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Regulatory Asymmetry and the Illusion of Tax Neutrality in Islamic Finance: A Socio-Legal Analysis

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Abstract

The rapid growth of Indonesia's Islamic finance industry, a key pillar of national development frameworks such as Asta Cita and the National Medium-Term Development Plan (RPJMN), requires an adaptive, comprehensive, and legally certain tax regime. This article examines regulatory asymmetry in the tax treatment of conventional and Islamic financial instruments. Drawing on legal theory and socio-legal analysis, it argues that rigid application of the "form over substance" doctrine in positive tax law produces systemic inequities. These include double taxation in Murabahah transactions, the disallowance of depreciation expenses in Ijarah and Ijarah Muntahiya Bittamlik (IMBT) contracts, and the misclassification of innovative products, particularly the Syariah Restricted Investment Account (SRIA), through an inappropriate application of the mutatis mutandis principle. The article identifies three dimensions of tax neutrality: formal, substantive, and administrative. It demonstrates that neutrality may be achieved formally while remaining deficient in substance and administration, making tax neutrality largely illusory. Accordingly, it proposes a unified lex specialis to harmonize Sharia principles with fiscal policy, a cross-sectoral Islamic Finance Tax Task Force, and the cautious, statute-first integration of Sharia-based tax parameters into the Coretax Administration System (CTAS). Technological integration, it argues, must follow clear statutory authorization and coherent regulatory standards. These measures aim to address unequal tax burdens, improve legal certainty, and strengthen coordination between tax authorities and Islamic finance institutions. Ultimately, a fair and competitive Islamic finance ecosystem requires neutrality operating not only in legal form but also in substance and administration, thereby advancing fiscal justice and a level playing field.

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INTRODUCTION

For decades, the architecture of global taxation has rested comfortably on conventional economic premises. In Indonesia this legacy manifests as a fiscal system wired for interest-based banking and fixed-return mechanisms: income tax treats interest as a definite return payable regardless of the borrower's real-world profit or loss, and Value Added Tax (VAT) attends mainly to the formal legal event of transferring goods or services. Comparative work on Islamic banking transactions shows that tax outcomes depend heavily on how the design of each transaction is characterized against its conventional equivalent.[1] Islamic finance rests on a different jurisprudential foundation. Grounded in *fiqh muamalah*, it prohibits *riba* (interest), *maysir* (speculation), and *gharar* (excessive uncertainty), and it requires every financing instrument to be backed by tangible assets or structured as a profit-and-loss sharing partnership. When a paradigm that rejects interest operates inside a framework built around interest, systemic friction is the predictable result.

As Indonesia targets ambitious economic growth under its current long-term development plans, the Islamic economic sector is expected to serve as a central pillar. The National Committee for Islamic Economy and Finance (KNEKS) has identified the national tax framework as non-accommodative toward that sector. Doctrinal studies of the Indonesian framework reach a similar conclusion: the tax regime places Islamic instruments at a competitive disadvantage compared with conventional products, particularly in sukuk issuance and murabahah financing, because of multiple transfer taxes and stamp duties.[2] The policy response for VAT on murabahah has itself been contested, since it resolved double taxation by a legal construction that, on one critical reading, sacrificed compliance with Sharia principles.[3] Forcing Islamic products to conform to conventional tax paradigms therefore breeds both inequity and legal uncertainty.

Existing scholarship tends to treat these problems as fragmented symptoms: a double-tax issue in one contract, a deduction issue in another, a classification issue for a new product. Moving beyond that doctrinal fragmentation, this article offers an integrated socio-legal critique of the regulatory asymmetry in sector-specific tax law. It asks two questions. First, how do form-over-substance reasoning and the *mutatis mutandis* technique generate asymmetry between conventional and Islamic instruments, and why does formal equality of treatment fail to deliver neutrality? Second, what legal, institutional, and technological design can turn neutrality from a slogan into an enforceable condition? The original contribution is twofold: a three-layer conception of tax neutrality (formal, substantive, and

[1] Rusell Geronimo, "Taxation of Islamic Banking Transactions," *Bratislava Law Review* 2, no. 2 (2018), https://doi.org/10.46282/blr.2018.2.2.110.

[2] Hikmah Jamil and Inarotul A'yun, "Taxation Challenges in Islamic Financial Instruments: Indonesian Regulatory Framework," *Asian Journal of Law and Islamic Finance* 1, no. 2 (2025): 153–69, https://doi.org/10.59005/alif.v1i2.1025.

[3] Moch. Bukhori Muslim and Abdul Azis, "Complying with Sharia While Exempting from Value-Added Tax: Murābaḥah in Indonesian Islamic Banks," *AHKAM: Jurnal Ilmu Syariah* 22, no. 1 (2022), https://doi.org/10.15408/ajis.v22i1.22833.

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administrative), and a reform architecture combining a unified *lex specialis*, a cross-sectoral task force, and the algorithmic integration of Sharia tax parameters into the national tax administration system.

METHODS

This study employs a doctrinal and socio-legal research methodology situated within a conceptual and normative framework.[4] Rather than merely mapping statutory provisions, the analysis adopts a critical conceptual approach that evaluates theories of fiscal justice, legal certainty, and tax neutrality against the practical realities of Islamic banking. The inquiry is normative and critical in orientation: it asks not only what the rules provide but whether they can deliver the equality of treatment that they claim to guarantee.[5]

Primary legal materials include the General Provisions and Tax Procedures Law (UU KUP), the Income Tax Law, the VAT Law, the Financial Sector Development and Strengthening Law (UU P2SK, Law No. 4 of 2023, and its subsequent amendment), and Government Regulation No. 25 of 2009. Secondary materials consist of peer-reviewed journal articles published between 2016 and 2026 on the taxation of Islamic finance, the substance-over-form doctrine and general anti-avoidance rules, Islamic fiscal ethics, and digital tax administration. The analytical strategy is qualitative and deductive: it deconstructs the administrative interpretation of tax rules, identifies the legal doctrine behind each asymmetry, and tests the proposed institutional reforms for normative validity and sociological feasibility.[6]

The scope and limits of the analysis should be stated plainly. The study does not use interviews, tax court decisions, or audit data. Statements about administrative practice, such as fiscal corrections of depreciation or the tax classification of new products, rest on the doctrinal reading and on the secondary literature, and should be validated against rulings and decisions in later empirical work. Its findings therefore concern legal coherence and the design of institutions, not the measured frequency of disputes.

RESULTS AND DISCUSSION

A. Three Layers of Neutrality and the "Form over Substance" Trap

Tax neutrality is commonly invoked as the principle that similar economic outcomes should bear similar tax burdens regardless of legal form. For Islamic finance the claim has three layers that need to be kept apart. *Formal neutrality* exists when the tax statute contains rules that apply to Sharia-based transactions. *Substantive neutrality* exists when an Islamic instrument and its conventional analogue, which are economically comparable, bear a comparable burden. *Administrative neutrality* exists when the compliance procedures, such as invoicing, withholding, and reporting, treat both alike. The "illusion" of

[4] Peter Mahmud Marzuki, *Penelitian Hukum: Edisi Revisi* (Jakarta: Kencana, 2021).

[5] Zainuddin Ali, *Metode Penelitian Hukum* (Sinar Grafika, 2009).

[6] Wafda Vivid Izziyana and Rahmat Dwi Putranto, *METODE PENELITIAN SO C IO-LEGAL DI INDONESIA*, n.d.

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neutrality arises when the first layer is satisfied, for example because a provision on Sharia financing exists, while the second and third are not. This distinction explains why the literature can report simultaneously that tax neutrality is a policy goal and that Islamic instruments remain disadvantaged.[7]

The dynamic between positive tax law and Islamic finance is driven primarily by the fiscal authority's adherence to the "form over substance" doctrine. Tax administration tends to read the formal legal manifestation of a contract in a highly mechanistic manner and to ignore the underlying economic substance. The doctrine of substance over form is, paradoxically, regarded as the underlying spirit of Indonesia's income tax framework, but it operates mainly as an anti-avoidance tool that allows the authority to disregard the form chosen by the taxpayer.[8]

Scholars note that the principle has not yet been applied properly through specific anti-avoidance rules, which is why a statutory general anti-avoidance rule has been proposed,[9] and that the principle is expressly regulated only in income tax rules, not in VAT.[10] The consequence for Islamic finance is an asymmetry in who may invoke substance. The authority may invoke it against the taxpayer, but an Islamic bank cannot readily invoke it to claim equal treatment, because the VAT statute is read according to form. In this sense substance over form operates as a sword for the authority and not as a shield for the taxpayer.

The clash is most visible in Murabahah (sale and purchase) contracts. Because Sharia principles require the bank to own the asset before selling it to the client with a margin, a sequential transfer of ownership occurs, which a form-based reading treats as two distinct deliveries of taxable goods. The overlap of VAT and the duty on the acquisition of land and building rights (BPHTB) can distort the pricing of Islamic products and make them artificially more expensive than conventional credit. It is important to acknowledge that the legislator has partly responded. The VAT regime for Sharia financing now treats the delivery of taxable goods as made directly from the supplier to the customer, which removes the second VAT event. Scholarly assessment, however, is that this solution cures double taxation by a legal fiction that departs from the Sharia construction of the bank's ownership.[11] Burdens also persist

[7] Hikmah Jamil and Inarotul A'yun, "Taxation Challenges in Islamic Financial Instruments: Indonesian Regulatory Framework," *Asian Journal of Law and Islamic Finance* 1, no. 2 (2025): 153–69, https://doi.org/10.59005/alif.v1i2.1025.

[8] Jessyca Wulandari and Maria R U D Tambunan, "The Substance Over Form Principle in Indonesia: Strengthening GAAR to Combat Tax Avoidance," *EDUCORETAX* 6, no. 2 (2026): 108–25, https://doi.org/10.54957/educoretax.v6i2.2086.

[9] Suparna Wijaya and Dewi Sekarsari Kusumaningtyas, "Analyzing and Formulating a Statutory General Anti-Avoidance Rule (GAAR) in Indonesia," *Jurnal Ilmiah Akuntansi Dan Bisnis* 15, no. 1 (2020): 35–48, https://doi.org/10.24843/JIAB.2020.v15.i01.p04.

[10] I Made Rai Wijara Yasa and Ida Ayu Sadnyini, "Substance Over Form vs Authentic Deed: Liability and Legal Certainty for VAT Transfer of Land," *Jurnal Ius Constituendum* 10, no. 2 (2025), https://doi.org/10.26623/jic.v10i2.11959.

[11] Muslim and Azis, "Complying with Sharia While Exempting from Value-Added Tax: Murābaḥah in Indonesian Islamic Banks."

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in transfer taxes and stamp duties.[12] The asymmetry has therefore shifted rather than disappeared: it now lies in residual transfer-tax burdens and in the Sharia-compliance cost of the fiction, which is a substantive and not merely a formal problem.

Table 1. Instruments, Analogues, and the Locus of Asymmetry

Instrument	Sharia structure	Conventional analogue	Locus of asymmetry	Literature
Murabahah	Bank acquires the asset, then sells it to the client at a disclosed margin	Interest-bearing loan to purchase an asset	Sequential transfers; VAT fiction; transfer taxes and stamp duties	Muslim and Azis; Jamil and A'yun
Ijarah / IMBT	Bank owns and leases the asset; IMBT adds a transfer of ownership at the end of the term	Financial lease with purchase option	Characterization of lessor and depreciation (thesis of this article)	Polindi
SRIA	Restricted investment account with mezzanine characteristics	No direct analogue	Classification by analogy to interest-bearing products (*mutatis mutandis*)	Thesis of this article
Sukuk	Asset-backed certificates	Bonds	Transfer taxes, stamp duties, and the role of incentives	Jamil and A'yun; Rahmawati et al.
Takaful	Donation (*tabarru'*)-based insurance	Conventional insurance	Sharia compatibility of indirect tax (Malaysian GST debate)	Lukman and Elatrash

B. Ijarah, IMBT, and the Problem of Competing "Substances"

Equally disruptive is the treatment of Ijarah (pure lease) and Ijarah Muntahiya Bittamlik (lease ending with ownership). IMBT combines a lease with a transfer of ownership at the end of the term, and it is one of the few Islamic banking products without a conventional counterpart in the same form. The literature observes that it is a promising solution for low-cost housing finance but remains rarely used, partly because of limited knowledge and practical exploration of the contract.[13] Under Islamic accounting standards the Islamic bank acts as the *mu'jir* (lessor and owner) and bears the risks of ownership, which is why it is entitled to depreciate the leased asset. The position developed in this article is that the conventional tax lens equates the transaction with a financial lease with an option right, a regime that prohibits the lessor from depreciating the leased capital goods, so that depreciation reported as a

[12] Jamil and A'yun, "Taxation Challenges in Islamic Financial Instruments: Indonesian Regulatory Framework."

[13] Miko Polindi, "Implementasi Ijarah Dan Ijarah Muntahia Bit-Tamlik (IMBT) Dalam Perbankan Syariah Di Indonesia," *Al-Intaj: Jurnal Ekonomi Dan Perbankan Syariah* 2, no. 1 (2018), https://doi.org/10.29300/aij.v2i1.1105.

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legitimate operating cost is exposed to fiscal correction. Whether and how often such corrections occur is an empirical question that this normative study cannot settle, but the structure of the problem is clear.

This case reveals a theoretical point that the "form over substance" debate often overlooks: substance is not neutral. Two normative systems define the "substance" of an IMBT differently. The tax authority reads the economic function of the arrangement, which is financing, and therefore applies the financing analogue. Sharia law reads the allocation of ownership and risk, which remains with the bank until the transfer, and therefore treats the bank as owner. When the tax rule adopts one of these "substances" without explaining why it prevails, the choice is experienced by the Islamic bank as discrimination. A neutral rule would state expressly which economic reality governs for tax purposes and why, rather than leaving the answer to audit discretion. The question of discretion is itself a legal issue, since the limits of the tax authority's power and the problem of abuse of authority in tax administration have been analyzed from the perspective of state administrative law.[14]

Comparative experience illustrates the cost of leaving the matter open. In a study of Ethiopian law, uncertainty about the rule applicable to the taxation of Islamic finance is associated with cumbersome costs, problems of deduction, and the absence of parity with conventional finance. The Malaysian experience shows a different path: the application of the goods and services tax to *takāful* products was subjected to explicit Sharia appraisal,[15] and the compatibility of the indirect tax system with Sharia principles has been examined against criteria drawn from classical and contemporary scholars.[16] Comparative research on sukuk markets likewise reports that practices preventing double taxation and exempting stamp duty, as in Malaysia and the United Arab Emirates, have supported market growth.[17] The lesson is not that Indonesia should copy another regime, but that explicit and reasoned legislation reduces the room for inconsistent administrative characterization.[18]

C. Mutatis Mutandis as a Regulatory Technique: A Blunt Instrument

For over a decade the government has relied on Government Regulation No. 25 of 2009 and its derivative rules, which hinge on the principle of *mutatis mutandis*, meaning that all necessary changes

[14] I Fransisca et al., "Abuse of Authority by the Directorate General of Taxes: State Administrative Law Perspective," *Jurnal Hukum De'rechtsstaat* 11, no. 1 (2025): 19–35, https://doi.org/10.30997/jhd.v11i1.15497.

[15] Burhanudin Burhanudin, "Chemical Castration Punishment Sanctions for Pedophilia Perpetrators in Indonesia," *Jurnal Cita Hukum* 11, no. 3 (2023): 375–402, https://doi.org/10.15408/jch.v11i3.36025.

[16] Mohammad Radzi Mohammad Sharif, Selamah Maamor, and Abu Sufian Abu Bakar, "Analysing the Application of Syariah Principles in Malaysia's Indirect Taxation System," *Mabsya* 6, no. 2 (2024), https://doi.org/10.24090/mabsya.v6i2.12248.

[17] Fera Wulandari Fajrin et al., "Penggunaan Kekuatan Aparat Terhadap Kebebasan Berkumpul Dan Berpendapat Di Indonesia Dalam Kerangka ICCPR," *Jurnal Fundamental Justice* 7, no. 1 (2026): 83–98, https://doi.org/10.30812/fundamental.v7i1.6219.

[18] Farida Ayu Avisena Nusantari, Yuphi Handoko, and Imam Tri Wibowo, "Digitalization of Tax Administration and Compliance of Islamic Banks," *EDUCORETAX* 6, no. 8 (2026), https://doi.org/10.54957/educoretax.v6i8.2398.

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having been made, conventional tax rules apply to Sharia-based transactions. The technique appears economical, but it delegates the hardest question, namely what must change, to the tax administrator. Its working assumption is functional equivalence: every Islamic instrument can be mapped onto a conventional analogue and taxed accordingly. Where an analogue exists, as for murabahah and ijarah, the result is the asymmetries described above. Where none exists, as for an instrument with mezzanine characteristics such as the SRIA, classification defaults to the nearest interest-like category, which is the misclassification identified in this article.[19]

Fiscal treatment shapes market behavior, so classification errors are not merely technical. Empirical work on corporate sukuk indicates that taxation policy under the State Sharia Securities Law, including final income tax exemptions and the fiscal treatment of Sharia contracts, is a key factor in corporate decisions to issue sukuk.[20] Studies of municipal sukuk identify regulatory and structural constraints as obstacles to issuance,[21] and the doctrinal review of Indonesia's tax framework calls for comprehensive reform that integrates Sharia principles with conventional tax law.[22] After the enactment of the UU P2SK, which was itself amended again in 2026, innovative mechanisms such as the SRIA, together with Sharia insurance (*ujrah* issues) and cash waqf investments, are in the author's doctrinal reading still exposed to conventional interest-tax regimes. A regulatory technique that cannot keep pace with product innovation actively stifles innovation, because issuers must price the risk of adverse characterization.[23]

D. Socio-Legal Dimensions: Fiscal Justice, Trust, and Compliance

A socio-legal reading shows that the asymmetry has consequences beyond the individual taxpayer. Islamic banks, when they bear a heavier tax burden, price their products higher, and customers who choose Sharia-compliant financing for religious reasons pay the difference. Even where the law has been corrected, perception matters. Studies on the relationship between mandatory zakat arrangements and tax revenue report that the perception of double taxation remains a structural obstacle to compliance

[19] Zulfa Royani and Yulianti, "Analyzing General Anti-Avoidance Rule (GAAR) Policy in Indonesia," *E-Jurnal Akuntansi* 34, no. 8 (2024): 1916–28, https://doi.org/10.24843/EJA.2024.v34.i08.p01.

[20] Shelly Putri Rahmawati, Isman, and Mamdukh Budiman, "Empirical Analysis of the Impact of Taxation Policy on the Interest of Corporate Sharia Sukuk Issuance in Indonesia Perspective of SBSN National Sharia Securities Law," *Qawānïn Journal of Economic Syaria Law* 9, no. 2 (2025): 92–113, https://doi.org/10.30762/qaw.v9i2.742.

[21] Imron Mawardi, Tika Widiastuti, and Muhammad Ubaidillah Al Mustofa, "Constraints and Strategies for Municipal Sukuk Issuance in Indonesia," *Journal of Islamic Accounting and Business Research* 13, no. 3 (2022): 464–85, https://doi.org/10.1108/JIABR-03-2021-0082.

[22] Jamil and A'yun, "Taxation Challenges in Islamic Financial Instruments: Indonesian Regulatory Framework."

[23] Ghezal Mohamed, Rusni Hassan, and Ahcene Lahsasna, "Legal and Regulatory Approaches in Ṣukūk Issuance: A Comparative Analysis," *UUM Journal of Legal Studies* 13, no. 1 (2022), https://doi.org/10.32890/uumjls2022.13.1.11.

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among Muslim taxpayers and call for regulatory harmonization and clearer fiscal incentives.[24] This finding supports the view that legal certainty must be assessed from the taxpayer's standpoint as well as the statute's.

Islamic legal theory offers a normative resource for framing neutrality as a matter of justice rather than privilege. Comparative analysis of the principles of taxation in *siyasah shar'iyyah* identifies justice, the prohibition of exploitation, the funding of public services, transparency and accountability, and the distribution of wealth as core principles.[25] Read against these principles, parity of treatment between Islamic and conventional instruments is required by justice, because it prevents a group of taxpayers from bearing an additional burden merely because of the form of contract demanded by their religious convictions. The same principles demand transparency and accountability from the authority. Research on zakat compliance links the governance of institutions to compliance through legitimacy, suggesting by analogy that trust in the tax institution and in the predictability of its decisions is a condition of voluntary compliance.[26]

E. Institutional Reform: A Unified Lex Specialis and the Islamic Finance Tax Task Force

To dismantle these barriers, incremental amendments are no longer sufficient. A comprehensive, unified regulation (*lex specialis*) is needed that codifies the tax treatment of all Islamic financial products across income tax, VAT, and regional taxes. A constitutional argument supports the choice of a statute: Article 23A of the 1945 Constitution provides that taxes and other compulsory levies for state purposes are regulated by law, so that a patchwork of government and ministerial regulations is a fragile basis for deciding who bears which burden. The proposed instrument should contain five elements. First, definitions that classify products by their Sharia function and not by their label. Second, an express parity clause stating that the substance-over-form doctrine applies for the benefit of the taxpayer as well as against the taxpayer, and which economic reality (financing or ownership) governs each contract type. Third, product-specific rules on VAT, transfer taxes, withholding, and depreciation for murabahah, ijarah, IMBT, sukuk, SRIA, takaful, and cash waqf. Fourth, a mechanism for advance rulings and for adding new instruments without a new statute. Fifth, transitional provisions that protect transactions concluded under earlier characterizations.

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[24] Dwi Mutiara Kintan Mania, Ismana, and Mamdukh Budiman, "The Effect of the Implementation of Mandatory Zakat Law on Tax Revenue in Indonesia," *Suhuf: International Journal of Islamic Studies* 37, no. 2 (2025), https://doi.org/10.23917/suhuf.v37i2.12331.

[25] Muhammad Irwan Ariffin, "A Comparative Analysis on Economic Roles of Government and Principles of Taxation between Public Economics and Siyasah Shar'Iyyah," *Global Review of Islamic Economics and Business* 11, no. 2 (2023): 15–26, https://doi.org/10.14421/grieb.2023.112-02.

[26] Abdulsalam Ahmed Sawmar and Mustafa Omar Mohammed, "Enhancing Zakat Compliance through Good Governance: A Conceptual Framework," *ISRA International Journal of Islamic Finance* 13, no. 1 (2021): 136–54, https://doi.org/10.1108/IJIF-10-2018-0116.

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Institutional governance also requires a radical overhaul. A "Sharia Finance Tax Task Force" should be established to foster cross-agency coordination among the Ministry of Finance, the Financial Services Authority (OJK), and the National Sharia Board (DSN-MUI). Its functions would be to issue classification opinions for new products, to maintain the reference tables used by the tax administration, to monitor disputes, and to report on neutrality indicators. The need for such coordination is illustrated by recent analysis of the digital tax administration, which shows that regimes operating in parallel without normative integration create overlapping authority, uncertainty, and a vacuum in cross-institutional responsibility. The task force must itself be bound by limits, and the scholarship on abuse of authority in tax administration suggests that discretionary powers need clear statutory boundaries and review mechanisms.[27]

A parity clause creates a risk of abuse, since a Sharia label could be used to obtain favorable treatment. The reform must therefore be paired with anti-avoidance safeguards. Proposals for a statutory general anti-avoidance rule respond to the same uncertainty in the application of substance over form,[28] and recent analysis argues that clear parameters of economic substance are needed to strengthen legal certainty for taxpayers and ensure consistent enforcement.[29] A lex specialis for Islamic finance should embed such parameters, so that neutrality means equal treatment of equal substance and not a subsidy.

Table 2. Reform Architecture by Layer of Neutrality

Layer	Failure mode	Reform instrument	Indicator of success
Formal	Rules exist but follow a conventional analogue by *mutatis mutandis*	Unified *lex specialis* with product-specific provisions	Each product has an express rule; no classification by analogy
Substantive	Equal economic outcomes bear unequal burdens (VAT fiction, transfer taxes, depreciation)	Parity clause; defined economic-substance parameters; GAAR safeguard	Comparable effective burden for equivalent instruments
Administrative	Divergent audit practice; manual corrections	Task Force opinions; advance rulings; validated Coretax parameters	Fewer disputes and corrections for Sharia-compliant contracts

F. Algorithmic Integration into the Coretax Administration System

Beyond substantive law, administrative technology determines whether neutrality is delivered in practice. The Directorate General of Taxes introduced the Coretax Administration System (CTAS) in 2025

[27] Fransisca et al., "Abuse of Authority by the Directorate General of Taxes: State Administrative Law Perspective."

[28] Wijaya and Kusumaningtyas, "Analyzing and Formulating a Statutory General Anti-Avoidance Rule (GAAR) in Indonesia."

[29] Sri Wulandari and Nurlaili Husna, "Prinsip-Prinsip Hak Asasi Manusia Dalam Pengendalian Massa Oleh Satuan Samapta Kepolisian Negara Republik Indonesia," *Jurnal Spektrum Hukum* 23, no. 2 (2026), https://doi.org/10.56444/sh.v23i2.7425.

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as an integrated platform for tax processes. Early assessments examine its implementation, impacts, and challenges for tax revenue,[30] and the effectiveness of taxpayer data security within the Directorate General of Taxes has been a recurrent concern.[31] In this setting, the specialized rules for Islamic finance should be integrated into CTAS. By coding Sharia-specific taxonomies and validation rules into the e-Faktur and e-Bupot modules, the system could recognize that the asset acquisition and sale in a murabahah form one financing arrangement and not two deliveries, flag IMBT lessors for the depreciation treatment specified by the lex specialis, and route unknown instruments to the task force and not to automatic correction. This would eliminate field disputes arising from inconsistent manual interpretation and secure administrative neutrality.

Algorithmic integration is not, however, a neutral technical step, and four safeguards are needed. The first is the order of authority: statute first, code second. If product classification were coded before the law settles it, the software would become de facto law and would freeze one interpretation. The second is contestability. Taxpayers need an explanation of the automated result and an effective right to object; analysis of Coretax under the personal data protection regime notes that data subjects may object to decisions made entirely by automated systems, and that the position of the tax authority as both data controller and electronic system operator creates overlapping obligations that technical regulation has not yet resolved. The third is data governance. Scholarship on Indonesia's data protection regime reports structural weaknesses, including the absence of an independent supervisory authority,[32] doubts whether the legal framework meets the needs of the digital economy,[33] gaps in the protection of population data, which is the foundation of the integrated taxpayer identity, and the importance of interoperability and data portability.[34] The fourth is human review: rules for Sharia contracts will be incomplete at first, so false positives must be reviewed by an official with authority to decide and not left to default.

[30] Khomarul Hidayat, "China Rilis Pedoman Anti-Monopoli Untuk Platform Internet, Ini Isinya," Kontan International, 2026, https://internasional.kontan.co.id/news/china-rilis-pedoman-anti-monopoli-untuk-platform-internet-ini-isinya.

[31] N Rulandari et al., "Analysis of the Effectiveness of Taxpayer Data Security in Implementing Tax Obligations at the Directorate General of Taxes," *Journal of Governance and Public Policy* 9, no. 3 (2022): 241–54, https://doi.org/10.18196/jgpp.v9i3.15976.

[32] I Gusti Ngurah Parikesit Widiatedja and Neha Mishra, "Establishing an Independent Data Protection Authority in Indonesia: A Future-Forward Perspective," *International Review of Law, Computers & Technology* 37, no. 3 (2023): 252–73, https://doi.org/10.1080/13600869.2022.2155793.

[33] S D Rosadi et al., "Indonesia's Personal Data Protection Bill, 2020: Does It Meet the Needs of the New Digital Economy?," *International Review of Law, Computers & Technology* 37, no. 1 (2023): 78–90, https://doi.org/10.1080/13600869.2022.2114660.

[34] J Wiwoho, U K Pati, and A M Pratama, "Enabling Data Portability and Interoperability under Indonesia's Data Protection Law," *Masalah-Masalah Hukum* 53, no. 3 (2024): 271–82, https://doi.org/10.14710/mmh.53.3.2024.271-282.

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G. Counter-Arguments, Boundaries, and Implications

Several objections must be addressed. The first is that neutrality in the sense proposed would amount to a tax privilege for Islamic finance. The argument advanced here is for parity, not subsidy: equal substance should bear equal burden. Whether further incentives are desirable is a separate policy question, which the literature identifies as an area for future research on market penetration.[35] The second is revenue and abuse, addressed through the anti-avoidance safeguards above. The third concerns pluralism. Sharia opinions are not uniform, and a coded taxonomy that depends on a single authoritative reading risks excluding other views. The task force should therefore publish the reasoning behind classifications and allow reconsideration.[36] The fourth is evidential. This article relies on doctrinal analysis, and claims about the frequency of corrections or disputes should be tested using tax court decisions and administrative data.

For legal theory, the analysis suggests that neutrality should be assessed at three layers and that the doctrine of substance over form is incomplete unless it states which normative system defines economic substance. For socio-legal studies, it shows that perception, trust, and administrative capacity are part of the content of legal certainty. For governance, it indicates that the reform of a sector-specific tax regime must combine legislation, institutions, and technology in a defined order: statute, then institution, then code.[37]

CONCLUSION

The systemic regulatory asymmetry between conventional and Islamic finance distorts the competitiveness of the Sharia industry in Indonesia. In response to the first research question, the asymmetry arises because the tax system reads form while the Sharia structure allocates ownership and risk differently, because substance over form works as a tool of the authority and not as a right of the taxpayer, and because the *mutatis mutandis* technique delegates classification to the administrator. It appears as double or residual taxation in murabahah, the exposure of depreciation in ijarah and IMBT, and the misclassification of post-P2SK innovations such as the SRIA. Formal equality of treatment fails to deliver neutrality because neutrality has three layers, and the substantive and administrative layers are not met.

In response to the second research question, structural transformation is needed rather than reactive patching: a unified *lex specialis* with an express parity clause and economic-substance

[35] Jamil and A'yun, "Taxation Challenges in Islamic Financial Instruments: Indonesian Regulatory Framework."

[36] Muhammad Valen Hakim and Nunung Nurhayati, "Implementation of the Ijarah Muntahiyah Bittamlik Contract in Islamic Banking: Benefits and Challenges (Case Study on Bank Syariah Indonesia)," *Research Journal of Finance and Accounting* 16, no. 10 (2025), https://doi.org/10.7176/RJFA/16-10-01.

[37] Shelly Putri Rahmawati, Isman, and Mamdukh Budiman, "Empirical Analysis of the Impact of Taxation Policy on the Interest of Corporate Sharia Sukuk Issuance in Indonesia Perspective of SBSN National Sharia Securities Law," *Qawãnïn Journal of Economic Syaria Law* 9, no. 2 (2025): 92–113, https://doi.org/10.30762/qaw.v9i2.742.

parameters; a cross-sectoral Islamic Finance Tax Task Force; and a statute-first, contestable, and privacy-protective integration of Sharia tax parameters into the Coretax Administration System. The limits of the study are that it is doctrinal and does not use audit data or court decisions. Future theoretical and socio-legal research should test the frequency and outcomes of disputes, compare the design of parity clauses across jurisdictions, and examine how digital tax administration can encode plural Sharia interpretations without freezing them. Establishing the task force and embedding validated Islamic tax parameters in Coretax are necessary, but not sufficient, steps toward a neutral and equitable fiscal ecosystem.

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