainty toward Administrative Efficiency

Coretax DGT enables automated issuance of administrative sanctions, including fines, interest, and VAT-registered entrepreneur measures, based on data matching and the timeliness of tax payments and tax-return filing. From an act-utilitarian perspective, automation increases utility through enforcement efficiency and rapid deterrence. However, rule utilitarianism warns that rigid automated systems may generate case-specific injustice that undermines long-term voluntary compliance.

A normative example is a taxpayer who files late because of a natural disaster, a disruption in the DGT system, or a good-faith administrative error and is automatically sanctioned without contextual consideration. From a teleological perspective, the negative consequences of disproportionate sanctions—business losses, litigation, and declining trust—may exceed the short-term benefit of penalty revenue. Procedural justice and human-in-the-loop mechanisms are therefore necessary ethical counterbalances for maintaining systemic utility.

DGT has specific regulations governing administrative relief for taxpayers affected by natural disasters or force majeure. In general, force-majeure treatment in Indonesian taxation can be divided into two main mechanisms: permanent/procedural mechanisms that can be requested when applicable, and incidental/special mechanisms issued by DGT when a major specific disaster occurs. Relevant DGT rules include:

- Permanent mechanism (PMK 81/2024). Under Minister of Finance Regulation No. 81 of 2024, taxpayers experiencing liquidity difficulties caused by natural disasters may request relief in the form of deferred or installment payments of taxes.
- Special and incidental mechanism (example: KEP-251/PJ/2025). When a major natural disaster occurs in a particular area and the local government declares an emergency response status, the Director General of Taxes may issue a special decision, such as KEP-251/PJ/2025 for disaster-affected areas in Aceh, North Sumatra, and West Sumatra.
- Technical rule for internal DGT services (SE-33/PJ/2017). Internally, Circular Letter of the Director General of Taxes No. SE-33/PJ/2017 regulates the suspension of the period for completing applications when a tax office itself is affected by force majeure, such as flooding, fire, or total network failure.

The Coretax Administration System (CTAS) launched by DGT is designed to transform tax administration from a manual/semi-automated process into a real-time, integrated, data-based process and to accommodate force-majeure rules so that administrative sanctions remain fair without relying on tax officers to remove sanctions individually. Coretax DGT uses a Multi-Layer Validation Algorithm embedded in the Taxpayer Account Management (TAM) and Compliance/Sanctions modules. The CTAS is designed to ensure fair treatment of taxpayers affected by disasters through five main automated mechanisms:

1) Automatic detection (geo-fencing): the system maps disaster coordinates based on BNPB/local-government data, and taxpayer profiles in the affected areas are automatically flagged without requiring individual reporting.

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2) Suspension of the sanctions engine: Coretax changes the applicable due-date parameters for affected taxpayers, so penalty tax bills are automatically locked and not issued.

3) Automatic cancellation when a sanction has already been issued: through a daily batch script, the system identifies and automatically cancels sanctions already issued in disaster areas and corrects the taxpayer's outstanding balance to zero.

4) Protection during the review process for localized disasters: for personal disasters, such as a shop fire, when a taxpayer uploads evidence through the portal, the algorithm freezes the ongoing penalty calculation while the documents are reviewed by an officer.

5) Flexible deposit balance through a Single Deposit Account: if a taxpayer has already paid a penalty under distress, the Coretax algorithm detects the overpayment and automatically converts it into a deposit balance that can be used for future tax payments.

With Coretax, legal protection for disaster-affected taxpayers is therefore no longer dependent solely on manual processing but can be executed immediately by the system.

4.4. Teleological Evaluation: Rule Utilitarianism as a Balancing Framework

This study proposes that rule utilitarianism is the ethical framework most compatible with modern tax digitalization. Unlike act utilitarianism, which focuses on maximizing utility for a specific action—for example, automatically increasing penalties to raise revenue in the current quarter—rule utilitarianism evaluates morality according to adherence to rules that, if consistently adopted, would generate maximum aggregate welfare over the long term (Mill, 1863/2001; Smart & Williams, 1973).

In the context of Coretax DGT, applying rule utilitarianism means:

1) Algorithmic transparency rules should be prioritized over total system secrecy because transparency builds trust, which constitutes social capital for voluntary compliance.

2) Human-intervention rules should be mandatory for high-impact decisions because procedural accountability prevents the accumulation of injustice that could generate systemic resistance.

3) Data-minimization rules should be enforced as a design standard because limiting data collection prevents leakage, misuse, and erosion of privacy rights, which could in turn damage fiscal legitimacy.

4) Digital-inclusion rules should be integrated into the migration roadmap because equitable access prevents fragmented compliance and ensures that efficiency benefits are broadly distributed.

Under this framework, Coretax DGT should no longer be evaluated solely by compliance ratios or revenue growth but by its ability to create a stable, fair, and consequentially legitimate tax ecosystem over the long term.

4.5. Ethical Governance Recommendations Based on Consequentialist Policy Design

Based on the normative analysis and teleological evaluation above, the following ethical governance recommendations are proposed for consideration by DGT and for integration into the architecture and operation of Coretax DGT.

1. Mandatory Ethical Impact Assessment (EIA)

Teleological justification: prevent systemic negative consequences that may reduce long-term utility.

Operational mechanism: independent evaluation by a multidisciplinary panel consisting of legal, ethics, technology, and economics experts, accompanied by a structured public report.

2. Controlled Algorithmic Transparency Framework

Teleological justification: increase voluntary compliance through institutional trust and procedural rights.

Operational mechanism: publish risk logic, variable weights, error margins, and objection rights without disclosing source code that could be exploited.

3. Human-in-the-Loop Enforcement

Teleological justification: preserve case-specific justice and administrative empathy that support long-term legitimacy.

Operational mechanism: mandatory review by an authorized officer before issuing tax assessment letters or serious sanctions, together with a context-based override mechanism.

4. Internal Data Minimization and Purpose Limitation Charter

Teleological justification: balance fiscal efficiency with rights protection and prevent surveillance creep and security risks.

Operational mechanism: defined data-retention cycles, automatic deletion after the stated purpose is fulfilled, and periodic audits of data access.

5. Structured Digital-Inclusion Transition Strategy

Teleological justification: maintain positive net utility by preventing the marginalization of vulnerable groups.

Operational mechanism: standardized offline channels, certified assistance for MSMEs, technology-adoption incentives, and infrastructure support in disadvantaged, frontier, and outermost regions (3T).

6. Independent Tax Digitalization Oversight Committee

Teleological justification: provide external accountability and public participation in policy design.

Operational mechanism: members from academia, tax practitioners, civil society, and taxpayer representatives, with authority to conduct ethical audits and issue recommendations.

Implementation of these recommendations would not reduce Coretax's administrative efficiency; rather, it would convert ethical risks into long-term legitimacy investments. From a consequentialist perspective, ethical governance is not an additional cost but a prerequisite for system sustainability.

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4.6. Discussion Synthesis: Normative Contribution and Policy Implications

The discussion confirms that tax digitalization through Coretax cannot be separated from normative ethical considerations. The analysis shows that although the Coretax DGT architecture is inherently aligned with teleological objectives—efficiency, revenue optimization, and distributive justice—its implementation faces structural tensions at the algorithmic, distributive, procedural, and data-governance levels. Current regulations, particularly the Job Creation Law and the PDP Law, provide an adequate conceptual foundation but require operational refinement through governance mechanisms that explicitly adopt a rule-utilitarian perspective.

Normatively, this study contributes in three dimensions:

1) Theoretical contribution. It shifts the discourse on digital tax ethics from a deontological approach of rights versus duties toward a consequentialist framework that is more responsive to the complexity of algorithmic systems and their long-term systemic effects.

2) Contextual contribution. It provides a comprehensive analysis of Coretax implementation during 2024–2026 through a teleological ethics lens, bridging the gap between DGT's technical roadmap and contemporary public-policy philosophy.

3) Operational contribution. It formulates an integrated ethical governance framework ethical-by-design, human-in-the-loop, and periodic EIA—that can be directly adopted by policymakers to align fiscal-efficiency mandates with rights protection and procedural justice.

The principal policy implication is that the success of Coretax DGT should not be measured solely through administrative indicators such as compliance ratios, revenue growth, and reductions in the tax gap. It should also be assessed using ethical and social indicators, including public trust, perceptions of procedural fairness, digital inclusion, and the effectiveness of accountability mechanisms. Legitimate tax digitalization is digitalization capable of maximizing aggregate welfare without sacrificing the dignity, justice, and autonomy of taxpayers.

5. CONCLUSION AND RECOMMENDATIONS

The implementation of the Coretax Administration System (CTAS) in Indonesia reflects a paradigm shift in tax administration from a compliance-oriented approach toward systemic outcome optimization. Through the lens of teleological ethics, the system is conceptually aligned with rule utilitarianism because it seeks to maximize long-term welfare, compliance efficiency, and distributive justice. However, the normative analysis identifies ethical tensions concerning algorithmic transparency, the digital divide, proportionality in enforcement, and the synchronization of data protection.

Current regulations, including the Job Creation Law, the PDP Law, Indonesian Ministry of Finance regulations, and DGT regulations, provide an adequate conceptual foundation but require operational refinement through structured ethical-governance mechanisms. Ethical-by-design, human-in-the-loop enforcement, and periodic ethical impact assessments are needed so that the positive consequences of Coretax DGT are not undermined by unmanaged systemic risks. Tax digitalization should not be measured only by revenue figures or compliance ratios but also by its ability to preserve dignity, justice, and public trust.

This study is conceptual-normative; therefore, its projected impacts have not been longitudinally tested. Future research could use comparative case studies of other countries that have implemented similar tax-administration systems.

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