Eduvest – Journal of Universal Studies
Volume 5 Number 10, October, 2025
p- ISSN 2775-3735- e-ISSN 2775-3727

The Role of Tax Consultants as Client Advisors in Facing Tax Disputes: A Phenomenological Approach

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ABSTRACT

Tax regulations often provide only guidance and not concrete steps, leaving significant room for interpretation by the relevant parties themselves. The DGT and taxpayers frequently disagree when differences arise in the interpretation of tax regulations applied in business processes, often resulting in disputes. In dealing with tax disputes, the role of the consultant as a client advisor emerges as the dominant one, because when facing a tax dispute, the tax consultant acts as an extension of the taxpayer, authorized to help the taxpayer defend their position as someone who has fulfilled their tax obligations appropriately. The purpose of this research is to interpret the role of tax consultants as client companions in dealing with tax disputes, by referring to the code of ethics of tax consultants and their practical experiences. This research employs a phenomenological approach within the framework of qualitative research. In this study, data sources in the form of literature were obtained through digital libraries/electronic libraries, individual full-text journal databases, official websites, and online repositories. The results of this research show that the role of tax consultants as client advisors in addressing tax disputes is very complex and challenging. Tax consultants are not only required to possess strong technical competence in the field of taxation, but must also be able to balance client expectations with moral obligations and professional ethics, as stipulated in the IKPI Code of Ethics.

KEYWORDS *Code of Ethics, Integrity, Mediator, Phenomenology, Professional Ethics, Tax Consultant, Tax Disputes*

INTRODUCTION

Self-Assessment System (SAS) is a tax system used by the Indonesian government, where taxpayers are authorized to calculate and report the amount of tax liability owed. The implementation of SAS does not mean that taxpayers can act arbitrarily in determining their tax obligations (Asrinanda, 2018; Davis et al., 2023; Erawati & Pawestri, 2022; Prachayagringkai et al., 2023; Putri et al., 2022). The government still maintains a supervisory system within its body, which functions as an extension of the state to oversee the public in carrying out their tax responsibilities. This role is carried out by the Directorate General of Taxes (DGT). Given the complexity of the Indonesian tax system, the DGT has made efforts to provide counseling and disseminate information on new regulations through various channels, such as the internal DGT website, discussion forums, and direct counseling sessions with taxpayers. These measures are intended to ensure that the latest information reaches taxpayers. However, despite these efforts, inequality persists due to the limited number of tax officers compared with the very large population of taxpayers spread across Indonesia (Aribowo et al., 2023; Matabean & Juwono, 2021; Nugraha & Balogun, 2022; Ratnawati et al., 2021; Rulandari et al., 2022). This imbalance hinders the DGT's ability to reach all taxpayers effectively. The complexity of the frequently changing tax system, combined with the limited capacity of the DGT to communicate such updates, inevitably creates an information gap, which leads many taxpayers to fail in properly fulfilling their tax obligations in accordance with the requirements of the law and supporting regulations (Astri & Witarti, 2018; Lestari & Pamungkas, 2019; Yakin, 2024; Zamzam et al., 2022).

The DGT, as an extension of the government, not only functions as a supervisor but also as a law enforcer for actions taken by taxpayers which, according to the DGT's interpretation, are not in line with the provisions of applicable tax regulations. The key issue here lies in interpretation. Tax regulations often provide only general guidance rather than concrete steps, which leaves substantial room for interpretation by the involved parties. Inevitably, differences arise between the DGT and taxpayers when interpretations of tax regulations within business processes diverge (Belda, 2023; Wiharta Mandasari & Nuryanah, 2023). To address these disputes, formal legal remedies are available, whereby taxpayers may file an objection or an appeal. The objection is submitted directly to the DGT, whereas the appeal process must be filed with the Tax Court.

Tax disputes themselves constitute a formal legal forum for resolving differences of opinion between taxpayers and the DGT. In this study, what is meant by tax disputes refers to the process of tax appeals before the Tax Court. Empirical evidence shows that taxpayers achieve a higher rate of success at the appeal stage in Tax Court, as reflected in the following table:

Table 1. Percentage of Decisions Upholding the Object of Appeal

Year	Directorate General of Taxes	Taxpayer
2024	44%	56%
2023	44%	56%
2022	45%	55%
2021	43%	57%
2020	43%	57%
2019	41%	59%
2018	44%	56%
Average	**43%**	**57%**

Source: Performance Report of the Directorate General of Taxes 2018-2024

The taxpayer's victory rate at the lawsuit/appeal level, which reaches an average of 57%, is not solely due to the taxpayer's own efforts. The assistance of tax consultants, acting as advisors to taxpayers in tax disputes, plays a significant role in achieving this high success rate. Tax consultants are professionals with specialized expertise in taxation who provide services to taxpayers, one of which is advisory services in handling tax disputes.

In general, tax consultants have a unique role. On the one hand, they are expected to protect and advocate for their clients' tax rights as advisors. On the other hand, they also serve the government by educating taxpayers, encouraging compliance with applicable tax regulations, and ensuring that taxes are paid in accordance with actual circumstances. In the context of tax disputes, the consultant's role as a client advisor becomes dominant, as the tax consultant acts as an extension of the taxpayer, authorized to defend the taxpayer's position as someone who has properly fulfilled their tax obligations.

Research by Darmayasa and Aneswari (2015), Squirting et al. (2019), and Prajnasari (2020) revealed that tax consultants are sometimes vulnerable to unethical decisions in relation to clients, as they tend to prioritize defending clients' interests and rights. Meanwhile, Fogarty and Jones (2014) argue that tax consulting is fundamentally an ethical profession, and consultants are not expected to put themselves in a compromising position solely for clients' benefits. Based on previous research, there are differences in perspectives regarding the role of tax consultants and the extent to which they should act as advisors to taxpayers (Gupta, 2015). Therefore, the purpose of this study is to interpret the role of tax consultants as client advisors in tax disputes.

The purpose of this study is to explore the role of tax consultants as client companions in addressing tax disputes, with reference to the code of ethics governing tax consultants and their practical experiences in the field. The theoretical contribution of this research is to provide a study of how ethical codes are applied in practice, especially when tax consultants assist taxpayers in tax disputes. This study is expected to contribute to the development of ethical theories within the tax profession and to explain how ethics influences professional practice in this area. Practically, this research will help taxpayers understand how tax consultants function as their advisors in tax disputes, while also providing insights for tax consultants into the importance of adhering to codes of conduct, particularly when assisting clients in disputes with tax authorities.

METHOD

This research employed a qualitative approach using phenomenological methodology to explore and interpret the lived experiences of tax consultants in their roles as client advisors during tax disputes. The phenomenological approach, based on Husserl's philosophy as operationalized by Carpenter (1999), was chosen because it allowed researchers to gain an in-depth understanding of the meaning and essence of the phenomenon through the direct experiences of individuals who encountered it (Husserl, 1970).

The research emphasized participants' perspectives as professionals in their fields and how their practices were reflected in real-life experiences, as captured in interviews. The voices and meanings given by participants to their experience of handling tax disputes became the central focus of the analysis. Data collection was carried out in-depth with participants who had relevant professional experience, allowing researchers to capture the complexities of their roles in practice. The study was therefore expected to provide a rich description and interpretation of the role of tax consultants in the context of tax disputes.

This study followed Carpenter's (1999) structured directions for phenomenological research, given that Husserl's philosophy did not provide specific research steps. Carpenter's guidelines, based on Husserl's phenomenological principles, provided systematic procedures for data collection and analysis.

The focus of this study was the role of tax consultants as advisors to clients in tax disputes, including how they assisted taxpayers during the appeal process in tax court and formulated arguments and strategies to defend their clients' rights. The research subjects were tax consultants who provided professional advisory services to taxpayers. Their perspectives helped illustrate how they carried out their advisory roles and the challenges they faced in practice.

Secondary data were obtained through digital libraries, journal databases, and online repositories. Searches used keywords such as "tax consultant code of ethics," "tax consultant role," and "tax dispute." Collected literature was documented, classified, and then assessed for quality, with sources selected from accredited or indexed journals (Jesson et al., 2011).

Primary data consisted of semi-structured interviews with professional tax consultants. Informants were selected based on the criteria that they had handled at least five tax disputes and held positions above junior or associate level. Consultants at senior, manager, or partner level were considered capable of making significant contributions in handling such cases. Informants also held a Legal Attorney (IKH) license or certification in taxation, or formal education in relevant fields such as law, management, accounting, or taxation. These criteria ensured that each participant possessed adequate experience to describe their involvement in tax disputes.

During interviews, researchers used open-ended questions to allow informants to share experiences freely and accurately (Carpenter, 1999). Each session was recorded and, when necessary, conducted more than once until data saturation was reached.

The analysis of interview data began with verbatim transcription of the recordings. Transcripts were checked for accuracy and then analyzed. Researchers repeatedly read the transcripts to immerse themselves in the data, identify key statements, and extract meanings. This process preserved the uniqueness of participants' lived experiences and allowed for deeper interpretation (Banonis, 1989; Carpenter, 1999).

RESULTS AND DISCUSSION

1. Expectations and Reality of Tax Consultant Services

In general, a tax consultant is defined in the IKPI code of ethics as a person who provides tax services to Taxpayers in order to exercise their rights and fulfill their tax obligations in accordance with tax laws and regulations and tax consultants are also explicitly stated in the code of ethics as a provider of assistance services (*advisors*) for Taxpayers in the context of tax audits and tax disputes.

In the mentoring process, it is undeniable that taxpayers tend to expect tax consultants to function as a shield that can defend their interests in the face of tax authorities. Thus, taxpayers expect to avoid the need to incur additional costs in settling tax obligations set by tax authorities based on their one-sided interpretation of the applicable provisions. Taxpayers' expectations in using consultant services are also felt by Gracia. He argued that it is common that the main reason for taxpayers to use tax consultants is to minimize the tax burden that will be borne both tax debts and fines or administrative sanctions. In detail, Gracia argues that:

> "Every client hopes that the tax disputes that occur can be minimized as much as possible, with the minimum possible fines. Maybe in my opinion every client must expect to win in every case" (Gracia).

An ethical dilemma occurs when a taxpayer expects certainty of victory over the tax dispute case he is facing. As a service user (taxpayer), he must expect a return for the costs he has incurred in appointing a tax consultant as an advisor in a tax dispute process that he is facing.

Often, taxpayers question the likelihood of success in a dispute they are facing, and of course expect to get an answer that they will definitely win the dispute by using the services of a tax consultant. Although the tax consultant acts as an advisor to the client, this does not mean that the consultant is entitled to provide guarantees or personal opinions regarding the outcome of a tax dispute case to ensure that the taxpayer will use his services.

In the code of ethics for tax consultants, it is stated that a consultant is prohibited from providing certainty guarantees to clients regarding the results of work completion. This clause can be interpreted that tax consultants are not allowed to give 100% confidence that they can help taxpayers win ongoing tax disputes. To overcome the overly high expectations of their role, tax consultants must be able to put themselves in a strategic position and explain their role to taxpayers in a more realistic way.

In the context of a tax dispute, a tax consultant cannot provide a 100% guarantee regarding the probability of a taxpayer's victory in a case that is still ongoing. Instead, tax consultants will play an active role in identifying relevant legal and literature bases, which will be used in shaping persuasive arguments. This argument aims to convince judges as decision-makers in tax courts to consider the taxpayer's perspective and all the legal bases that support their position. Thus, tax consultants seek to increase the chances of judges to decide in favor of taxpayers. This is in line with the results of the interview with Evania in the following quote.

> "If we defend desperately, on the one hand, yes, we defend them because no matter how we provide services for them, only on the other hand we also have to understand the case, if the case is weak and we remain as advocates for them as a consultant, yes we have to tell them, this is your case, there are weaknesses here and there, this is a possibility that cannot be won. But for the tax court in front of the tax court or in front of the DGT, yes, we will definitely defend our clients until the last drop of blood" (Evania).

In the statement, we can observe the dedication of the tax consultant in carrying out his role as a representative of the taxpayer during the tax dispute process. Tax consultants show seriousness in understanding their responsibilities, but this does not mean that they will do everything they can to get the opportunity to be a taxpayer's proxy in dealing with disputes, such as giving promises of victory in cases that are still in process.

2. Ethical Decision-Making in Tax Disputes

Law of the Republic of Indonesia Number 14 of 2002 concerning the Tax Court explains that a tax dispute is a dispute that occurs in the field of taxation between a taxpayer and an authorized official (DGT), which arises as a result of the issuance of a decision that can be submitted for appeal or lawsuit. The tax dispute process regulated in the provision also emphasizes the importance of fair settlement with fast, cheap, and simple procedures.

But in reality, tax disputes are a complex process that takes time from all parties involved. The complexity of this tax dispute is also stated by Evania and Stefanie below.

> "The first tax dispute that came to my mind was a very long and complicated process. Because like we must object, after that we appeal, after that if we lose our appeal or our appeal wins, usually a review will be submitted. Hence, it was a very long process that was not as simple as the job" (Evania).
>
> "The impression of tax disputes in me is that there is a lot of preparation from documents, data, documents and how we have to understand the dispute, which is the most affected to me because it is quite confused and dizzying." (Stefanie).

The complexity of this process raises the intention of the relevant parties to solve the problem through illegal methods and has the potential to undermine all applicable basic ethical standards. The Tax Consultant's Code of Ethics states that tax consultants are prohibited from accepting requests from clients or other parties to carry out engineering or acts that are contrary to tax regulations. To avoid the tax dispute process, taxpayers may ask a tax consultant to conduct "undertable dealing", which is the practice of transactions or agreements that are carried out secretly and unofficially. This is an attractive option because taxpayers do not need to be involved in all processes and complexities of tax disputes and do not directly engage in the process of illegal transactions by using the services of a tax consultant. The fact of this practice is refuted by the results of the interview of Gracia and Evania who said:

> "...As tax consultants, we should hold our own code of ethics, tax consultants should uphold honesty, they shouldn't take bribes to alleviate this, what is the client's dispute?" (Grace).
>
> "If I am one of the employees in the tax consultant office where my office really upholds integrity, we usually tell our clients, that we better be honest, we play cleanly, we provide the existing data, the supporting documents that are quite rich. If I myself honestly disagree with it in that way." (Evania).

The option to carry out *tax evasion* is always in practice, but tax consultants have a responsibility to respect the trust given by the community and the government, in accordance with the code of ethics. In an effort to defend taxpayer rights, tax consultants must consider the moral aspects of every service they provide.

CONCLUSION

The role of tax consultants as client advisors in tax disputes is complex, requiring not only technical expertise but also the ability to balance client expectations with professional ethics as set out in the IKPI Code of Ethics. While clients often expect consultants to act as a protective shield guaranteeing success, consultants must uphold integrity, honesty, and professionalism, avoiding promises of absolute victory. In practice, they function more as mediators who help clients formulate persuasive legal arguments that enhance their chances of fair and transparent resolution. The dynamic relationship between consultants, clients, and tax authorities further underscores the need to consider moral dimensions in every decision, making adherence to ethical guidelines essential for fostering fair tax governance. Future research could examine how evolving tax regulations and digitalization impact the ethical dilemmas faced by tax consultants and shape their role in dispute resolution.

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